

DURATEC



Modern Slavery Statement

FY2021

This publication is the Modern Slavery Statement ('Statement') of Duratec Limited ('Duratec') and its subsidiaries for the financial year ended 30 June 2021. This Statement is made pursuant to the Australian Modern Slavery Act 2018 (Cth) ('Act') and has been approved by the Duratec Board of Directors (its Principal Governing body).



1. REPORTING ENTITY

Duratec (ABN 94 141 614 075) is the 'reporting entity' (as defined in the Act) covered by this Statement and the terms the '**Group**', '**we**', '**us**' and '**our**' refer to the entire Group (as defined below), except where the context otherwise requires.

2. STRUCTURE, OPERATIONS AND SUPPLY CHAIN

OUR STRUCTURE

The Duratec '**Group**' consists of Duratec and the following two Australian subsidiaries in which Duratec held more than a fifty percent (50%) ownership interest during the reporting year:

- Duratec Australia (ES) Pty Ltd (ABN: 99 169 515 897)
- MEnD Consulting Pty Ltd (ABN: 36 600 759 555)

Duratec is publicly listed, trades on the Australian Securities Exchange (ASX: DUR) and has the following current Board of Directors structure with extensive experience across the construction, resource and remediation industries. Our Board is dedicated to continuous improvement, responsible fiscal management and fostering a safe work culture.



Phil Harcourt
Executive Director, Managing Director



Chris Oates
Executive Director, General Manager



Gavin Miller
Non-Executive Director



Martin Brydon
Non-Executive Chairman



Dennis Wilkins
Company Secretary

OPERATIONS (NATIONAL FOOTPRINT)

Initially servicing the Western Australian market with branches in Perth, Kalgoorlie and Karratha, we have now grown to include 20 offices around Australia.



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- | | | | | |
|-----------|-----------|------------|----------|--------------|
| Perth | Karratha | Kalgoorlie | Albany | Port Hedland |
| Darwin | Katherine | Gladstone | Brisbane | Townsville |
| Newcastle | Sydney | Nowra | Canberra | Wagga Wagga |
| Melbourne | Hobart | Launceston | Adelaide | |
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OPERATIONS (SERVICES)

Since Duratec’s inception in 2010, the Group has grown to become a well-respected market leader in physical asset remediation and protection for clients in the Defence, Mining, Industrial, Oil and Gas and Marine sectors, as well as Government Assets and Commercial Infrastructure.

Asset Protection

The protection of assets from corrosion is a key commercial, safety and environmental issue. Our expertise in the selection and application of high protective coating systems will significantly enhance your asset’s operational performance and working lifespan.

SERVICE OFFERING	
Abrasive blasting & painting	Cathodic protection
Concrete repair	High performance coatings
Joint remediation	Waterproofing
Acid protection	Flooring systems

Building Refurbishment

We understand that building refurbishments need to be executed with critical attention to public safety, minimal disruption to tenants and visitors, and detailed planning and communication with all stakeholders.

SERVICE OFFERING	
Facade refurbishments	Wet and dry fire systems
Asbestos & lead paint removal	Cladding replacement
Building fit out	Glazing replacement & repair
Electrical upgrades	Painting

Infrastructure Upgrades

Our expertise in maintaining and upgrading existing infrastructure that has reached or is nearing the end of its design life provides significant cost and time savings in comparison to new-build replacements.

SERVICE OFFERING	
Structural strengthening	Fuel infrastructure upgrades
Pile cleaning & protection	Abrasive blasting and painting
Fender repairs and upgrades	Concrete repair
Electrical upgrades	Precision grouting

Durability Engineering

We rapidly uncover the root causes of deterioration so that issues can be addressed in a timely and cost-effective manner. Once an assessment is complete, all findings are presented in a report including remedial options and realistic budget estimates.

SERVICE OFFERING	
Condition assessment	Non-destructive testing
Remedial engineering	Coating inspections
ROV, UAV & robotic inspection	Heritage Preservation
Acid protection	Durability planning & materials

Specialist Access Systems

Our in-house engineering capability enables the rapid design and installation of bespoke access systems for the delivery of inspection, maintenance and upgrade services across Australia.

