

## Modern Slavery Statement

This statement is made under the *Modern Slavery Act 2018* (Cth). It sets out the actions taken by Nomura Research Institute Australia Pty Ltd (ACN 621 613 385) (**NRI AU**) an entity which operates in Australia, to address modern slavery risks in our supply chain over the financial year ending 30 June 2020.

### 1. OUR BUSINESS, STRUCTURE AND SUPPLY CHAIN

NRI AU is a regional management company of the NRI Group for the Australia region.

The NRI Group is a group of companies located across Asia Pacific, North America and Europe which offers services including research, consulting and IT solutions to businesses on a global scale.

NRI AU manages NRI Group's Australian businesses and companies including ASG Group Limited (**ASG Group**).

NRI AU's operations are limited largely to corporate governance, financial consolidation, mergers and acquisitions and internal audit activities within the Australian region (**Operations**). NRI AU manages NRI Group's Australian business and companies, including ASG Group.

#### **Organisation Structure**

NRI AU is an Australian proprietary company, limited by shares and is a subsidiary of Nomura Research Institute, Ltd located in Japan.

NRI AU was established in 2017 and is headquartered in Sydney, with operations also in Perth and a wider global presence through the operations of the NRI Group of companies globally in America, Japan, Europe and the Asia Pacific.

NRI AU is managed by its President and the company oversees the management of NRI Group's Australia region businesses, which is largely focused upon ASG Group's business and operations.

NRI AU has 4 permanent employees and 1 expat from Japan who is presently seconded from Nomura Research Institute Ltd, based in Australia.

ASG Group is a subsidiary of NRI AU and NRI AU governs, and has day to day oversight and management of ASG Group and its subsidiaries, including:

1. SMS Consulting Group Ltd;
2. SMS Management & Technology Limited;
3. SMS Management & Technology;
4. SMS Employees Pty Ltd;
5. Capiotech Pty Ltd;
6. 1 ICT Pty Ltd; and
7. Group 10 Pty Ltd.

ASG Group is an Australian Public Company, which operates in 9 locations across Australia as well as in Manila, in the Philippines.

ASG Group is headquartered in Perth, Australia, and has other Australian offices located in Sydney, Melbourne, Brisbane, Canberra and Adelaide.

As at 30 June 2020, ASG Group had approximately 1,383 employees. The majority of the ASG Group workforce consists of highly trained and skilled IT Consultants, Technicians, Service Delivery and Sales.

### ***Our supply chain***

In the 2020 financial year, NRI AU engaged directly with more than 10 suppliers from two countries, being Australia and Japan. NRI AU's largest category of spend is on services provided to the company, including consultancy services and legal services.

Procurement for ASG Group is managed nationally through the Business Management Office (BMO) where all procurement requests for ASG Group and all client accounts are sent. ASG Group engages with suppliers through its procurement team for all services or products from ASG Group's existing partners.

Some of the BMO deliverables that may be relevant to purchasing are Commercial Contract Management, Purchasing Strategy, Bid Registration, Vendor Grading, Product Selection, Supplier/Vendor, Certification or Accreditation or Competency Development.

ASG Group's existing partners could be long-standing suppliers whose products and services were used as solutions with ASG Group's clients or whose products and services ASG Group utilises internally.

ASG Group's operations expand across the areas of provision and delivery of products, research and development and direct employment of employees.

In the 2020 financial year, ASG Group engaged directly with around 500 suppliers from six countries, including Denmark, the United Kingdom, Philippines, Singapore and the United States of America. The supply chain of products and services that contribute to ASG Group's operations include assembling products from overseas factories and importation of certain products.

Some of ASG Group's existing suppliers do have clauses in their contracts, which addresses some aspects of modern-day slavery requirements. The percentage of this is unknown without conducting due diligence with ASG Group's existing suppliers. An assessment will be carried out to determine which suppliers are compliant and those who are non-compliant, ASG Group will work with them to ensure they meet the standards needed. When new suppliers are on-boarded the "supplier onboarding questionnaire" will be amended to address the requirements.

## **2. RISK OF MODERN SLAVERY PRACTICES IN NRI AU's OPERATIONS AND SUPPLY CHAINS**

As NRI AU and ASG Group operate in a service based industry and, where NRI AU conducts corporate governance of ASG Group and its subsidiaries, NRI AU does not manufacture any products.

