



SAGE Modern Slavery Statement 2020

Reporting Period 1 July 2019 to 30 June 2020

SAGE people share the same commitment to making our world smarter, safer and more sustainable: for everybody, everywhere. In support of this mission, SAGE is committed to a better world where modern slavery has no place in its supply chain.

Introduction

This Modern Slavery Statement (**Statement**) is produced by SAGE Group Holdings Limited (ACN 093 581 330) (**SAGE**) to identify, assess and address the risks of modern slavery in its supply chain and operations as a reporting entity pursuant to the *Modern Slavery Act 2018 (Cth)* (**Act**). This Statement will also cover SAGE Automation Pty Ltd (ACN 104 119 833) (**SAGE Automation**), a wholly owned and controlled entity of SAGE, and reporting entity under the Act. SAGE submits this Statement as a joint statement on behalf of both reporting entities.

Structure and Operations

SAGE is an Australian private company incorporated in South Australia with its head office in Tonsley, South Australia. We are a global group with a workforce of more than 470 people across Australia and India. Our offices are located in the major cities of Australia, as well as several regional offices. We also have two offices located in India.

SAGE is the parent entity of five innovative and specialist companies within the sectors of defence, energy, transport, resources, utilities, and manufacturing. Together, these companies deliver services including end-to-end automation project delivery, Australian-based manufacturing, support and maintenance services, digitalisation consulting, resource capability and upskilling workforces with skills of the future.

SAGE undertakes its business activities under its subsidiaries, rather than under SAGE itself. Accordingly, this Statement covers the activities of all SAGE subsidiaries from 1 July 2019 to 30 June 2020 (**Reporting Period**). SAGE fully owns and controls all of its subsidiaries except for SAGE Automation Group (India) PVT, which is controlled by SAGE but not wholly owned.

- SAGE Automation Pty Ltd specialises in automation and control system engineering, delivery and support, providing total smart automation solutions. Its manufacturing operations assemble control cabinets and switchboard solutions.
- SAGE Automation Group (India) Pvt is a subsidiary of SAGE providing the same specialist automation and control solutions as SAGE Automation.
- Nukon Pty Ltd specialises in software and systems engineering, developing products and delivering high-end digital solutions that increase operational efficiency, service level, quality and other business outcomes.
- Embedded Expertise Pty Ltd is a specialist consultancy labour hire business, matching the best technical specialists into businesses.
- Skills Lab Pty Ltd is a Registered Training Organisation in Australia where expert trainers, backed by SAGE's foundations in smart systems and technology, equip the workforce with current knowledge through hands-on learning in specialist areas of industrial automation and control, instrumentation, big data analytics and hazardous area electrical equipment management.
- Traffic Control Systems Pty Ltd supply, install and maintain traffic management systems.
- SAGE Capital Fund Pty Ltd is an investment company which, during the Reporting Period, held a minority shareholding in T-Mag Pty Ltd which developed technology for magnesium casting. T-Mag has since been deregistered.



SAGE has one manufacturing facility which is connected to the head office in Tonsley, South Australia. SAGE employees work in our offices, and at various client sites in both metropolitan and rural areas. SAGE's team in India is made up of engineers, finance administration and other technical experts who work solely in the office.

Supply Chain

SAGE utilises an extensive supply chain of material suppliers, contractors, labour hire and offshore resources to deliver its products and services. Our over 500 suppliers comprise of mostly Australian companies or Australian-based subsidiaries. SAGE procures its primary and recurring goods and services from its preferred suppliers. These preferred supplier relationships are well established and long-term. SAGE also has many short-term supplier relationships that it will use on an ad hoc basis.

Suppliers are selected based on project specification, quality, risk, warranty, delivery times, price, after-sales support and compliance with SAGE's terms and policies.

The manufacturing, industrial automation, electronics, telecommunications, Information and Communication Technology (ICT), transport, and traffic management industries make up the majority of SAGE's supply chain. This supply chain can be divided into two categories of products and services as set out below.

Supply chain used in products and services that SAGE deliver:

Manufacturing electrical equipment and electronics such as switchboards, power supplies and cables; LED, protective coatings, telecommunications, industrial automation materials, Information and Communication Technology (ICT), pneumatics, timber packaging, traffic signal controllers, detection systems, industrial cleaning equipment, transport, freight, crantage and labour services via contractors.

Supply chain not used in products and services that SAGE deliver:

Professional services, finance and banking, cleaning and facility management services, work uniforms, storage and waste disposal services, insurance, motor vehicle rental, kitchen supplies, branded merchandise, office materials, travel services, mobile phones and information technology equipment such as computers, monitors and drives.

