### HACER GROUP

Modern Slavery Statement 2020 / 2021

HACER

group



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## INTRODUCTION MODERN SLAVERY IN CONTEXT

It is estimated that 40.3 million people around the world and at least 15,000 people in Australia live in slavery-like conditions.<sup>1</sup>

To Hacer Group, these numbers are unacceptable, and demonstrates that more needs to be done in order to bring the issue of modern slavery to light and make meaningful progress towards eradicating slavery practices.

The introduction of the Modern Slavery Act 2018 (Cth) (the "Act") – a move Hacer Group welcomes – illustrates the Australian Government's commitment to taking action against the issue and signifies that modern slavery is wholly unwelcome within the Australian community.

As an Australian builder, we acknowledge that our business operates within a high modern slavery risk industry and recognise that our operations therefore have the potential to have genuine impact.<sup>2</sup>

<sup>1</sup> International Labour Office (ILO) & Walk Free Foundation 2017, Methodology of the global estimates of modern slavery: Forced labour and forced marriage, ILO and Walk Free Foundation 2018, Global Slavery Index.

 $^2\cdot\,$  KPMG & Australian Human Rights Commission 2020, Property, construction & modern slavery.

Taking action to address modern slavery has never been so pressing as we believe that those vulnerable to modern slavery have been disproportionately impacted by the effects of the COVID-19 pandemic.

As this Statement shows, we reaffirm our commitment to long-term continuous improvement in our operations to ensure that we are contributing to the collective goal of ending modern slavery.

This Statement was approved by the Hacer Group Board of Directors on 14 December 2021. The Statement was approved on behalf of the joined reporting entities.

You lol

Paul Toleman Director

Mark Lewis Director

Vin Sammartino Director



## SECTION 1: OUR STRUCTURE, OPERATIONS & SUPPLY CHAIN

### The Reporting Entity

This is a joint Modern Slavery Statement for the financial year ended 30 June 2021 ("Statement").

This Statement covers Hacer Group Pty Ltd (ACN 091 032 530) as trustee for the Hacer Group Unit Trust together with associated entities over which Hacer Group Pty Ltd has control (as determined in accordance with the Australian Accounting Standards).

For the purposes of this Statement, Hacer Group Pty Ltd and the associated entities over which it has control are referred to as "Hacer Group".

Hacer Group's Statement has been published in accordance with the Act.

References in this Statement to a 'year' relate to the financial year ending 30 June 2021.

### **Company Structure**

Hacer Group, founded in 2000, is a privately held Australian construction company with approximately 210 employees across Victoria and New South Wales. Hacer Group's head office (being its registered office) is in Victoria, located at 87 High Street, Kew. Hacer Group Pty Ltd (ACN 091 032 530) and the following associated entities are identified as the reporting entities for the purposes of the Act:

Hacer Australia Pty Ltd (ACN 650 862 721, ABN 90 650 862 721)

Hacer Group Pty Ltd (ACN 091 032 530) as trustee for the Hacer Group Unit <u>Trust</u>

Hacer Group QLD Pty Ltd (ACN 142 880 975, ABN 87 142 880 975)

Hacer Group NSW Pty Ltd (ACN 604 377 282, ABN 99 604 733 282)

Hacer Group Australia Pty Ltd (ACN 612 663 831, ABN 69 612 663 831)

Arc Metal Group Pty Ltd (ACN 615 321 438, ABN 72 615 321 438)

Hacer Group WA Pty Ltd (ACN 604 376 632, ABN 48 604 376 632)

Hacer Group SA Pty Ltd (ACN 605 304 514, ABN 66 605 304 514)

#### Hacer Group's Operations

Hacer Group specialises in the construction and delivery of low, medium and high-rise mixed-use residential, retail, office and commercial developments, shopping centres, hotels, hospitals and medical centres and commercial fit outs.

As an experienced 'design and construct' contractor, we have successfully completed projects for a range of major Australian companies.

Additionally, Hacer Group holds a 'controlling interest' over Arc Metal Group Pty Ltd ("Arc Metal"). Arc Metal specialises in the design, fabrication and fitting of metal architectural products, which are incorporated into a diverse range of construction projects across Australia.

