
Hacer Group

Modern Slavery Statement 2019 / 2020

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Introduction

Modern Slavery in Context

In 2016 it was estimated that 40.3 million people were living in slavery; a staggering number in today's modern world¹. To Hacer Group, this figure is unacceptable and suggests that not enough has been done in the past to bring the issue of modern slavery into focus.

We therefore welcome the introduction of the *Modern Slavery Act 2018* (Cth) (the "Act"), which shows that Australia is starting to play a leading role in combating modern slavery.

As an Australian builder, we operate in a highly competitive industry with tight margins, complicated supply chains and significant pressures on reducing costs.

We recognise that our operations can have a real impact and that we have a responsibility to avoid causing or contributing to modern slavery. Upholding this responsibility means work and collaboration with our stakeholders and across our supply chain.

Therefore, through a risk-based approach, we have begun the process of creating change throughout our business to focus on and address modern slavery

risks and to improve transparency across our supply chains.

As the figures suggest, modern slavery is a significant world issue which we know will not be eliminated overnight. We are however committed to long-term continuous improvement in our business 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 25 March 2021. The Statement was approved on behalf of the joined reporting entities.



Rob Pitts
Director

¹ International Labour Office (ILO) & Walk Free Foundation 2017, Methodology of the global estimates of modern slavery: Forced labour and forced marriage, ILO.



Section 1:

Our Structure, Operations & Supply Chain

The Reporting Entity

This is a joint Modern Slavery Statement for the financial year ended 30 June 2020 (“Statement”). It 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 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 2020.

Company Structure

Founded in 2000, Hacer Group is a privately owned, Australian construction company with approximately 210 employees across Victoria and New South Wales.

Hacer Group has its head office (being its registered office) 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 Associated Entities

Hacer Group Pty Ltd *
ACN 091 032 530

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

* As trustee for the Hacer Group Unit Trust

Hacer Group's Operations

Hacer Group is an experienced 'design and construct' contractor, specialising 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 fitouts.

We have successfully managed and completed projects for a range of major Australian companies.

In addition to our main 'design and construct' operations, 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. Its products and services are incorporated into a diverse range of construction projects across Australia.

Consultation with Controlled Entities

The associated entities relevant to Hacer Group's design and construction business are largely managed by the same organisational representatives.

Such entities also carry out the same or similar operations.

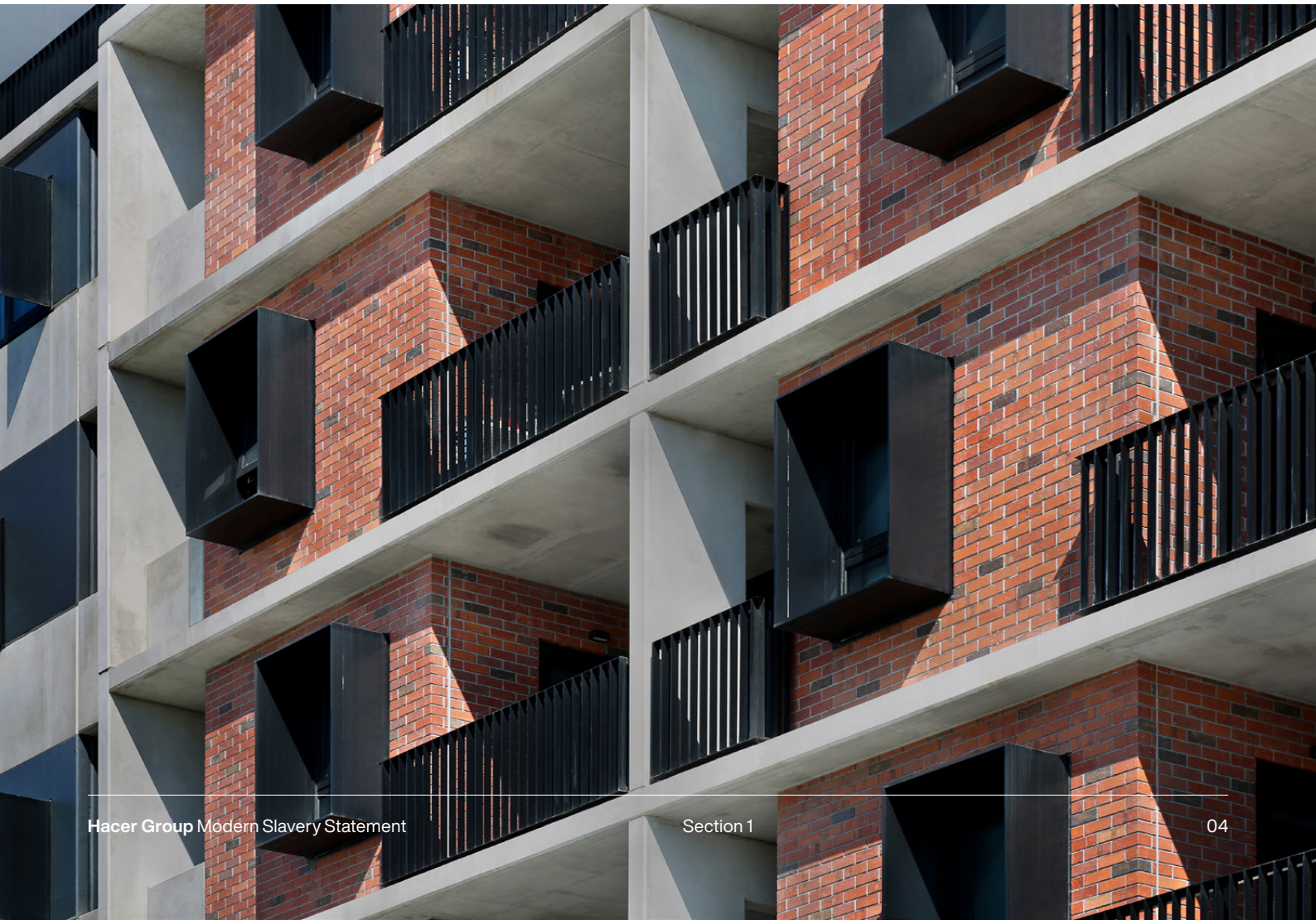
Hacer Group's newly appointed Modern Slavery Committee is therefore capable of managing Hacer Group's obligations with respect to the Act, such as understanding the modern slavery risks specific to each entity, communicating Hacer Group's modern slavery expectations, and raising awareness of Hacer Group's obligations under the Act.