The majority of NRI AU's products and services, including software services, legal services and consultancy services are sourced from companies located Australia and Japan. The limited nature of NRI AU's supply chains on a domestic or global scale to an extent reduces the risk of purchasing from countries where modern slavery practices may be occurring. Despite this, NRI AU takes all reasonable steps to ensure we source responsibly.

The risks of modern slavery in NRI AU and the Operations are likely beyond the first tier of our supply chains, where suppliers of services to NRI AU, who are located in Japan and Australia, may outsource certain manufacturing and development of the products/services to high risk countries overseas for example, which may increase the risk of exploited labour.

### ***Risks in the supply chain of ASG Group***

As ASG Group is also a services based business, it does not manufacture any products, however occasionally ASG Group does directly procure products for its clients including IT hardware (such as laptops and monitors etc.), however these products are sourced through the supplier's Australian operations.

IT hardware can be procured from a global supply chain which heightens the risk of purchasing from countries where slavery may be taking place. With this in mind, ASG Group takes all reasonable steps to ensure it sources responsibly.

ASG Group's supply chain includes suppliers of the following goods and services: IT equipment, hardware, software, cleaning contractors for offices and office supplies etc.

As discussed above, ASG Group also has an office located in Manila in the Philippines. The Philippines is identified as a higher-risk country under the OECD Guidelines for Multinational Enterprises and the Modern Slavery Index published by the Walk Free Foundation. In managing the Manila office, ASG Group seeks to comply with all laws and regulations of the Philippines.

ASG Group has supplier relationships with companies in the United States, Denmark, UK, Hong Kong, Philippines and Singapore. ASG Group's suppliers are larger organisations, and for this reason, NRI AU and ASG Group consider that the risks of modern slavery are likely beyond the first tier of ASG Group's supply chains, where ASG Group's suppliers may outsource some tasks and work, including for example, manufacturing and development of the products/services may be outsourced by ASG Group's suppliers to high risk countries overseas, which may increase the risk of exploited labour.

### **3. ACTIONS NRI AU TAKES TO ASSESS AND ADDRESS THESE RISKS**

NRI AU adopts a number of processes and procedures to assess and address risks of modern slavery, as outlined below.

NRI AU strives to ensure total compliance with ethical codes, laws and regulations and is committed to respecting the human rights of all people impacted by its business activities. NRI AU recognises its responsibility, as part of one of the leading global group of companies in the IT services industry and the professional service industry, NRI Group, to contribute to the creation of a sustainable society.

Our business is committed to a process of upholding practices against modern slavery and human trafficking in our supply chains or in any part of our operations. We commit to acting ethically and with integrity in all of our business relationships. Our commitment is also supported by our policy framework, which is outlined in more detail below.

#### ***Our code of conduct and policies***

Prior to preparing this Statement, the NRI Group and NRI AU as a member of this group, has had a longstanding set of policies in operation to assess and address risks of modern slavery. These include the Employee Code of Business Conduct, the NRI Rule Book, our Procurement Policy, our Human Rights Policy and our Anti-Bribery Policy. These policies ensure that all NRI AU employees are dedicated to managing social, ethical and environmental issues in a responsible manner and consistent with our group values.

Each employee is made aware of the obligation to be familiar with and comply with our policies and procedures, and the NRI Group encourages all business partners to adhere to and comply with NRI Group's policy on human rights in particular.

Policies are updated at the NRI Group level from time to time to ensure the content of the information and our approach is relevant, reasonable and compliant with evolving regulatory requirements.

#### **Employee Code of Business Conduct**

As part of the Rule Book, NRI AU has a Code of Business Conduct for its employees, which includes specific requirements around respect for human rights. Employees are required to understand the internationally recognised standards for human rights, recognise that NRI Group's activities may affect human rights and strive to conduct business activities in a manner that respects human rights.

As part of the Code of Business Conduct, employees are required to comply with all laws and regulations that are applicable to corporate activities and conduct business based on fair, legal and ethical business practices.

#### **Procurement Policy**

NRI AU has incorporated the Procurement Policy of the NRI Group into its own operations. The policy declares that human rights are to be taken into consideration when dealing with business partners including with suppliers and outsourcing of any works.

