

Modern Slavery Statement 2020



Essential services
for facilities and
infrastructure

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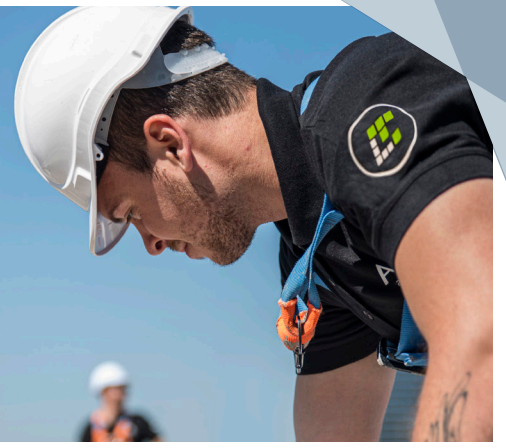
Introduction

This statement is made pursuant to the Modern Slavery Act 2018 (Cth) and sets out the steps ARA Group Limited ABN 47 074 886 561 and our subsidiaries (collectively ARA) have taken to identify, manage and otherwise prevent slavery and human trafficking in our businesses and supply chains during the financial year ended 30 June 2020.

ARA is committed to conducting business responsibly and to maintaining and continuously improving our systems and processes so as to remain effective in reducing the risk of slavery and human trafficking in our businesses and supply chains.



ARA Group An Overview



ARA provides reliable and responsible solutions and support services within the building and infrastructure industry, operating through seven divisions:



We employ a skilled workforce of over 2,000 across Australia, New Zealand and China.

ARA has a diverse portfolio of business offerings balanced between the provision of services and project work. In the 2020 financial year, ARA's total revenue of \$621 million comprised of:

- 57% in service work;
- 15% in general construction;
- 13% in infrastructure construction; and
- 15% generated from the manufacture of products.

We help our customers through the provision of an array of services and products to keep their facilities and critical infrastructure compliant, operational and safe.

Our largest customers are government organisations, financial institutions, facility managers together with building contractors and large commercial and industrial businesses.

Employees By Location



Australia
1,868 Employees

New Zealand
121 Employees

China
15 Employees

The majority of our workforce consists of full-time employees with a percentage of sub-contracted workers usually engaged to carry out project-specific tasks such as short-term contract support or to fulfil contracts in regional and remote areas.

We work closely with our local partners and endeavour to use local suppliers where practicable.

Policies Human Rights & Governance Arrangements

We are committed to respecting human rights within our sphere of influence wherever we operate.

This applies equally to our employees, our suppliers and business partners, all of whom are expected to adopt the same or similarly high standards of ethical behaviour.

ARA always seeks to conduct business responsibly and to maintain and continuously improve systems and processes to reduce the risk of slavery and human trafficking in our businesses and in our supply chains.

Our Board of Directors and Senior Management Team have joint oversight of our human rights approach which falls into our broader Corporate Social Responsibility and Sustainability agenda.

Our Code of Conduct and other policies and processes are mandated. These, together with our supporting principles and guidance on responsible trading and supply, support our commitment to human rights and are regularly reviewed. This results, as an example, in due diligence being carried out during the supplier evaluation stage against non-financial risks, including; human rights, working hours, harassment and unlawful discrimination, whistleblowing, slavery, human trafficking and child labour.



Policies

Human Rights & Governance Arrangements (Con't)

The Australian wholly owned subsidiaries of ARA Group Limited and our 49% owned affiliate, ARA Indigenous Services Pty Limited, the subject of this statement, are:

- Allen & Newton Pty Limited
- Allen & Newton Queensland Pty Limited
- ARA Building Services Pty Limited
- ARA Corporate Services Pty Limited
- ARA Electrical Engineering Services Pty Limited
- ARA Electrical High Voltage Services Pty Limited
- ARA Electrical Major Projects Division Pty Ltd
- ARA Fire Protection Services Pty Limited
- ARA Indigenous Services Pty Limited (Affiliate Member of ARA Group)
- ARA Manufacture Pty Limited
- ARA Mechanical Services Pty Limited
- ARA Property Services Pty Ltd the trustee for the CMC Unit Trust
- ARA Security Services Pty Limited
- Asset Fire Security & Mechanical Services Pty Limited
- Australasian Vaulting Industries Pty Ltd
- CMC Cleaning Services Pty Ltd
- CMC ECRM Pty Ltd
- CMC Maintenance Pty Ltd
- CMC Property Services (Aust) Pty Ltd
- CMC Rapid Response Pty Ltd
- Complex Solutions (Aust) Pty Ltd
- Crimewatch Video Pty Ltd
- Dynamic Facilities Maintenance Pty
- Environmental Automation Pty Limited
- Excell Control Pty Limited
- HUD Electronic Security Pty Ltd
- HUD Security Pty Limited
- Hunter Power Pty Limited
- ID Supplies Pty Limited
- International Security Control Solutions Pty Limited
- Leda Export Pty Ltd
- Leda Group (Australia) Pty Ltd
- Leda International Pty Ltd
- Leda Security Exports Pty Ltd
- Leda Security Products Pty Ltd
- Monarch Group Pty Limited
- National Construction Solutions Pty Limited
- Parking Guidance Australia Pty Limited
- Sherry Service & Maintenance Pty Ltd
- TALV Pty Limited
- Thermoscan Inspections Services Pty Limited
- Transelect Pty Limited
- WEB ID Pty Limited

ARA's Suppliers

Our tier one suppliers are based mainly in the following countries: Australia, New Zealand, Canada, China, Germany, Switzerland, Taiwan, UK and the USA.

Throughout our relationships with our suppliers, we raise awareness of, and engage them on our expectations with regard to minimisation and management of slavery and human trafficking risks within our supply chains. Suppliers are regularly reviewed throughout their contractual relationships against such non-financial risks.

Our goal over time is to increasing and regularly monitor our performance and compliance with our internal policies and processes dealing with ethical practices and the prevention and management of modern slavery risks. This monitoring comprises of two parts:

1. A self-assessment by our business and functional leaders of compliance within our operational framework; and
2. A report showing the key financial and non-financial risks for the relevant business completed by line and functional leaders.

The key financial and non-financial risks identified will increasingly be collated and reviewed by our Executive Team to identify those issues where the cumulative risk, or possible reputational impacts, could be significant.



Risk Assessment & Management

Our approach to identifying and assessing human rights risks is embedded within our approach to risk management. Responsibility for the management of our most significant non-financial risks rests with our Executive Team.

ARA's operational framework and non-financial risk registers are reviewed regularly by our Executive Team to monitor the status and progression of risk mitigation plans.

The Executive Team monitors the key risks identified by the risk assessment processes and reports its findings to our Board of Directors. The Executive Team is also responsible for reviewing in detail the effectiveness of our system of internal control policies and procedures for the identification, assessment and reporting of risk.

The Board of Directors has overall and ultimate responsibility for determining the nature and extent of the risk it is willing to take and ensuring that risks are managed effectively. Risk is a regular agenda item at Board of Directors meetings and the Board of Directors consider and review risk as part of its annual strategy review process. This provides the Board of Directors with an appreciation of the key risks within the business and oversight of how they are being managed.

The Board of Directors regularly review the principal risks we face, including those that would threaten our business model, future performance, solvency and liquidity. Such risks are assessed based on the likelihood of occurrence, the potential impact on the Company and the timeline over which they might occur.

While the risks of modern slavery and human trafficking have been identified through our operational framework as potential risks, they are assessed not to be significant or principal risks for the Company.

We have assessed that our modern slavery risks are low. Two specific areas of our business fall into our identified areas of risk – our employees and our tier one suppliers' employees. We continue to review and monitor our status of this risk.

During the 2019 – 2020 financial year, we undertook supply chain assurance activity to assess compliance with our Supplier Principles and the Modern Slavery Act 2018 (Cth), especially within our Property Services Division. There were 3 low-level risks identified and resolved. This assurance activity will increase and continue in the 2020 – 2021 financial year and beyond.

Training & Effectiveness

Our Code of Conduct sets out clear expectations on ethical conduct expected in the course of operating our businesses and we offer training and support to employees so as to help our employees understand the right thing to do ethically.

Our Code of Conduct is mandated for all employees and directors of ARA, our subsidiaries, and controlled joint ventures, wherever they are based. Our goal, currently a work in progress is for all employees to complete training annually as to modern slavery and human rights risks. Joint ventures not controlled by ARA are encouraged to adopt equivalent practices and standards. The travel restrictions due to the COVID – 19 coronavirus have delayed the roll out of training during the later part of the 2019 -2020 financial year, but will not thwart our long term commitment to raising awareness of the ethical conduct ARA expects through regular training.

