



SAGE Modern Slavery Statement 2023

Reporting Period 1 July 2022 to 30 June 2023

SAGE personnel share a collective 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.

1. 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.

2. Structure and Operations

SAGE is an Australian public unlisted company incorporated in South Australia with its head office in Tonsley, South Australia. SAGE is a global group with a workforce of more than 710 people across Australia and India. Our offices are located around the major cities of New South Wales, Northern Territory, Queensland, South Australia, Tasmania, Victoria, and Western Australia, as well as regional offices in Geelong, Whyalla and Alice Springs. Our offices in India are located in Mumbai and Pune.

SAGE is the parent entity of seven 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 through SAGE as the parent entity. Accordingly, this Statement covers the activities of all SAGE subsidiaries from 1 July 2022 to 30 June

2023 (**Reporting Period**). SAGE wholly owns and controls all its subsidiaries, with the exceptions of Nukon Pty Ltd, TilliT Pty Ltd and SAGE Automation India PVT Ltd, which are controlled by SAGE but not wholly owned.

- SAGE Automation specialises in automation and control system engineering, delivery and support, providing smart automation solutions. Its manufacturing operations assemble control cabinets and switchboard solutions.
- SAGE Automation India PVT Ltd 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 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.
- TilliT Pty Ltd is a dedicated software and hardware technology company.
- Addinsight Pty Ltd is a dedicated software technology and engineering company.



SAGE has two manufacturing facilities, which are located at SAGE's head office in Tonsley, South Australia, and in St Marys, South Australia. SAGE employees work in our offices, at various client sites in both metropolitan and rural areas and from their homes. SAGE's team in India is made up of engineers and other technical experts who generally work in the office.

3. Supply Chain and Operations

SAGE utilises an extensive supply chain of material suppliers, contractors, labour hire and offshore resources to deliver its products and services. SAGE engages approximately 1500 suppliers, of which approximately over 90% are 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; LEDs, protective coatings, telecommunications, industrial automation materials, Information and Communication Technology (ICT), pneumatics, timber packaging, traffic signal controllers, detection systems, industrial cleaning equipment, transport, freight, crange 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. Through a supplier survey conducted within the reporting period on our top 100 suppliers by spend (representing 74% of our total spend), we found that 96 suppliers within SAGE's top 100 suppliers are Australian entities, with single suppliers in China, India, the USA, and Canada, comprising the balance.

4. 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 directly linked to or contribute to due 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 an 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 Index²⁰²³¹, Australia imported over US\$8.5b of electronics from China in 2022, 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, a portion of SAGE's company mobiles are Apple iPhones. Multiple investigative reports by China Labour Watch allege 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 approximately US\$6b worth of garments from China annually, making it Australia's second largest at-risk import. A large portion of the uniforms that SAGE purchase state they are

¹ Walk Free Foundation 2023, Global Slavery Index 2023, Available from: <https://cdn.walkfree.org/content/uploads/2023/05/17114737/Global-Slavery-Index-2023.pdf>

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]; China Labor Watch 2023, Investigation of an Apple Supplier: Pegatron Kunshan Report in 2023. Available at: <https://chinalabor.wpenginepowered.com/wp-content/uploads/2023/09/Pegatron-Kunshan-2308.pdf> [August 2023].

made in China., We do not otherwise have visibility on where or how the uniforms are made, which we recognise 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 cleaning services present a risk within our supply chain.

Labour Hire Arrangements

Workers in the labour hire industry are often exploited and underpaid. As SAGE engages labour providers and one of our entities, Embedded Expertise is a labour hire business, we acknowledge the potential risk.

Embedded Expertise holds all labour hire licences as required under current State legislation. These laws aim to protect labour hire workers from exploitation. The people we provide to our clients are technical experts in fields such as engineering and project management with the majority of Embedded Expertise's clients operating in the water, transport, energy and mining sectors. We do not embed people in the industries widely exposed to risk such as agriculture and meat-processing.

SAGE uses labour hire businesses to supply people to perform work for SAGE. Labour hire providers are required to be pre-qualified in SAGE's contractor management system. We conduct internal checks to identify whether any existing labour hire providers have not been set up on the contractor management system. Any labour hire providers who have not been through the pre-qualification process will be added into SAGE's contractor management system to ensure compliance with the pre-qualification requirements.