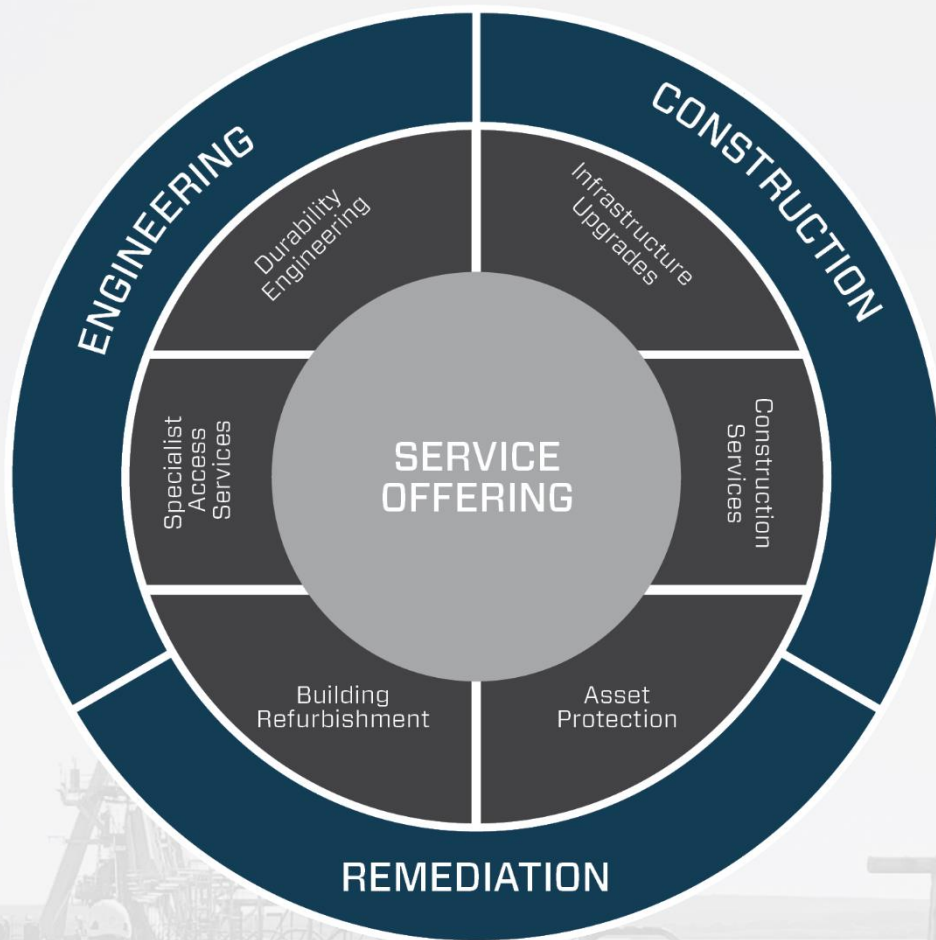
SERVICE OFFERING	
Rope access	Scaffolding
Drone	Technical rigging
Elevated work platform	Fall arrest
Mastclimber	Work platforms

Construction Services

Our foundation was built on construction services and we are a licensed builder in all states of Australia. We deliver a range of multi-disciplined new and renovation construction projects for clients across a wide range of industry sectors.

SERVICE OFFERING	
Commercial buildings	Bridges
Utilities infrastructure	Oil and gas infrastructure
Wharves	Healthcare facilities
Electrical infrastructure	Defence infrastructure

