

DARACON MODERN SLAVERY STATEMENT

FINANCIAL YEAR 2024



DARACON
Group

INTRODUCTION

This is Daracon Group's statement pursuant to the Modern Slavery Act 2018 Act, for the financial year ending 30 June 2024.

Daracon recognizes that modern slavery and human trafficking can occur in many forms, as considered in the Act. Modern slavery incorporates any situation of serious exploitation where coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom. Modern slavery includes trafficking of persons, slavery, servitude, forced marriage, forced labour, debt bondage, child labour and deceptive recruiting for labour purposes.

Daracon understands that modern slavery is a growing and complex problem. We recognize the importance of protecting human rights and protecting the rights of all those we interact with in the course of our business activities including our employees, the communities in which we operate, our customers and those within our supply chains.

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THE REPORTING ENTITY

This Joint Statement is made by the Daracon Group of companies.

Daracon Group is a collective of multiple businesses, wholly owned by the Mingay family. The following are reporting entities for the purposes of the Modern Slavery Act 2018:

- Daracon Contractors Pty Ltd
- Daracon Engineering Pty Ltd
- Daromin Engineering Pty Ltd

All companies identified in this Joint Statement have been consulted with and participated in the development of this statement. All entities within the Daracon Group are subject to the same Group policies and procedures, and as such the information provided in this Statement applies to the reporting entities as well as all other entities within the Daracon Group of companies.



OUR STRUCTURE AND OPERATIONS

Daracon is a family-owned business established in 1983. From this beginning, Daracon has grown into an organization supporting over 850 team members with our head office in Beresfield and additional offices in Sydney, Mount Thorley and Gunnedah. At the time of preparing this report, Daracon employs just under 850 permanent employees, and has approximately 1800 subcontractors and suppliers in its supplier network, engaged to provide goods and services as required.

Comprised of a collective of multiple business, Daracon Group provides an effective and integrated civil construction service to a wide cross section of public and private clients. We are one of NSW's leading Civil Engineering contractors, and as such provide a wide range of resources to meet our clients' needs.

With our extensive experience in a full range of civil infrastructure services, Daracon is dedicated to being a single-point solution to projects. We pride ourselves on our ability to deliver quality, concise and successfully completed outcomes. To achieve this, we use our own, quality-assured Daracon plant, labour and equipment. This provides us with direct control of work, assurance we're using the highest standard of plant and equipment on projects and ensures the safety of those using the equipment and the quality of the work they produce is paramount.

In the latest reporting period, a large proportion of Daracon's work was undertaken for state government entities (NSW) and local government entities (local councils). Daracon is also an alliance partner engaged in the delivery of a local infrastructure project.

SUPPLY CHAINS

Across the group, we procure goods and services from a large number of suppliers. The goods and services we procure range from plant and equipment, construction materials and labour to uniforms, stationery and IT supplies.

The majority of our suppliers are located in Australia, with most based in NSW. Overwhelmingly, these supply arrangements are long-term, ongoing, repeat relationships which provide Daracon with greater visibility over their operations and increase our ability to manage risk within our supply chain. In the case of the supply of labour, this work is performed on sites controlled by the reporting entities, which also affords a degree of oversight and visibility of employment practices.

International suppliers are only a small proportion of our direct suppliers. International suppliers are used to source items that cannot be sourced locally and are mainly suppliers of plant and equipment, and maintenance and repair supplies. These international suppliers are predominantly based in the US, Japan and Western Europe.

SERVICES WE OFFER



Civil Engineering

We have extensive experience in a full range of civil infrastructure services for both public and private projects.



Subdivision Construction

Substantial experience in the construction of residential and commercial subdivisions.



Plant Hire

Fleet of modern plant, including dump trucks, water trucks, loaders back hoes, positrack and combinations, compactors, excavators and more



Bulk and Heavy Haulage

We provide a superior range of transport solutions including heavy haulage, bulk haulage and water carts.



Concrete

Supplying concrete from Cameron Park and mobile batch plants, manufacturing daily. In addition we operate a fleet of agitator trucks.



Contract Crushing

Our modern contract crushing fleet includes track mounted and pugmill units.



Quarries

We supply and deliver quarry materials that are produced meeting rigorous quality control measures and specifications



Infrastructure Services

Our specialist team delivers one-stop civil construction; and asset maintenance solutions to a variety of clients in the mining and heavy industry sectors.



Landscaping

Landscaping solutions for schools, childcare centres, residential and commercial developments, open space and revegetation projects



Site Remediation

Extensive remediation experience in civil earthworks, containment cells, capping layers, revegetation and management and tracking of contaminated soil



Polywelding

Emergency call-out and repair, large scale projects, specialty welding and pre-fabrication at our Mt Thorley facility.