Hacer Group met with the management of Arc Metal, who sits outside Hacer Group's core business, and communicated Hacer Group's approach to mitigating modern slavery.

Arc Metal was also provided with Hacer Group's 'Modern Slavery Toolkit' to assist it in understanding the companies' responsibilities under the Act.

In FY21, it is anticipated that a senior representative from Arc Metal will sit on the Modern Slavery Committee so that Hacer Group can better understand and respond to Arc Metal's individual modern slavery risks.

Image: East Brunswick Village



Strength in Numbers

Annual Revenue Circa:

600m

Experienced Team Members:

210+

Project Value:

15-220m

Repeat Client Work:

70%

Works Under Construction:

1b+

Completed Projects:

340+

Project Sectors:

Residential /
Commercial /
Retail /
Mixed Use /
Student Accom. /
Medical /
Industrial Goods /
Aged Care /
Recreation &
Entertainment.

Since 2000, Hacer has achieved strong growth in turnover, sustained profitability and steady increases across key business indicators.



Left: Botanicca, Right: Ivanhoe Apartments

We recognise that our operations can have a real impact and that we have a responsibility to avoid causing or contributing to modern slavery.

Supply Chain

Being 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.

Over the year we engaged approximately 170 Australian-based subcontractors and suppliers. Our subcontractors and suppliers encompass small, privately run businesses through to global multi-national companies. These businesses provide a broad range of goods and services relating to approximately 60 unique construction trades.

For example, these construction trades include:

Excavation Works	Civil Works
Precast Panel Supply	Joinery Works
Carpentry Works	Electrical Services
Hydraulic Services	Mechanical Services
Fire Services	Landscaping Works
Concreting Works	Equipment Hire

Hacer Group's supply chain also encompasses services that contribute to our operations, such as cleaning and security services provided for Hacer Group's head office and building sites.

Despite 97% of our suppliers being based in Australia (considered a low modern slavery risk country) we are aware that many of our Australian suppliers may source raw materials from overseas or from suppliers whose factories are located overseas. To enable modern slavery risks within our extended supply chain to be mitigated, we have commenced a supplier risk assessment to better understand the make-up and operations of our direct suppliers' sub-suppliers. Further details regarding our supplier risk assessment is described below.

In addition to our suppliers directly engaged in Australia, Hacer Group also procures materials and components from manufacturers based in China. These imported components largely relate to building façades and joinery, which are integrated into our projects.

Section 2:

Identifying Risks of Modern Slavery in Our Supply Chain

Modern Slavery Risks

We understand that the term ‘risks of modern slavery practices’ means the potential for Hacer Group to either cause, contribute to, or be directly linked to modern slavery through our operations and supply chain. These practices are broad and extend to risks to people in the form of forced labour, debt bondage, deceptive recruitment of labour and the worst forms of child labour.

We are conscious that these risks are complicated, evolving and often invisible, and we acknowledge that identifying such risks will require regular assessment and entrenched internal risk identification and rectification processes.