The majority of SAGE's procurement is sourced in Australia. To further understand our supply chain, we ascertained the source countries from which our suppliers procure their goods and/or services. The top 5 source countries listed by our suppliers were Australia, China, USA, Germany and the UK. Other source countries reported include Austria, Brazil, Denmark, Finland, Indonesia, India, Italy, Japan, Malaysia, Mexico, New Zealand, Poland, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand and Vietnam.

Risks of Modern Slavery

While SAGE does not directly cause modern slavery practices, we recognise that there are modern slavery risks that we may be indirectly linked to how our procured goods and services are produced, provided or used; the characteristics of the industries that those goods and services are part of; and the prevalence of modern slavery in specific source countries. Importantly, modern slavery risks refers to the risk of harm to people in our operations and supply chain rather than entity risk.

SAGE has identified the following risk areas:

Electronics

Several of SAGE's suppliers identify as belonging to the electronics industry and provide SAGE with electrical components. A handful of our other suppliers provide the business with its computers, laptops and mobile phones. Electronics is a high risk industry. Specifically, computers, laptops and mobile phones imported from China and Malaysia are at-risk products of modern slavery, where forced labour and child labour are associated with their manufacturing. As reported in the Global Slavery Index 2018¹, Australia imports over US\$6b of these electronics from China annually, making it Australia's highest-value at-risk import. Over thirty of our suppliers listed China as one of their source countries for electrical equipment and ICT. Additionally, SAGE's company mobiles are Apple iPhones. An investigative report by China Labour Watch uncovered some instances of exploitation and forced labour at some of Apple's largest suppliers in China².

Conflict Minerals

The mining of raw minerals used in electronics manufacturing occurs in many conflict-affected countries with governance issues. These factors significantly contribute to the prevalence of the worst forms of child labour, forced marriage, forced labour and slavery. SAGE recognises that although we have little to no visibility of such operations, this is a risk further upstream in our supply chain.

Clothing Industry / Cotton

Garments and textiles produced in China are at risk goods as forced labour, child labour and slavery are prevalent. Australia imports garments from China worth over US\$4b annually, making it Australia's second largest at-risk import. A large portion of the uniforms that SAGE purchase state they are made in China. Apart from that, we do not have visibility on where or how the uniforms are made. We recognise this is a risk.

Cleaning services

Cleaning is an industry considered at risk due to the nature of the work, lower wages and lack of transparency. Modern slavery risks of labour exploitation and worker vulnerability are present in the cleaning industry in both Australia and overseas. Cleaning services support our Australian and Indian offices. SAGE recognises that this risk exists in our supply chain.

¹ Walk Free Foundation 2018, Global Slavery Index 2018, Available from: <https://www.globalslaveryindex.org/resources/downloads/>

² China Labor Watch 2017, A Year of Regression in Apple's Supply Chain: Pursuing Profits at the Cost of Working Conditions. Available from: http://www.chinalaborwatch.org/upfile/2017_05_03/20170517.pdf. [19 December 2017].

Labour Hire Arrangements

Embedded Expertise holds all labour hire licences as required under current State legislation. These laws aim to protect labour hire workers from exploitation. Embedded Expertise ensures that its clients are credible and compliant with all Australian Fair Work legislation³. The people we provide to our clients are technical experts in fields such as engineering and project management. We are not involved in the industries widely exposed to risk such as agriculture, meat-processing and construction. Subsequently, SAGE considers the risk in its labour hire operations to be very low.

Due Diligence and Remediation

Most suppliers are engaged on SAGE's Terms and Conditions for Suppliers which requires suppliers to comply with the with the Act and the Modern Slavery Act 2018 (NSW) if their business is conducted in NSW (although this legislation is yet to commence), and to take all reasonable steps to ensure that there is no modern slavery or human trafficking in its supply chain or in any part of the supplier's business.

SAGE has a Whistleblower Policy available for all people who work for or with SAGE, including our suppliers and employees. This is publicly available on our website and on our internal company portal. The policy outlines a clear process on how to make a protected disclosure, which can be made anonymously. SAGE encourages the reporting of any concerns regarding unethical or illegal conduct, including in relation to modern slavery. SAGE will investigate any grievances or concerns raised and address them appropriately, including by engaging with customers, suppliers and other stakeholders. Where necessary, we will report matters to the appropriate authorities.

SAGE has a Code of Conduct which requires all employees and contractors to ensure that the risks of modern slavery within our business are adequately assessed and addressed so as to comply with the Act.

SAGE has commenced providing awareness training to key SAGE personnel in relation to modern slavery. The training program will be expanded to a broader group of SAGE personnel in the 2021 reporting period.