### Consultation With Controlled Entities

Hacer Group's associated entities are managed by the same organisational representatives and carry out similar operations. Consequently, the Modern Slavery Committee is capable of managing Hacer Group's obligations with respect to the Act.

In FY21, a senior representative from Arc Metal, an entity which sits outside Hacer Group's core business, was appointed to the Modern Slavery Committee. This has allowed Hacer Group to better understand and respond to Arc Metal's distinct modern slavery risks.

Simultaneously, Arc Metal are aware of our shared responsibilities under the Act and are included as part of Hacer Group's response to modern slavery.



# **Position In The Market**

# 400m

Annual Revenue Circa

70%

Repeat Client Work

**1b+** Works Under Construction

210+

Experienced Team Members

15-220m

**Project Value** 

Residential / Commercial / Retail / Mixed Use / Student Accomm / Medical / Industrial Goods / Aged Care / Recreation & Entertainment / Hotels / Build To Rent.

**Project Sectors** 

### **Supply Chain**

A 2016 report by Achilles Group, a supplier risk management company, found that construction companies are at greater risk of non-compliance with relevant modern slavery laws than other industries due to the lack of visibility over supply chains.

In particular, this report found that "39% of construction businesses across the globe do not or do not intend to have a plan in place to find out who is in their supply chain." <sup>3</sup> We are striving to not be included in this statistic.

As a builder that operates across various sectors, Hacer Group has a complex and diverse global supply chain. Our supply chain includes the design, manufacturing, and supply of the products we use in our construction projects and the provision of specialised construction services.

3. LexisNexis, Hidden in Plain Sight: Modern Slavery in the Construction Industry, p 13.



Over the year we engaged approximately 175 subcontractors and suppliers. Our subcontractors and suppliers range from small, privately run businesses through to global multi-national companies providing goods and services relating to approximately 60 unique construction trades. In addition, Hacer Group's supply chain encompasses services that contribute to our operations, such as cleaning and security services.

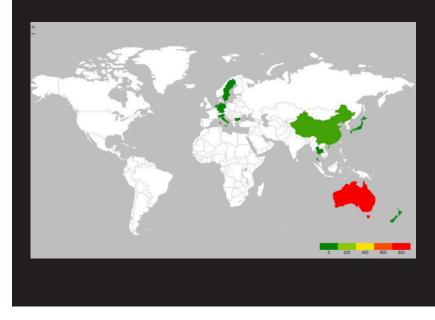
Most of our subcontractors and suppliers are located in Australia. However, we are aware that while only a small number of our subcontractors and suppliers in our supply chain are either based in or operate factories overseas, a number source their materials from overseas.

For example, a plumber engaged by Hacer Group might acquire materials from a local supplier, but we are aware that it is likely that the local supplier sources their products from overseas. Therefore, the third tier of our supply chain likely expands our global reach significantly. As a result, we consider a 'deeper dive' into the supply chains of our direct subcontractors and suppliers to be an important next step.

In addition, Hacer Group directly procures some materials and components from manufacturers based overseas. These imported components largely relate to building facades and joinery, which are integrated into our projects.

In order to mitigate modern slavery risks arising within our extended local and international supply chain, we carried out an initial supplier risk assessment. The intention of this exercise was to better understand the supply chains of our direct subcontractors and suppliers.

From our initial supplier risk assessment, we were able to formulate a clearer picture of our supply chain – made up of our direct subcontractors and suppliers, as well as the indirect sub-subcontractors and sub-suppliers in the second tier.



The assessment illustrated how the second tier of our supply chain extends across the globe. (as shown in the heat map left).

The findings of our initial risk assessment and further action required are discussed below.

In the next reporting period, we intend to utilise new tools to conduct further enquiries of subcontractors and suppliers, particularly those deemed high risk.

### SECTION 2: IDENTIFYING RISKS OF MODERN SLAVERY IN OUR SUPPLY CHAIN

#### **Modern Slavery Risks**

We are aiming to identify risks of modern slavery within our supply chains, to appropriately address and mitigate such risks. We understand 'risks of modern slavery' to mean the potential for Hacer Group's operations and supply chain to cause, contribute to or otherwise be directly linked to instances of modern slavery, including risks to people in the form of forced labour, debt bondage, deceptive recruitment of labour and the worst forms of child labour.