Whole-of-Life Services for Your Assets



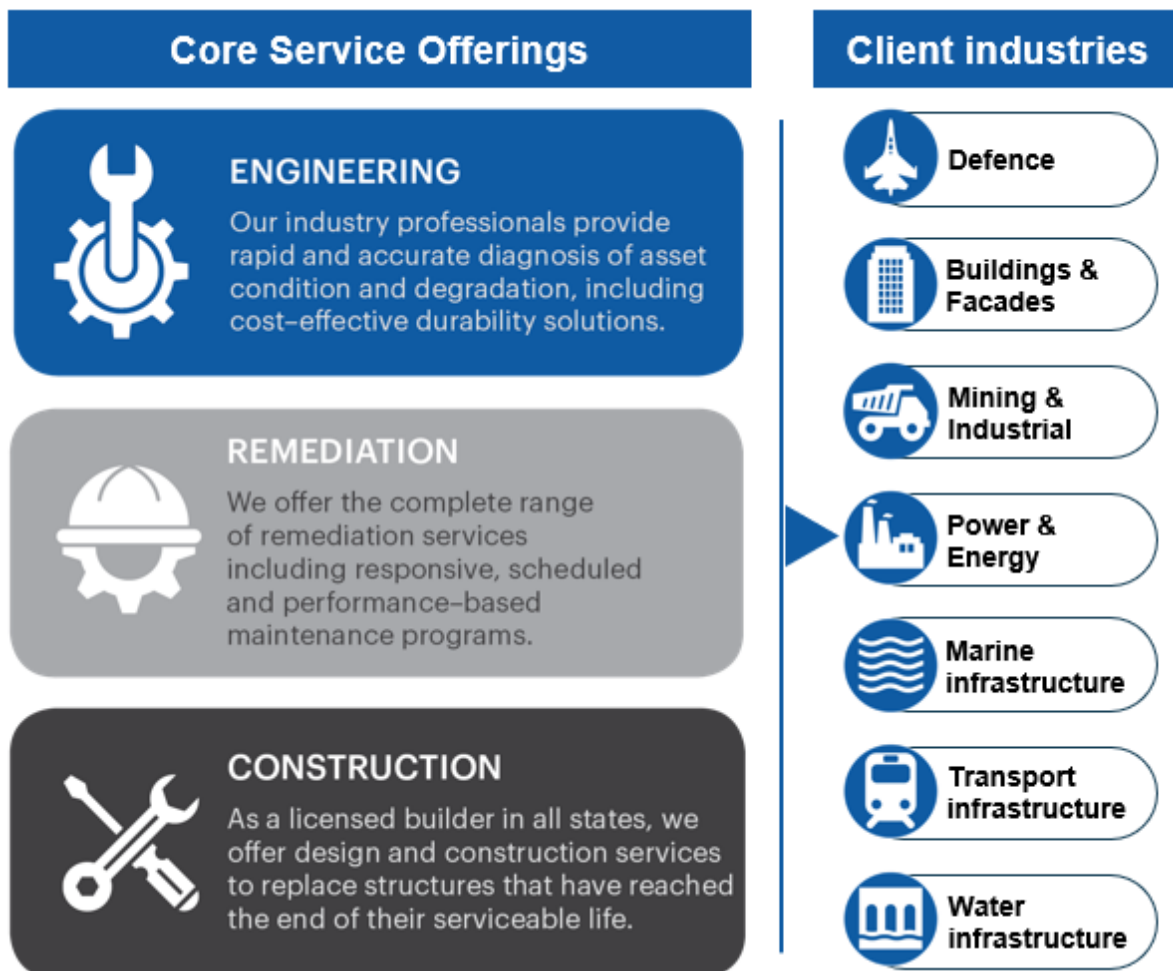
"Our teams of specialist engineers are committed to providing you with best practice diagnostic tools, methodologies and material selection."

SUPPLY CHAIN

Our supply chain includes providers of remediation products and other project focused materials purchased and distributed through Duratec warehouses or delivered directly to project sites through third parties. Products are purchased domestically and imported through third party logistics providers. Our suppliers are located principally in Australia and at least 12 foreign countries.

Our supply chain also includes the suppliers of products and services that would typically be required by offices and small warehouse locations.

Due to the various sectors Duratec engages in, the supply chain providers are varied and based heavily on the relevant industry sector.



3. RISKS OF MODERN SLAVERY PRACTICES IN OUR OPERATIONS AND SUPPLY CHAINS

RISKS IN OUR OPERATIONS

All of our employees and operations are located in the Commonwealth of Australia and we comply with all Australian labour laws and other applicable employment related legislation. Our internal reviews have found no evidence of any modern slavery practices or incidents in our operations and we do not believe there is material modern slavery risk in this area.

RISKS IN OUR SUPPLY CHAIN

No evidence came to light indicating that any of our suppliers had (or were aware of) any instances of modern slavery in their operations or supply chains.