SAGE sends an annual modern slavery self-assessment questionnaire to suppliers to assist in assessing the risks in SAGE's supply chain.

SAGE has prepared a Corporate Responsibility Charter which will be rolled out in next reporting period. Suppliers will need to agree to comply with this Charter, which will require compliance with all laws

³ The Fair Work Act 2009 and the Fair Work Regulations 2009.

of the countries in which they operate including, without limitation, laws designed to protect human rights, the fight against corruption, money laundering, terrorism, data protection, privacy, international trade compliance, workplace health and safety and the protection of the environment. Suppliers will need to ensure that their own suppliers, contractors and sub-contractors comply with the requirements of this Charter.

Not limiting any other actions that SAGE may undertake in the next reporting period, SAGE intends to undertake further reviews with its key suppliers to continue to assess the risks in its supply chain.

SAGE's remediation processes are in the process of being defined. If an incident of modern slavery occurs or is suspected, SAGE will collaborate and discuss this with the supplier directly in an effort to maintain the relationship and help them properly identify and address the issue. In the event that the supplier fails to take the appropriate corrective action to eliminate the instance of modern slavery within a reasonable period of time or the supplier takes the appropriate corrective measures but those measures do not mitigate or eliminate the instance of modern slavery, SAGE will again discuss this with the supplier and may need to terminate the relationship.

Measuring Effectiveness

SAGE has been unable to thoroughly assess the effectiveness of its actions being taken to assess and address modern slavery risks as limited measures were implemented during the Reporting Period whilst we focused on identifying the risks and improving our due diligence. We acknowledge the importance of measuring the effectiveness of our actions to properly mitigate and eliminate modern slavery within our business. Over the course of the next reporting period, we will explore and implement further measures to help adequately track the performance of our actions through a combination of internal and external mechanisms.

SAGE's grievance mechanism through our Whistleblower Policy provides one way in which we can track the number of concerns disclosed, investigated and resolved. No reports of modern slavery related complaints have been received through this mechanism during the Reporting Period. We recognise that this does not indicate an absence of modern slavery in our supply chain as there may exist modern slavery practices further upstream in our supply chain which is less likely to result in a disclosure through SAGE's Whistleblower Policy.

SAGE will be able to assess its actions by analysing supplier responses from its annual self-assessment questionnaire sent to suppliers. The responses should indicate: whether they have gained a better understanding on how modern slavery risks may be present within their business, improved processes

and policies related to modern slavery, improved due diligence, and any mitigated instances or suspected instances of modern slavery.

In addition, we are looking to assess the effectiveness of our actions against the following in future reporting periods:

- Engagement with suppliers on modern slavery risks;
- Employee and management training;
- Supplier pre-qualification requirements;
- Policy and process review;
- Board oversight;
- Key personnel meetings; and
- Contracts with modern slavery obligations.

Impact of COVID-19

SAGE noticed an impact on lead times, delivery times, and the cost of goods and freight costs on all sources outside of Australia as result of the COVID-19 pandemic. Notwithstanding this, SAGE maintained its collaborative supplier relationships and did not terminate any supply contracts. We frequently took on additional costs related to freight in order to receive material on time.

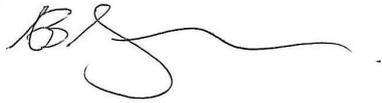
SAGE is in regular contact with its top 40 suppliers to determine any potential issues or delays in the supply of material based on the last two years of sales. Responses are being documented and reviewed weekly. SAGE recognises that supply chains were further exposed to modern slavery risks as a result of the COVID-19 pandemic. This is something that SAGE will give more consideration to moving forward. We will continue to foster open communication with our suppliers, specifically to address modern slavery risks caused by the COVID-19 pandemic.

Consultation

The entities owned or controlled by SAGE, including SAGE Automation, all report to the SAGE Board and at least one SAGE Board member sits on the Board of each SAGE subsidiary. In addition, all entities adhere to the same company policies and procedures. The entire executive group of the SAGE group of companies meets at least quarterly to ensure alignment of processes, policies and procedures across all businesses. As a result, each entity under SAGE has been made aware of and consulted in the preparation and approval of this Statement through meetings and discussions between various units of the business.

This Statement was approved by the Board of SAGE Group Holdings Limited on 5th March 2021.

This Statement was approved by the Board of SAGE Automation Pty Ltd on 5th March 2021.

A handwritten signature in black ink, appearing to be 'A. Fahey', with a long horizontal flourish extending to the right.

Adrian Fahey

Managing Director and Chief Executive Officer