Recognising that these risks do not take a singular form, and can often be invisible, we do not propose to identify every possible risk through our risk mapping measures. Rather, we recognise that identifying potential risks will require regular assessment and entrenched internal risk identification and rectification processes, being the result of sustained efforts over time.

### **Risk Mapping Exercises**

Hacer Group has always taken measures to ensure that every stakeholder in our supply chain complies with all applicable government standards. To this end, as a precondition to tendering, subcontractors and suppliers are required to submit a tender price based on a scope of works which complies with government environmental and health and safety requirements.

Hacer Group then undertakes due diligence processes to ensure that the business practices of the subcontractors and suppliers align with our ethics and standards, including with respect to human rights. A register that is accessible to all staff is maintained to ensure employees can identify where our subcontractors and suppliers have not met our standards. Where a subcontractor or supplier falls short of our expected standards, our EHSQ team may issue a company-wide alert notifying Hacer Group's employees of such breach.

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Hacer Group Modern Slavery Statement - Section 2

Following the desktop scoping exercise undertaken in our first reporting period, as discussed briefly above, we rolled out an initial subcontractor and supplier risk assessment activity across the business.

This process involved issuing a request to every subcontractor and supplier engaged by Hacer Group during the year to complete the provided declaration form. The form required them to identify each of their subsubcontractors and/or suppliers and the location from which their sub-subcontractors and/or suppliers source or manufacture their materials. This exercise allowed us to generate three 'data points' relating to:

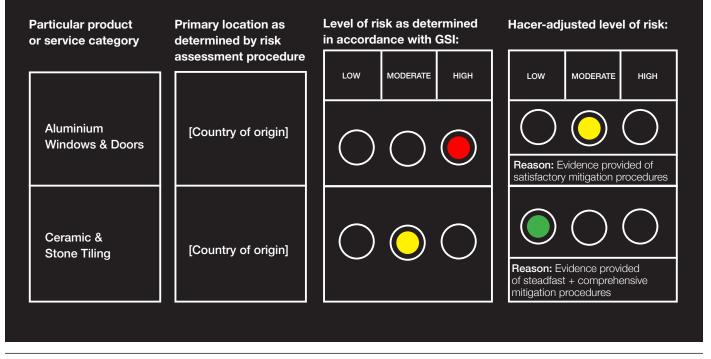
- the country of origin of the components of our subcontractor and suppliers' goods and/or services;
- the product categories of the materials and components of our subcontractor and suppliers' goods and/or services; and
- whether the supplier of each component had in place policies and systems to mitigate and address any risks of modern slavery in its own supply chain.

Following completion of this exercise, the data set was used during the year to begin to formulate a detailed risk map of our supply chain, developed by reference to:

- the inherent risks in a particular product or service category; and
- the likelihood of modern slavery occurring based on the geographical origin of the particular product or service.

We had intended to form our response to the risk map by reference to a 'traffic light' system.

The 'traffic light' system aims to highlight subcontractors operating in particularly risky geographical areas or manufacturing or supplying products or services that have been determined to be high-risk (as shown in the following example):



Based on the 'traffic light' system, we intended to have:

- targeted those subcontractors/suppliers that evidenced a significant lack of understanding of the modern slavery as a priority. For those subcontractors and suppliers that we determined to be high-risk, we would require a more detailed declaration to be completed; and
- following collection of a second round of data, make a determination as to whether the particular subcontractor/supplier could be downgraded from a red light risk. Our aim in the longer term would have been to collaborate with subcontractors and suppliers in order to reduce every subcontractor/supplier we engage to be a green light level of risk.

Despite our intentions it became apparent that, with available resources, manually gathering such data was beyond the scope of what we could realistically achieve in a year (and continue on a rolling basis year upon year), even operating on a strategy of prioritisation.

We did, however, consider a deep dive into our supply chain an essential next step, and therefore sought a more efficient and effective method of gathering and analysing such data.

Ultimately, our research revealed that a solution existed in the form of a digital platform (Informed365). The platform provides a streamlined, digital means of collecting supplier and subcontractor data, analysing the information in a similar, but more sophisticated, manner than that described above and allows for collaboration with industry participants to act on developments and trends observed.