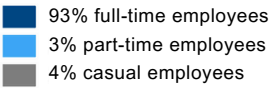
Rail

We offer highly qualified track crews including track certifiers, protection officers and rail plant operators.

MODERN SLAVERY RISKS IN OUR OPERATIONS AND SUPPLY CHAINS

Risks in our Operations:

The construction industry is often characterized by outsourcing, short-term engagements, low skilled workforce and multiple employers. Daracon’s operations can be distinguished by the fact that 95% of our employees are engaged on a permanent, full-time basis with the average period of service being 8 years.



We have assessed our internal operations as low or no-risk activities. Our direct employees are engaged under industrial instruments and subject to our internal policies and processes.

All employees are provided with written letters of appointment outlining their terms and conditions of employment and the industrial instruments and legislation that underpins their employment.

Wages Employees

Wages employees are employed under one of 8 enterprise agreements. These Enterprise Agreements have been negotiated with employees and their representatives and have been approved by the Fair Work Commission. These enterprise agreements set out the terms and conditions of employment for wages employees.

Daracon has formal procedures in place for the reporting and resolution of grievances and issues, including a Grievance Procedure and Whistleblower Policy (which includes an anonymous process for raising issues). Freedom of Association and the right to a representative of choice is communicated to all employees at the time of engagement and reinforced through ongoing training. All sites have information posted outlining the Grievance Process, Freedom of Association Policy and Whistleblower Policy. Additionally, we have a range of formal and informal communication mechanisms to provide opportunities for engagement across the workforce. Key to this process of communication is the Consultative Committees, which meet on a quarterly basis.

Salary Employees

All salaried employees are provided with a comprehensive written Letter of Offer which sets out terms and conditions of employment, agreed days and hours of work, remuneration and all other entitlements.

Daracon’s industrial instruments are underpinned by a suite of robust policies and procedures, which are communicated via a range of methods including electronic communication system and through training. Additionally, our operations are all located within Australia (which according to the 2018 Global Slavery Index has a low prevalence of modern slavery).

We have strong human resources controls in place for the onboarding of new employees, reviewing employees’ wages and salary agreements and verifying correct payment in accordance with these arrangements. Our employee onboarding process includes employment checks managed by our HR Department and ensuring all new employees have a right to work in Australia.

MODERN SLAVERY RISKS IN OUR OPERATIONS AND SUPPLY CHAINS

Daracon understands that due to the broad range of suppliers there is always the risk of modern slavery existing in our supply chains, particularly at levels further down the supply chain in the procurement of goods, where price is often a key factor in the selection process. This can result in lower rates of pay and conditions. The risk is heightened the further we are removed from the production of goods and our ability to have visibility and transparency over the ways in which goods are produced or those making them are engaged.

Analysis of modern slavery risks across the construction industry suggest that areas where workers are vulnerable to the risks of modern slavery include outsourced services such as cleaning, security and facilities management, the use of labour hire contractors, suppliers of goods manufactured overseas, particularly items such as uniforms (particularly textiles sourced from Asia) and engagement of vulnerable workers such as those with language barriers or unskilled workers.

Across these categories of supply, Daracon has identified the following Key Areas of Risk:

Plant and Equipment: (including items such as hand tools, light vehicles and PPE)

While Daracon sources these items from local suppliers, the manufacturers of these products are predominantly based overseas and Daracon has limited oversight.

IT Equipment

While sourced from local suppliers, Daracon has limited oversight on the overseas suppliers of these goods or the manufacture of components from raw materials. In particular, Daracon is aware of the risk of modern slavery in the manufacture of items such as mobile phones.

Clothing and Uniforms

While sourced from local suppliers, these goods are generally manufactured overseas in countries where there is an increased risk of modern slavery abuses occurring. These long supply chains have a heightened risk of modern slavery due to the opaque and removed nature of the supply relationships. Daracon will engage with their local suppliers to understand how these risks are identified, mitigated and addressed.