5. Actions taken to assess and address risks

SAGE's Standard Terms and Conditions for Suppliers (**Supplier Terms**) require our suppliers to sign and adhere to the SAGE Group Corporate Responsibility Charter (**Charter**) or a code of conduct substantially equivalent to the Charter.

SAGE suppliers must agree to comply with the requirements of the Charter, including compliance with all laws of the countries within which they operate, including without limitation, laws designed to prohibit human trafficking and 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.

The Charter also requires that the supplier:

- ensures that their own suppliers, contractors and sub-contractors comply with the requirements of the Charter;
- agrees to notify SAGE promptly of any actual or suspected breach of this Charter whether committed or allegedly committed by SAGE staff or supplier's staff, subcontractors or suppliers;
- must provide their staff with mechanisms for raising legal or ethical issues or concerns with management without fear of retribution; and
- acknowledges that their non-compliance with the Charter may constitute a breach of their contractual obligations to SAGE which may involve, depending on the severity of the breach, the termination of their contract with SAGE.

As the majority of SAGE's suppliers are engaged on SAGE's Supplier Terms most SAGE suppliers agree to comply with all anti-slavery and human trafficking laws, including the Act and the Modern Slavery Act 2018 (NSW) (if their business is conducted in NSW).

In addition to the above, the Supplier Terms require that the supplier:

- warrant that neither the supplier, nor any of its officers, employees or related personnel have been convicted of any offence involving slavery or human trafficking and to the best of its knowledge and following reasonable enquiries, that the supplier's supply chain has not been convicted of any offence involving slavery or human trafficking;
- have in place and implement, appropriate anti-slavery and anti-trafficking policies, practices and procedures;
- incorporate into contracts with its supply chain, obligations equivalent to those set out in SAGE's Terms; and
- notify SAGE of any actual or suspected breach of the Terms by the supplier or any member of its supply chain, or any actual or suspected slavery or human trafficking in a supply chain related to the contract between SAGE and the supplier.

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. During the Reporting Period, we distributed a reminder to all staff of SAGE's Whistleblower policy and procedure with an explanation of why we have it and how it works.

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 to comply with the Act.

In each modern slavery reporting period, SAGE sends out a modern slavery self-assessment questionnaire (**Questionnaire**) to our top 100 suppliers, as determined by expenditure, to assist in assessing the risks in SAGE's supply chain. SAGE uses the Questionnaire to consider the industries, locations of business operations, the types of goods and services procured by our suppliers and the source countries for those goods and services that correspond with modern slavery risk. Furthermore, it is used as a tool to assess whether a supplier:

- is a reporting entity, provides training to employees;
- has any modern slavery specific policies and processes in place; and
- established actions if modern slavery is known or suspected in its supply chain.

The information gathered through the Questionnaire determines the actions needed to address modern slavery risks in our supply chain, and whether some supplier arrangements required evaluating where their response aligned with risk.

In relation to contractors, SAGE's compliance management program requires each contractor to agree to comply with both the SAGE Code of Conduct and the Charter before the contractor undertakes work for SAGE.

Not limiting any other actions that SAGE may undertake in future reporting periods, SAGE has identified that developing an effective supplier due diligence mechanism should start with conducting responsible sourcing audits with our key suppliers. Responsible sourcing audits of key suppliers forms part of our continuous improvement initiatives and is intended to be undertaken during reporting period 2024.

During the Reporting Period, SAGE has introduced its own Modern Slavery Procedure (**Procedure**) to which all SAGE entities, directors, officers, senior managers, employees and contractors must adhere. The purpose of the Procedure is to:

- ensure that SAGE manages all aspects of its operations and supply chains to assess and address risks of modern slavery;
- procure products and services in compliance with the Act;
- set out the responsibilities of SAGE and its subsidiaries, employees, operations and suppliers in observing and upholding SAGE's position on modern slavery, and

- provide information and guidance to SAGE employees on how to recognise and report any modern slavery concerns.

The Procedure formalises, and provides clarity on, the process through which stakeholders must report suspected instances or risks of modern slavery.