Scoping Exercise

Hacer Group has always been sensitive to ensuring that our supply chain complies with all relevant government standards. As part of our tender process (and as a condition of 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 undertake due diligence of each subcontractor and supplier to ensure that their business aligns with our ethics and standards, including with respect to human rights. This includes geographical location, adherence to applicable laws and standards and reputation.

A register that is accessible to all our staff is maintained to ensure that our employees can quickly

identify where subcontractors and suppliers have not met our standards. Where a subcontractor or supplier has not performed to our expected standard, our EHSQ team may issue a company-wide alert notifying Hacer Group’s employees of such breach.

To strengthen our controls and to better identify and assess our modern slavery risks, during the year, we commenced an initial desktop scoping exercise in relation to our supply chain. The desktop scoping exercise identified those products and services in our operation and supply chain which might involve risks of modern slavery. The assessment assisted us by highlighting potential risk exposure based on the category and geographical origin of the product or service.

Following our desktop scoping exercise, we commenced the process of undertaking initial subcontractor and supplier risks assessments. As a starting point, this process involved issuing a request to every subcontractor and supplier then engaged by Hacer Group to identify each of its sub-subcontractors/suppliers and the location from which their sub-subcontractors/suppliers source or manufacture their materials. The purpose of this exercise was to generate two ‘data points’ relating to:

- the country of origin of the components of our subcontractor and suppliers’ goods and/or services; and
- the product categories of the materials and components of our subcontractor and suppliers’ goods and/or services.

Whilst this exercise was not completed during the year, the data will be used as a base to formulate a more detailed risk map of our supply chain in the following period.

It is anticipated that the risk map will be 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.

Once the risk map has been developed, Hacer Group intends to respond to the findings having regard to the United Nations Guiding Principles on Business and Human Rights. This includes:

- 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 make the potential adverse impacts irremediable (Principle 24);

- assessing the appropriate response to the 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)).

Image: Hacer Site Visit



Section 3:

Actions We Have Taken To Address Modern Slavery

Modern Slavery Risk Mitigation

Hacer Group has begun entrenching a modern slavery risk mitigation process that identifies how we address actual and potential adverse human rights impacts in our operation and supply chain, including modern slavery practices.

Some of the actions we have taken during the year to assess and address modern slavery risks are as follows:

Governance

- established an internal Modern Slavery Committee. The Committee is responsible for:
 - > the implementation of Hacer Group's strategy to meet our obligations under the Act; and
 - > preparing Hacer Group's Modern Slavery Statement and recommending it for approval by Hacer Group's board of directors;
- 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;
- all members have leadership positions within the business and have the requisite authority to supervise compliance with any future modern slavery policies and procedures within their

business units. Having a Modern Slavery Committee with diverse membership aims to ensure that our modern slavery risk mitigation strategies are entrenched in all relevant business functions; and

- throughout the year, the Modern Slavery Committee met monthly to discuss the implementation of Hacer Group's modern slavery risk identification and mitigation strategy. The Modern Slavery Committee also developed an 'actions checklist' to set measurable outcomes and milestones for the business. The document is updated prior to each meeting to ensure compliance with the program set by the Modern Slavery Committee.

Policies & Processes

- **Modern Slavery Toolkit:** Established a 'Modern Slavery Toolkit' to be used as an internal reference document to ensure that Hacer Group's senior staff understand the companies' responsibilities under the Act. The Modern Slavery Toolkit was circulated to all senior managers who represent the group's key business units and controlled entities.
- **Training:** Provided third party educational training to senior management to improve staff awareness of modern slavery risks and improve education relating to incident reporting processes.

- **Strengthening Contracts:** Incorporated modern slavery provisions into Hacer Group's subcontracts and supply agreements. The provisions set out Hacer Group's expectations regarding modern slavery and clarify the notification process if a subcontractor and/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 remediate or stop instances of modern slavery in its operation or supply chain. Such expectations are intended to be reinforced in the next reporting period through the implementation of modern slavery prequalification questions.
- **Risk Assessment:** Undertook a desktop scoping exercise and initiated subcontractor and supplier risks assessments. The data will be used to map our operations and supply chain to highlight subcontractors and suppliers who may require further investigation into modern slavery risks.
- **Policies:** Commenced reviewing existing policies and procedures, including grievance mechanisms, with a view to incorporating modern slavery strategies.