Consequently, we have committed to joining the platform, and will be working with Informed365 and the Property Council of Australia's consortium to reach a number of our short-term goals in the next reporting period.

Membership of this group will also provide Hacer Group with an opportunity to collaborate with industry participants in order to increase awareness and understanding of modern slavery, educate our subcontractors and suppliers, and contribute to an industrywide response to reducing the risk of modern slavery.

The ethos of Informed365 and the Property Council's consortium reflects our ambitions in this space.

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### **Guiding Principles**

Hacer Group's response, and in particular our intention to work in conjunction with Informed365 and the consortium of industry participants, incorporates the United Nations Guiding Principles on Business and Human Rights.

Fundamentally, our approach is based around the foundational principle of respect for human rights; namely the need to prevent, mitigate and remediate any adverse human rights impacts arising within our business operations (Principle 11).

Moreover, the following principles have shaped our current approach:

- avoid causing or contributing to adverse impacts through Hacer Group's own activities (including omissions), and seeking to prevent or mitigate impacts where we have not contributed but that are linked to our operations, and taking immediate action to address such impacts, should they occur (Principle 13)
- identifying and ranking as the most severe those risks which would cause the greatest harm to people or where a delayed response by Hacer Group would render potential adverse impacts irremediable (Principle 24);
- assessing the appropriate response to a modern slavery risk by considering;
  - > whether Hacer Group caused or contributed to the risk or whether the risk was directly linked to our operations, products or services by a business relationship (Principle 19(b)(i)); and
  - > considering the extent of Hacer Group's leverage in addressing the adverse impact (Principle 19(b)(ii)); and
- assigning the prevention and mitigation of modern slavery risks to the appropriate individual and business unit (Principle 19(a)).

Fundamentally, our approach is based around the foundational principle of respect for human rights...

## **SECTION 3:** ACTIONS WE HAVE TAKEN TO ADDRESS MODERN SLAVERY

### **Modern Slavery Risk Mitigation**

Hacer Group's aim is to entrench a modern slavery risk mitigation process within our business that encapsulates how we address actual and potential adverse human rights impacts (including modern slavery) in our operations and supply chain. To this end, Hacer Group has taken a number of tangible actions over the year to assess and address modern slavery risks.

A summary of these actions are as follows:

### GOVERNANCE

- The internal Modern Slavery Committee, established in FY20, continues to meet on a regular basis. The Committee remains responsible for:
  - > the ongoing implementation of Hacer Group's strategy to meet our obligations under the Act;
  - > preparing Hacer Group's Modern Slavery Statement and recommending it for approval by Hacer Group's board of directors;
  - > discussing the implementation of Hacer Group's modern slavery risk identification and mitigation strategy, including the requisite grievance procedures;
  - > developing an 'actions checklist' to ensure measurable outcomes and milestones for the business are set, which is to be updated prior to each meeting to ensure compliance with the program; and
  - > implementing and updating (where required) the internal modern slavery policy, which is to be placed within the business' pre-existing suite of policies.
- Members of our Modern Slavery Committee include representatives from key areas of the business including directors and managers in the human resources, procurement, legal and construction teams. Having a Modern Slavery Committee with diverse membership ensures risk mitigation strategies are entrenched in all relevant business functions. Importantly, all members have the requisite authority to supervise compliance with any modern slavery policies and procedures within their business units.

### **POLICIES & PROCESSES**

- Modern Slavery Toolkit: We continued distribution of the 'Modern Slavery Toolkit' which is used as an internal reference document to ensure that Hacer Group's senior staff understand the companies' responsibilities under the Act.
- Training: In FY20, we required participation in third party educational training for senior management to improve staff awareness of modern slavery risks and increase understanding of incident reporting processes. We had intended to expand this training through to a greater number of employees in the last year, however working away from the office due to the COVID-19 pandemic hindered our ability to run information sessions as we had planned. We intend to educate a greater number of employees and related-company personnel on modern slavery in the coming year.
- Strengthening Contracts: We incorporated modern slavery provisions into Hacer Group's subcontracts and supply agreements. The relevant provisions set out Hacer Group's expectations and clarify the notification process if a subcontractor or supplier becomes aware of a modern slavery risk. A termination right is also available to Hacer Group if the relevant subcontractor or supplier fails to halt or remediate instances of modern slavery in its operations or supply chain.
- > Risk Assessment: We built on the initial desktop scoping exercise conducted in FY20. All subcontractors and suppliers were required to complete Hacer's Modern Slavery Declaration. The data from the Declarations was collated and used to map our supply chain. Further information-gathering processes will be conducted in conjunction with Informed365 in the coming year.
- > **Policies:** Drafted an internal modern slavery policy, which was finalised and added to the existing suite of business policies and procedures.