All people working in our procurement function undergo training to develop and maintain the core competencies required for their role, with specific reference to financial and non-financial risk, including human rights risks.

We work with other companies in the facility and infrastructure sector to share and improve current ethical business conduct best practice. In the 2021 financial year ARA has resolved to become a member of the Property Council of Australia to enhance our industry knowledge partner with them and the industry commitment to minimise the incidence of modern slavery and other human rights abuses in our supply chains by way of co-operation, compliance systems and training.

Due Diligence Our People

Due to the nature of the industry we work in and the customers we support, all potential employees and contingent workers are required to go through a pre-employment vetting process.

Subject to local laws in each jurisdiction, individuals are verified for identity, employment and academic history, nationality, right to work status, and criminal record checks.

If we work with third party recruitment service providers, they are appointed and managed via our supplier management process.

Our people processes, coupled with our various policies ensure that where required by law or contract, each employee receives a contract or recruitment agreement outlining matters which may include remuneration, job role, rest and holiday periods, training and development, and notice periods.

Our compliance is subject to periodic review, including a major exercise in the 2020 financial year to ensure our entire Australian workforce is paid in accordance with our employment laws.



Our Procurement Practices & Supply

We work with between 3,000 and 5,000 directly contracted suppliers and partners globally at any particular time. ARA recognises the important role sub-contractors play in supporting responsible business operations.

Our relationships with suppliers are often long-term due to the length of our contracts and project lifecycles and so we aim to work with suppliers who embrace standards of ethical behavior consistent with our own. During the 2019 – 2020 financial year, ARA spent over \$100 million with directly contracted suppliers.

We purchase a wide range of service and products from our supplier base. Products are either integrated into the products and solutions we sell to ARA's customers (direct purchases) or are used to support the efficient running of our own internal operations (indirect purchases).

Direct purchases vary in complexity from raw materials, such as steel for making bollards and gates, electrical cables, aluminium for doors, gates and bicycle racking, to complex electronic security systems. Other direct purchases include software platform support, maintenance services, and IT solutions, including those for cyber protection.

Indirect purchases include travel providers, manufacturing consumables, temporary sub-contract labour and construction materials.

Our policies, including our Corporate Social Responsibility Policy, set out the requirements for supplier engagement, including the management of supplier-related risk and ways of working. Compliance with this policy is monitored via our operational risk framework, and supplier-related risk is managed in the same way as other business risks.

We require our suppliers to comply with all legislation in the jurisdiction in which they operate and encourage them to meet the same or similarly high standards equivalent to our own on ethical conduct, labour welfare, health and safety, environment, civil liberties, and human rights.

Our Standard Conditions of Purchase include clauses setting out our expectations. Supplier compliance with our Standard Conditions of Purchase is reviewed and considered during the supplier due diligence, selection and approval process and during ongoing supplier management and quality assurance.

Due Diligence

The Supplier Selection Process ARA aspires to have

While our journey is at a relatively early stage, ARA is clear on what it aspires over time to achieve. Our current process is not as comprehensive or as universally applied across our diverse business as we want in place in the longer term.

Our commitment over time is for ARA to comprehensively outline the products and services we need and short list potentially suitable suppliers prior to approving and selecting suppliers.

During this supplier evaluation stage, due diligence will be carried out on suppliers against the following non-financial risks:

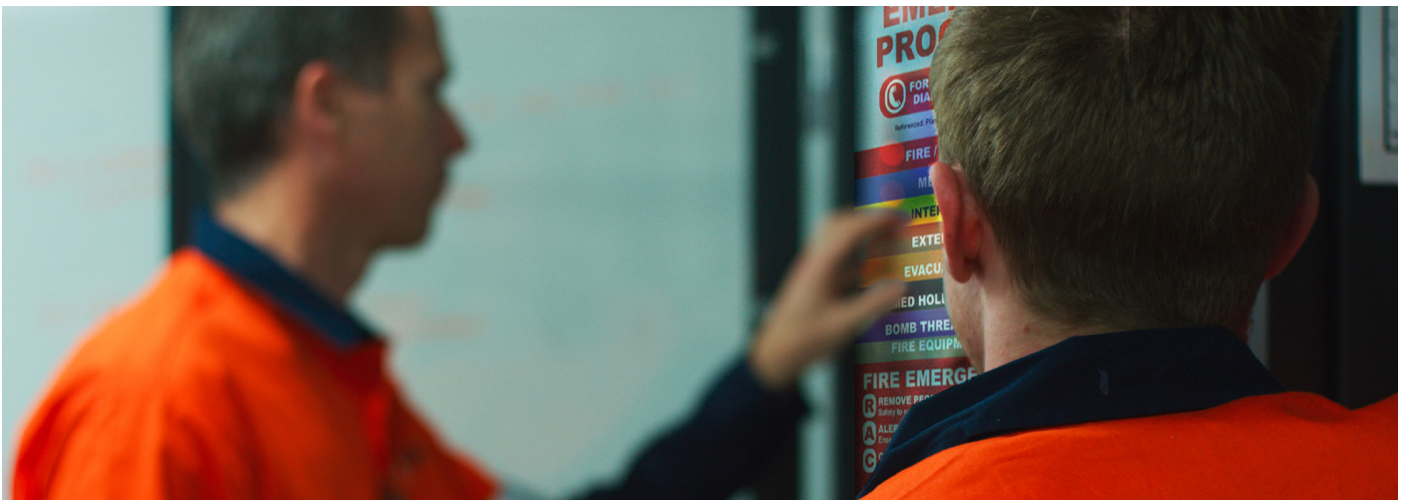
- **Responsible Trading Principles** – business ethics, anti-corruption and anti-bribery, governance and legislation;
- **Human Rights** – working hours, harassment and unlawful discrimination, whistleblowing line, slavery, human trafficking and child labour;
- **Health and Safety** – workplace and product safety;
- **Environment** – impact of operations and products;
- **Management systems** – environmental management systems certified to ISO 14001; and
- **Responsible sourcing.**

From this analysis the risks are assessed and suppliers will then be categorised as 'low', 'medium' or 'high' risk and appropriate mitigation actions introduced. Suitable suppliers are then approved on our quality assurance and finance systems or otherwise deemed unsuitable.

In some cases, we will approve suppliers subject to a corrective action plan. Each corrective action plan needed will be specific to the supplier and project to which it is supplying. An example may be where a potential new supplier may not have a Code of Conduct in place or an equivalent standard to our own. The action may be to help them write their own Code of Conduct and to put it in place, or if they are not prepared to do this, we may choose to use a different supplier.

What would ARA do if modern slavery were found in it's supply chain

If modern slavery or human trafficking was found within the businesses or supply chains of our directly contracted suppliers, we would act (and already have acted to date) to immediately work with the supplier and relevant authorities to understand the circumstances of what has been found and to then put in place corrective actions that help the affected workers and protect them from further harm. If a supplier was unwilling to address the issue, then corrective action may include termination of contracts and selection of an alternative supplier.



Key 2019-2020 Financial Year Actions

ARA recognises the need for the sustained and ongoing alignment of our strategy to the legal requirements of the **Modern Slavery Act 2018** (Cth) and the principles and philosophies which underpin it. Our commitment is strong and one in which complacency or satisfaction with the status quo is unacceptable.

Amendment of Standard Terms & Conditions

Our focus is to work collaboratively with all members of the supply chains in which we operate. A key component during the financial year ended 30 June 2020 was the amendment of ARA's standard terms and conditions to communicate our requirement that those we work with meet the requirements and implement processes aligned with the **Modern Slavery Act 2018** (Cth).



Training

A directly delivered training program to educate our employees and contractors on modern slavery and human rights risks was developed. Unfortunately, the goal of this training being provided throughout ARA's offices was thwarted by the government restrictions implemented due to the COVID-19 coronavirus pandemic.

Once the limitations on gatherings are eased, the training will be resumed before the end of 2021 financial year, assisted by the development of an internet-based training program.

Approval By Subsidiaries

This statement has been approved by the Board of Directors of the following subsidiaries and affiliates:

- Allen & Newton Pty Limited
- Allen & Newton Queensland Pty Limited
- ARA Building Services Pty Limited
- ARA Corporate Services Pty Limited
- ARA Electrical Engineering Services Pty Limited
- ARA Electrical High Voltage Services Pty Limited
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- Sherry Service & Maintenance Pty Ltd
- TALV Pty Limited
- Thermoscan Inspections Services Pty Limited
- Transelect Pty Limited
- WEB ID Pty Limited

All delegated approval to Edward Federman to sign this statement on their behalf.



Edward Federman

Executive Chairman and Managing Director
ARA Group Limited

Signed 28 January 2021, following Board of Director approvals.