Cleaning and Facilities Management

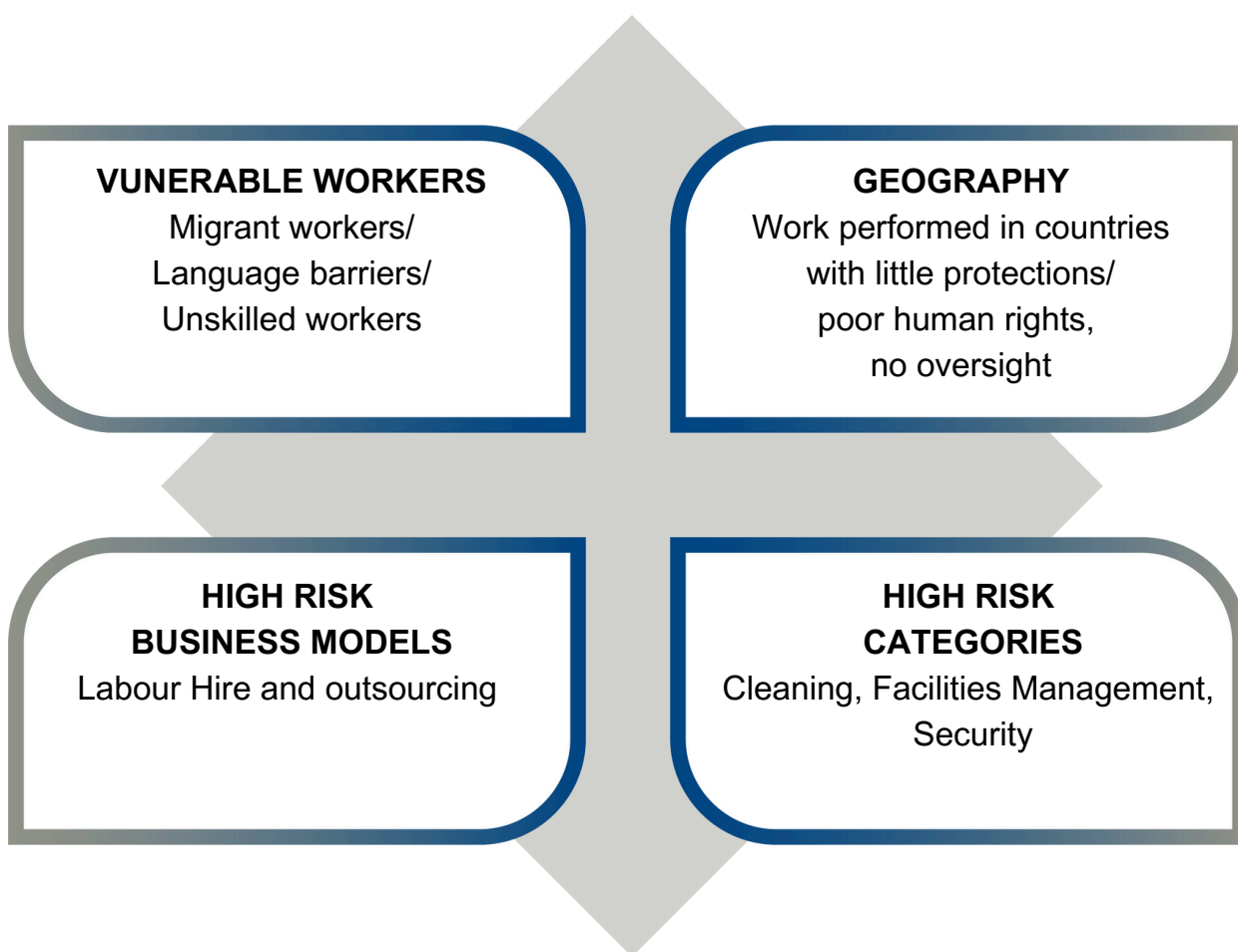
These activities are low-pay and low-skill and performed out of hours so have the potential for modern slavery risks. These risks are heightened when the activities are sub-contracted by the supplier, placing greater distance between Daracon and the workers undertaking the work.

MODERN SLAVERY RISKS IN OUR OPERATIONS AND SUPPLY CHAINS

While Daracon manages many of these risks through long term supply relationships, the engagement of a direct workforce, the use of local providers, supplier reviews and mature employment practices, we acknowledge that that modern slavery is a pervasive and hidden crime and we must remain alert to the risks of modern slavery within our supply chains.

Daracon has undertaken a review of our supply chain to understand the categories, location and risk allocation within our supply chain. Since the last reporting period we have continued the process of including modern slavery commitments and reporting requirements in our contractual arrangements. We have recognized the need to review and further strengthen our procurement process to understand the subcontracting arrangements of suppliers, and the level of due diligence undertaken by these suppliers to address modern slavery risks in their down-chain operations.

Daracon have also identified modern slavery risks, potential outcomes and mitigation strategies within our corporate risk register.



ACTIONS TAKEN TO ADDRESS MODERN SLAVERY RISKS

Daracon continues to implement a suite of action to address modern slavery risks as our understanding of modern slavery and the potential risks matures.