### SUPPLIER ENGAGEMENT

This year, Hacer Group has built on the initial engagement established with our Australian and international subcontractors and suppliers.

Through our site teams' procuring completion of our Modern Slavery Declarations by subcontractors and suppliers we were able to raise awareness of modern slavery and provide further resources for those subcontractors and suppliers seeking further education.

By conducting further enquiries into high-risk subcontractors and suppliers and providing a direct line of communication to the Modern Slavery Committee through the remediation framework (set out below) we are aiming to keep an open dialogue with all members of our supply chain regarding modern slavery.

We are seeking to ensure we are working in a collaborative, supportive and transparent manner with our subcontractors and suppliers to initiate change and address any risks of modern slavery existing within our business operations and supply chain.



### **Modern Slavery Risk Remediation**

If, through our risk identification processes, Hacer Group determines that we have caused or contributed to modern slavery, we acknowledge our responsibility to take active steps to remediate that impact.

The Modern Slavery Committee members have been deemed the 'first responders' for modern slavery risks. The committee's response, and implementation of the remediation framework, will depend on the specific circumstances and Hacer Group's causal link to the adverse impact, which will be considered having regard to the UN Guiding Principles on Business and Human Rights.

Where Hacer Group determines an actual modern slavery breach has occurred, contacting the Australian Federal Police will be the first major step upon becoming aware of the incident, before actioning measures to prevent such a breach occurring in the future. In other instances, Hacer Group's response will depend on the circumstances of the individual case, but may include any of the following:

- information gathering to understand the full scope of the modern slavery risk;
- taking steps to ensure the harm caused by modern slavery is mitigated and will not occur again;
- communicating the modern slavery risk to appropriate authorities;
- stopping Hacer Group's activities that cause or contribute to modern slavery, including by taking action under its subcontract or supply arrangements;
- issuing companywide alerts and updating supplier registers serving to notify all business units that a systemic modern slavery issue with a subcontractor or supplier has been identified; and
- providing resources to educate and support subcontractors and suppliers to ensure the harm does not recur.

Our Modern Slavery Committee has formed a 'remediation framework', which will be incorporated into Hacer Group's general remediation processes. It has been widely recognised that in order to be effective, a grievance process must be "trusted and confidential", and therefore this was a primary consideration when updating our general remediation process.<sup>4</sup>

We intend on taking steps to implement educational programs aimed at reinforcing and embedding this framework in the coming year.



4- KPMG & Australian Human Rights Commission 2020, Property, construction & modern slavery.

### **SECTION 4:** ASSESSING EFFECTIVENESS OF OUR ACTIONS

# Hacer Group is committed to long-term action.

We recognise that in order to achieve our longer-term goals, we need to have measures in place to evaluate the effectiveness of our actions in the short term. We also need to identify any shortfalls and adapt our response where necessary to ensure our actions are working effectively.

Armed with this understanding, the mechanisms we are currently using to measure the effectiveness of our actions include:

- the Modern Slavery Committee maintaining a program – an 'Actions Checklist' – that is updated prior to each meeting, and monitors the completion status of the 'activities' against this program during each meeting;
- using a register to monitor and track the number of subcontractors and suppliers who have completed the 'Modern Slavery Declaration', a process which will soon shift from the current manual register to utilise Informed365's tracking tools;
- assessing and keeping a record of:

 > the number of modern slavery training programs delivered by internal and external experts; > the percentage of our employees undertaking modern slavery training;

- > the feedback of employees in response to modern slavery training sessions;
- > the number of complaints made and resolved under Hacer Group's reporting and grievance mechanisms;
- > the number of subcontractors and suppliers who have signed agreements with Hacer Group that incorporated our standard modern slavery provisions;
- gathering data on our actions and reflecting on the extent to which we have achieved our actions annually, including shifting focus for the subsequent period where required.