The Procedure outlines the requirement for compliance training of key SAGE personnel, which SAGE plans to undertake during the next reporting period.

In future reporting periods, SAGE will also look to:

- amend labour-hire client terms of business to include express modern slavery obligations;
- ensure that modern slavery obligations and warranties on the supplier are included in third party supplier terms and conditions (if SAGE is not able to engage suppliers under its Supplier Terms).
- continue raising awareness through communication about SAGE's modern slavery procedures and obligations, reporting obligations, and through the provision of training to key SAGE personnel;
- compulsory supplier modern slavery compliance assessments, applicable to both new and existing (current) suppliers through the introduction of a new supplier onboarding and management system.
- commence responsible sourcing audits of key suppliers; and
- continue monitoring the effectiveness of our policies and procedures.

6. Remediation

SAGE has a high-level remediation plan that will be progressively developed into a more detailed process.

If an incident of modern slavery occurs or is suspected, SAGE will, as soon as reasonably possible:

- hold an internal meeting at the Manager and Executive level; and
- co-operate and discuss the incident with the supplier directly to help them properly identify and remedy the issue.

SAGE's key objective will be to ensure that the incident has been effectively dealt with to remove any modern slavery from our operations whilst maintaining the relationship with that supplier, if possible.

If the supplier fails to take 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 such that there are recurrences of the modern

slavery activities in their operations, SAGE will again raise this with the supplier and may terminate the relationship.

7. Assessing Effectiveness

Overall, the requirement to comply with the Charter to be engaged as a supplier by SAGE has been an effective tool to measure supplier compliance or non-compliance with the modern slavery commitments during the 2022 reporting period. Notwithstanding its effectiveness, SAGE recognises that there are instances where SAGE engages suppliers on the suppliers' relevant terms and conditions, and such terms and conditions rarely include modern slavery obligations for supplier. SAGE will continue to review supplier terms and conditions for modern slavery compliance obligations and negotiate their inclusion in the event that they are absent

SAGE's grievance mechanism through our Whistleblower Policy tracks the number of concerns disclosed, investigated and resolved. There have been no reports of modern slavery related complaints 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.

In the 2022 reporting period, SAGE assessed the effectiveness of the self-assessment questionnaire based on the trends captured from the responses. The collated responses from both reporting periods showed that 29 of the top 100 suppliers (by expenditure) have at least a modern slavery statement or a modern slavery policy, illustrating awareness and action. SAGE continues to recognise the limitations of the Questionnaire. We strongly encouraged our suppliers to complete the questionnaire, however, various suppliers did not provide a response, which reduces the effectiveness of the Questionnaire. Regardless, we are confident this tool provides us with insights that are applicable to this Reporting Period. We are also confident that supplier engagement will improve over future reporting periods as the modern slavery landscape continues to mature in Australia and globally. We further recognise that a mandatory response requirement to SAGE's Questionnaire will facilitate a more accurate review, but acknowledge the resources required to manage, and potentially refuse to work with, such suppliers are beyond SAGE's current capabilities.

We recognise the need to gather updated information in future reporting periods. We have improved the Questionnaire during the 2023 reporting period to be introduced in the 2024 reporting period and will continue to do this in future reporting periods.

We acknowledge the importance of measuring the effectiveness of our actions to properly mitigate and eliminate modern slavery within our business. SAGE will continue to explore and implement further

measures to help adequately track the performance of our actions through a combination of internal and external mechanisms.

We will look 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;
- Internal and external audits;
- Supplier pre-qualification requirements;
- Targeted supply chain audits;
- Policy and process review;
- Board oversight;
- Key personnel meetings; and
- Contracts with modern slavery obligations.


8. Consultation process with entities owned or controlled

SAGE is the reporting entity for this Statement and provides this Statement on behalf of all entities owned or controlled by SAGE, including SAGE Automation. The controlled entities of SAGE 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 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 the SAGE group 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.

SAGE has prepared this Statement with input from the operational business units and the legal and procurement functions, which service all SAGE controlled entities.

This Statement was approved by the Board of SAGE on 20 December 2023

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Adrian Fahey

Managing Director and Chief Executive Officer