Our due diligence through the end of the reporting period indicates that the higher risks of modern slavery in our supply chain likely reside principally in (a) the two first tier suppliers that have been specifically identified as High risk in our due diligence done to date, (b) the few direct foreign suppliers located in higher risk countries, and (c) indirect foreign suppliers in the second tier of our supply chain and beyond and for whom we still have quite low visibility (collectively, the “Higher Risk Supplier Group”).

The due diligence completed through the end of the reporting period has been limited to Australian based, first tier suppliers and only two of have been identified as High risk on the basis of the due diligence done. One of these has operations in a higher risk country and the other’s primary focus is in the maritime area. Certain recurring themes within the Higher Risk Supplier Group include:

- Little or no visibility into the labour practices in their supply chains and no substantive assessment, verification or mitigation of modern slavery risk has been made in their operations or supply chain and no procedures are in place to facilitate such an assessment, verification or any mitigation.
- No contract warranties and covenants are in place that specifically and robustly address modern slavery issues in their procurement agreements.
- No formal company policies are in place re: modern slavery avoidance or Whistleblower encouragement and protection.
- No obligations are imposed by our suppliers on their suppliers to implement robust contract warranties and covenants relating to modern slavery issues on their suppliers.
- Some are unsure of the extent of use of low-skilled (including foreign migrant) workers in their operations or supply chains and/or whether or to what extent high risk factors relating to the use of such workers exist.

A significant number of the suppliers we targeted for due diligence have not yet responded to our due diligence inquiries.

4. ACTIONS TAKEN TO ASSESS AND ADDRESS MODERN SLAVERY RISKS

ASSESSMENT OF RISKS

With the assistance of an external third-party consulting services provider, we have implemented and embedded an ongoing program to try and continuously improve our visibility into the labour practices in our supply chain and our ability to identify risks of modern slavery practices in our operations and supply chain (the “Modern Slavery Risk Mitigation Program”).

The Modern Slavery Risk Mitigation Program is intended to be continuously reviewed and improved as time goes on and currently includes –

- A Human Rights Policy and Supplier Code of Conduct, linked to a Whistleblower Protection Policy. Our Human Rights Policy and Supplier Code of Conduct each specifically address our commitment to be vigilant on modern slavery issues, while the Whistleblower Policy strongly encourages employees and other stakeholders to report all violations of policies and ensures there will be no negative repercussions for doing so. Our Human Rights Policy, Supplier Code of Conduct, Whistleblower Policy and most recent Annual Statement are accessible via our public website.
- Our Supplier Code of Conduct contains robust modern slavery contract warranties and covenants from suppliers and is meant to be signed by them as a binding contract. Acceptance of the Supplier Code of Conduct is part of the onboarding process for all new suppliers and new contract awards. It includes recommendations that our suppliers “push” these same warranties and covenants up the supply chain by including them in their procurement contracts with their respective suppliers (our second-tier suppliers).
- Mapping of key first-tier suppliers in our supply chain based on perceived country level risk, business sector and industry risk, specific product and/or services risk and spend level.
- Targeted, customised “due diligence” of suppliers identified as being at highest risk for potential modern slavery incidents pursuant to item 3 above. The due diligence surveys are designed to help validate and further assess the potential modern slavery risk of each supplier, by rating their modern slavery risk profile as High, Medium, or Low based on their responses to a series of questions relating to (i) their own operations and (ii) their supply chain. Due diligence responses are evaluated to determine whether and to what extent any additional follow up might be required, sensible and feasible in the circumstances, after which an action plan is meant to be created to implement such follow up in each relevant case.

ADDRESSING RISKS

Some specific key actions taken in connection with the Modern Slavery Risk Mitigation Program in the reporting period include -

- Finalized, approved and commenced full implementation of the Modern Slavery Risk Mitigation Program.
- Assigned a specific employee the primary accountability for overseeing execution of the Modern Slavery Risk Mitigation Program.

- 75 of our suppliers were initially targeted to receive our customised due diligence survey, with 28 responding in the reporting period. (See – Section 3: Risks in our Supply Chain for summary of findings.)
- Created and implemented an internal training module to increase the awareness and understanding of key employees regarding the Act and modern slavery risk.
- Created a plan to distribute the new Supplier Code of Conduct to our suppliers and give them context for why we have implemented it and why it is necessary that our suppliers join us on the journey to eradicate all forms of modern slavery from our supply chain by signing on to and complying with our Supplier Code of Conduct without reservations.