Mitigation and Supplier Assessment:

Since our last report we have identified the need to further strengthen our procurement process and supplier engagement questionnaire to better understand our suppliers' understanding of modern slavery and applicable employment law. Suppliers are asked to consider the risk of modern slavery in their business and/or supply chains, to declare any known instances of modern slavery and to commit to addressing any known instances of modern slavery. Suppliers are also required to provide details of their employment practices and conditions.

Policies and Procedures:

Daracon has in place a number of policies and procedures to address modern slavery risks, including the following:

- Daracon Group Ethical Sourcing and Modern Slavery Policy
- Daracon Group Whistleblower Policy
- Daracon Group Human Resources Procedure
- Daracon Group Code of Conduct

Communicating these policies, both internally and externally, is also important for ensuring our expectations regarding modern slavery are clear and we establish a workplace culture in which we seek to eliminate the risk of modern slavery.

Audits:

We are regularly audited by clients and external organizations and will act promptly on areas of improvement that may be identified. Daracon is engaged in numerous projects funded by both the NSW and Federal governments.

Accordingly, our employment methods and systems are audited by government regulators to ensure compliance with all legislative requirements. Additionally, these audits require providing details of all subcontractors and suppliers for potential audit and examination. This process enhances the internal actions in place.

Daracon has developed a more detailed and targeted modern slavery audit process, which can be implemented randomly, to target specific supplier risk areas or be implemented where a potential risk of modern slavery has been identified.

Collaboration:

We continue to work collaboratively with clients and industry partners to identify modern slavery risks. We will continue to co-operate with client due diligence requirements and will monitor client requests for information regarding modern slavery to inform us of our understanding of areas of risk. We will also work with external organisations to share information and learnings across industry sectors to identify shared modern slavery risks.



ASSESSING THE EFFECTIVENESS OF ACTIONS TAKEN

Currently we assess the effectiveness of our actions through monitoring the following activities:

Data Tracking:

We will undertake ongoing assessments of our supply chains by evaluating the information we receive from our suppliers and conducting risk assessments or acting on any concerns where potential human rights risks are flagged.

Co-operation with client due diligence:

We will continue to co-operate with client due diligence requirements and will monitor client requests for information regarding modern slavery to inform us of our own understanding of areas of risk. We will also work with other organisations to share information and learnings across industry sectors to identify shared modern slavery risks.

Auditing:

We will continue to use the auditing process (both internal and external) to identify potential areas of risk that require further review and analysis.

Acting on concerns and allegations:

We will respond to concerns or allegations made through the Whistleblower process, the Grievance Procedure or other avenues and will record and report on these events to the Executive Team.

Review of policies and procedures:

We will continue to review our policies, procedures and documentation to ensure our response to modern slavery is appropriate.

Collaboration:

We will continue to work with suppliers to provide information on modern slavery risks. Where an issue is identified we will work with suppliers to build capacity, and only terminate contracts as a last resort. Where modern slavery risks are identified we will report these to the appropriate authority for further investigation.

PROCESS OF CONSULTATION WITH ANY ENTITIES THE REPORTING ENTITY OWNS OR CONTROLS (A JOINT STATEMENT MUST ALSO DESCRIBE CONSULTATION WITH THE ENTITY GIVING THE STATEMENT)

Daracon has communicated with all relevant entities within our operations, including the entities we own and control, to explain our commitments and expectations in relation to modern slavery. All entities within the group are subject to the same suite of policies and procedures and an integrated approach will be taken to respond to modern slavery risks.

This is a Joint Statement made by Daracon Group on behalf of the reporting entities Daracon Contractors Pty Ltd, Daracon Engineering Pty Ltd, and Daromin Engineering Pty Ltd. This statement has been communicated and shared with all relevant entities within our operations, including the entities we own and control, to explain our commitments and expectations in relation to modern slavery.

The Daracon Executive Team understands the importance of the Modern Slavery Act, the requirement to actively address this across the business and supply chains and the ongoing need for continuous improvement and action. All entities within the group are subject to the same suite of policies and procedures and an integrated approach will be taken to identifying and responding to modern slavery risks and continuing the actions outlined in this report, supported by Daracon's Executive Team.



This Statement is made pursuant to section 14 of the Modern Slavery Act 2018 (Cth) and constitutes the Daracon Group Modern Slavery Statement.

This Statement has been approved by the Board of Directors on behalf of Daracon Contractors Pty Ltd.

Signed:



Jonathon Mingay
Managing Director
DARACON GROUP