Supplier Engagement

Initiated engagement with all of our current Australian and international subcontractors and suppliers to raise awareness of modern slavery, to understand our deeper supply chain risks and to establish a baseline for our subcontractor and supplier risk assessments. This process has involved issuing correspondence to our subcontractors and suppliers which:

- provided an overview of the obligations under the Act to improve supplier awareness of modern slavery risks and how they may contribute to modern slavery;
- included a 'Modern Slavery Declaration', which required subcontractors and suppliers to confirm whether they/their sub-subcontractors/suppliers have in place, policies and systems to mitigate and address risks of modern slavery. The completed data will assist in targeting our response to higher risk subcontractors and suppliers; and
- aimed to open a dialogue regarding modern slavery to ensure we are working in a collaborative, supportive and transparent way with our suppliers to initiate change and tackle the root causes of modern slavery.

Image: Waratah Place Zone Substation



Modern Slavery Risk Remediation

If, through our risk identification process, Hacer Group determines that we have caused or contributed to modern slavery, we acknowledge our responsibility to take active steps to cooperate in the remediation of that impact.

Based on the training received by our Modern Slavery Committee, the members of the Modern Slavery Committee are the 'first responders' in developing and undertaking the remediation process in each particular circumstance. The committee's response 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. At this stage, it is anticipated that Hacer Group's response 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 with the appropriate authorities;
- stopping Hacer Group's activities that cause or contribute to modern slavery, including by taking action under its supply arrangements;
- issuing companywide alerts and updating supplier registers serving to notify all business units that a systemic modern slavery issue with a supplier has been identified; and
- providing resources to educate and support suppliers to ensure the harm does not recur.

Our Modern Slavery Committee intends to formalise this process through the use of a 'remediation framework'. The 'remediation framework' will be incorporated into Hacer Group's general remediation processes including its incident management and grievance mechanisms.

In time, we intend for the 'remediation framework' to be bolstered through education to all current and new employees. Our hope is for this education to also be available to workers in our supply chain.

If Hacer Group determines that we have caused or contributed to modern slavery, we acknowledge our responsibility to take active steps to cooperate in the remediation of that impact.



Left: Botanicca, Right: 570 Church Street



Section 4:

Assessing Effectiveness Of Our Actions

We are committed to the long-term continuous change in our business and to both understand and address the risks of modern slavery practices. The data being collated through our current risk assessments will inform our long-term strategy with respect to modern slavery.

The current mechanisms we use to measure the effectiveness of our actions include:

- the Modern Slavery Committee setting a modern slavery strategy ‘program’ and monitoring the completion status of the ‘activities’ on that program at each meeting. The program takes the form of an ‘Actions Checklist’, which is updated prior to each Modern Slavery Committee meeting;
 - monitoring the amount of subcontractors and suppliers who have responded and completed the initial ‘Modern Slavery Declaration’, including:
 - > the percentage of ‘Modern Slavery Declarations’ submitted in relation to each product category;
 - > the percentage of ‘Modern Slavery Declarations’ submitted in relation to country of origin; and
 - > the percentage of subcontractors and suppliers and sub-subcontractors/suppliers who do not have in place policies and systems to mitigate the risk of modern slavery;
- regularly assessing:
 - > the number of policies reviewed and updated in accordance with our Actions Checklist;
 - > 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 whistleblowing mechanisms; and
 - > the number of subcontractors and suppliers who have signed agreements with Hacer Group that incorporated our standard modern slavery provisions.

Section 5: The Path Forward



Ending modern slavery will not occur overnight. Long-term continuous improvement can only occur with a clear vision of the work we need to undertake to contribute to the goal of ending modern slavery.

Into the future, Hacer Group's attention will be directed towards the following:

Operations

- implementation of employee modern slavery programs across all business units.
- finalisation of amendments to our existing grievance and human rights policies to address modern slavery practices.
- appointment of a senior representative of Arc Metal to the Modern Slavery Committee.
- engagement with external sources in relation to modern slavery, to increase our knowledge of modern slavery risks and risk remediation strategies.

Supply Chain (Monitoring & Assessment)

- completion of our initial risk assessment and undertaking due diligence of the 'Modern Slavery Declaration' data to generate a more detailed risk map.
- development of a modern slavery 'remediation framework'.
- development of a response having regard to the principles set out in the United Nations Guiding Principles on Business and Human Rights and Hacer Group's 'remediation framework'.
- continued engagement with our subcontractors and suppliers to improve awareness and encourage collaboration and transparency about modern slavery risks.
- development of our subcontractor and supplier modern slavery risk identification process at the time of engagement through a questionnaire and updated supplier code.
- continued reinforcement of our expectations to subcontractors and suppliers regarding modern slavery risks and practices.

Continuous Improvement

- continued assessment by the Modern Slavery Committee of the practicality and effectiveness of our modern slavery strategy.
- improvement of our subcontractor and supplier due diligence process and framework.
- increased engagement with key stakeholders in relation to modern slavery risks and practices.

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