It is understood that we are just in the early stages of a modern slavery risk identification and mitigation journey with our suppliers and expect to see our visibility into modern slavery risk in the supply chain improve and corresponding mitigation actions completed as we continue that journey. Our Modern Slavery Risk Mitigation Program has been designed – and will continue to be refined – with that in mind and with a view to “bring along” our entire supply chain with us on that journey to the greatest extent feasible.

5. ASSESSMENT OF THE EFFECTIVENESS OF ACTIONS TAKEN

Even though our Modern Slavery Risk Mitigation Program is still in its infancy and some of the noted actions were completed late in the reporting period covered by this Statement, it is clear to us that the actions we have taken in implementing and executing our Modern Slavery Risk Mitigation Program through the end of the reporting period have already been effective and aligned with the purpose and intent of the Act in at least the following ways:

- Increasing the level of awareness, understanding and appreciation at all relevant levels within Duratec of the potential for incidences of modern slavery within our supply chain.
- Establishment of the Modern Slavery Risk Mitigation Program has already begun to provide a significant increase in our visibility into our supply chain and the labour practices of our first tier suppliers by, among other things noted above, increased supply chain mapping, initial risk assessment, additional follow-up due diligence where warranted and a process to obtain robust, binding supplier warranties about modern slavery incidents and risks in their respective operations and supply chains.
- Establishment of a specific line of accountability within Duratec for ownership and execution of the Modern Slavery Risk Mitigation Program.

6. CONSULTATION PROCESS

The consultation process within and among Group members is wholly organic as all members of the Group are managed together on a consolidated basis by the same executive management team and the suppliers and supplier data for all three Group companies are managed centrally by the Group executive management team.

7. OTHER RELEVANT INFORMATION

Duratec is committed to a high standard of corporate governance and we recognise that the way we conduct our business is key in achieving sustainable growth and creating stakeholder and shareholder value. We have a robust corporate governance framework that sets out the standards which guide and inform our best practice management systems, including our Modern Slavery Risk Mitigation Program. We are committed to fostering a culture that embraces accountability, transparency, integrity, respect, and ethical behaviour. Our culture is underpinned by our commitment to meeting our clients' needs without compromising human or natural resources. We are committed to providing and maintaining a safe work site for employees, subcontractors and others affected by our work.

The Group strongly supports fundamental human rights so the prevention of modern slavery and human trafficking and compliance with the spirit and intent – as well as the letter – of the Modern Slavery Act fully aligns with Duratec's standards and values as noted above.

In addition to continuing to take the actions indicated by our Modern Slavery Risk Mitigation Program and further embedding it into our company processes and culture, we will be considering ways we may enhance the program such as, for example, how we can efficiently audit compliance with the Modern Slavery Risk Mitigation Program by ourselves and our suppliers and how we can effectively and feasibly expand the program to reach deeper into our supply chain beyond our first-tier suppliers.

Having said that, the reality is that ensuring that slavery and human trafficking is not taking place anywhere in our supply chain, and especially at tiers beyond our direct (first tier) suppliers, will likely remain a significant ongoing activity for the foreseeable future. However, we have implemented a risk-based approach and are committed to achieving continuous improvement through the actions described in this Statement, including ongoing modern slavery training to our own employees.

8. APPROVAL OF STATEMENT

The Board of Directors of Duratec, its principal governing body, has unanimously approved this Statement on 28 January 2022 and authorised Robert Philip Harcourt as the responsible executive of Duratec to sign this Statement in accordance with the Act.



Robert Philip Harcourt

Managing Director

- ENDS -

About Duratec Limited

Duratec Limited (ASX: DUR) is a leading Australian contractor providing assessment, protection, remediation, and refurbishment services to a broad range of assets and infrastructure. The Company's multi-disciplined capabilities combine engineering experience with project delivery expertise and use a range of in-house assessment technologies, including 3D capture and modelling technology with predictive analysis tools. Headquartered in Wangara, Western Australia, Duratec has fifteen branches around the country in capital cities and regional centres, delivering services across multiple sectors including Defence, Commercial Buildings & Facades, Infrastructure (Water, Transport & Marine), Mining & Industrial, Power and Energy.

Please visit www.duratec.com.au for further information.