Area of action	Action item	Intention for FY21	Achieved?	Goal for FY22
GOVERNANCE	Modern Slavery Committee	Establish an internal Committee consisting of diverse business group leaders + appoint an Arc Metal senior representative	Ø	Ensure meetings are held at regular intervals, minutes taken + action items clearly elucidated, distributed and reflected upon
	Modern Slavery Policy	Draft a new internal modern slavery policy to be incorporated into suite of existing policies	Ø	Publish and distribute policy to existing employees + incorporate into suite of policies provided to new employees
POLICIES & PROCESSES	Training & Education	Distribute Modern Slavery Toolkit to Hacer Group + Arc Metal senior management to ensure understanding of our obligations + begin wider education programs	_	Implement construction- specific third-party training modules. Go wider with education and training, and work on creating our own Hacer Group modern slavery module
	Strengthening Contacts	Incorporate modern slavery clauses into Hacer Group's subcontracts and supply agreements	Ø	Screen documents to ensure modern slavery clauses are included in all relevant contracts, and regularly review such clauses to ensure any developments in the law are appropriately reflected
	Risk Assessment	Initial risk assessment desktop scoping exercise to be completed	Ø	Risk assessment / risk rating tools under the Informed365 platform to be utilised
SUPPLIER ENGAGEMENT	Modern Slavery Declaration	Initial Modern Slavery Declarations to be completed by all subcontractors / suppliers	Ø	Commit to working with Informed365 to establish a streamlined means of gathering and utilising subcontractor and supplier data
	Education for Subcontractors / Suppliers	Draft a Modern Slavery Guide which clearly sets out the purpose of the Act	Ø	Utilise the training and education programs embedded within Informed365 platform to educate subcontractors / suppliers
RISK REMEDIATION	Remediation framework	Modern Slavery Committee to draft remediation framework. Bolster framework with education	_	Distribute framework to all employees. Aim to administer planned education programs to embed the framework

= In Progress

### **SECTION 5:** THE PATH FORWARD

Hacer Group recognises that ending modern slavery will not occur overnight, or over the duration of one reporting period.

Rather, eradicating these practices will require long-term commitment and action.

Moving forward, Hacer Group's attention will be directed towards the following areas of action:

1	– OPERATIONS _	<ul> <li>Distribution of our internal policy and grievance procedure, and widespread implementation of educational programs to employees across all business units.</li> <li>Ongoing incorporation of Arc Metal into our modern slavery strategy, primarily by ensuring the appointed representative is involved in all Modern Slavery Committee meetings.</li> </ul>
		<ul> <li>Increased engagement with external sources, particularly with the Informed365 personnel and consortium group, to increase our knowledge and stay up to date on the latest developments in relation to modern slavery risks and risk remediation strategies.</li> </ul>
		• Modern slavery training to be made compulsory learning for all employees.
	SUPPLY CHAIN - (MONITORING & ASSESSMENT)	<ul> <li>Maintain membership of Informed365 platform, which will allow for improved information-gathering mechanisms, and capacity to prioritise high-risk subcontractors/suppliers.</li> <li>Continued engagement with our subcontractors and suppliers to improve awareness and encourage collaboration and transparency in relation to modern slavery risks.</li> <li>Sustained reinforcement of our expectations to subcontractors and suppliers regarding modern slavery risks and practices, bolstered by our use of the Informed365 platform.</li> </ul>
	CONTINUOUS	<ul> <li>Ongoing periodical assessment undertaken by the Modern Slavery Committee in relation to the effectiveness of our modern slavery strategy.</li> <li>Continued monitoring of the effectiveness of our subcontractor and supplier due diligence process.</li> <li>Maintaining levels of engagement with key stakeholders in relation to modern slavery risks and practices.</li> <li>Engaging in industry collaboration with the Informed365 consortium to allow for knowledge sharing, peer assistance, the setting of a high industry-wide standard and the formation of a collective approach to the issue.</li> </ul>
		In the future, we intend to broaden our focus to incorporate indirect

#### WIDENING OUR FOCUS

 In the future, we intend to broaden our focus to incorporate indirect procurement, including, for example, those suppliers who provide hospitality, travel-related services, merchandising, office supplies and safety clothing manufacturers.

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