## ***Our governance and compliance systems***

We do our utmost to act with integrity, honesty, trust, respect and fairness. If employees are aware of any violation of the law or company rules, including any modern slavery practices, we encourage employees to contact NRI Group's Global Whistleblowing hotline immediately. The helpline is managed by an independent firm and all reports made are anonymous and treated in the strictest of confidence. We are committed to ensuring that our employees can raise concerns without fear of retaliation or negative consequences.

Any concerns of reportable conduct or wrongdoing can also be raised with NRI AU's Internal Protective Officer, who is authorised to receive whistleblower disclosures and who acts impartially in relation to reports of inappropriate conduct or wrongdoing.

As part of NRI AU's Whistleblowing policy, all reports of alleged or suspected reportable conduct or wrongdoing are assessed and if appropriate, independently investigated.

### Compliance system

NRI AU adheres to the NRI Group's compliance systems. As part of the compliance system, NRI Group has established a Chief Ethics Officer position, implemented whistleblower procedures and process, and set up compliance hotlines both inside and outside the company, as discussed above.

NRI Group also has a Human Rights Education Committee which holds discussions once a year in relation to human rights issues facing the business both internally and externally as part of its operations, and there are specific items to be addressed by NRI Group as a result of the Committee's meetings.

NRI Group also partners with independent firms, Verisk Maplecroft and Caux Round Table Japan, to conduct assessments for potential human rights risks in the businesses of the NRI Group, which includes NRI AU. Based on these reviews, NRI Group identifies key areas where human rights may be at risk across the business and takes steps to investigate these risks and address them.

## ***ASG Group's systems and framework***

ASG Group's Code of Conduct and Policy Framework set the behavioural standards for ASG Group employees, board members, contractors and consultants. The Code of Conduct and policy framework helps set a consistent global approach for all ASG Group employees within the broader NRI Group.

At NRI AU and ASG Group, our values underpin our everyday actions and we use them as a guiding principle in our conduct and working relationships. ASG Group's values are initiative, accountability and grit. Policies and Procedures are reviewed every year to ensure they align and comply with all the relevant regulatory requirements.

At ASG Group, there are several policies and procedures which support a zero-tolerance approach to modern day slavery in the business, including primarily ASG Group's Code of Conduct which sets out expectations of all employees of ASG Group and expectations in respect of dealings with clients, suppliers and contractors. All employees are expected to act in a manner consistent with the principles of:

- (a) integrity and fairness;
- (b) acting honestly, co-operatively and being trustworthy;
- (c) taking responsibility for our own actions and being accountable for the consequences;
- (d) respect for others; and
- (e) compliance with the law and regulatory bodies guidelines.

NRI AU and ASG Group see themselves as being modern day advocates in the Industry and understand the role they play in setting an example. While the globalisation of supply chains and opportunities created in the workforce for women have increased, women remain at risk of human rights abuses. In this regard, ASG Group has implemented a domestic violence policy in support of women in its organisation.

ASG Group strongly encourages and supports diversity across all levels of its business to improve business performance, encourage innovation, attract and retain the best talent and provide excellent customer outcomes. ASG Group's Diversity Policy sets out the fundamental principles and diversity initiatives across the organisation.

ASG Group has a recruitment policy to ensure all recruitment decisions are in line with its values and are consistently and fairly applied.

All staff members at ASG Group are responsible for being aware of the policies whether they are ethical, legal or policy and need to ensure they apply it to their jobs. ASG Group's Managers and Executives are responsible for creating and promoting environments in compliance with obligations are adhered to and where business is conducted in an ethical manner. All of ASG Group's policies and procedures are communicated to all employees.

ASG Group expects its suppliers to maintain the highest standards of business ethics and become familiar with, and comply with, all laws that are relevant to the supplier relationship, including the laws that govern ASG Group.

ASG Group has a Supplier Code of Conduct, which identifies that suppliers have responsibilities to ensure various standards are met by the supplier, including in respect of modern slavery, human rights and labour practices, diversity and inclusion, and work health and safety matters. This helps to ensure that suppliers of ASG Group are also working to prevent and detect any unlawful conduct.

The Supplier Code of Conduct also enables ASG Group to audit any of its suppliers to ensure the supplier is abiding by and appropriately managing each of the standards identified within the Supplier Code of Conduct, and to ensure the supplier is complying with all applicable laws and regulations.

Each new supplier of ASG Group will be required to acknowledge and sign the Supplier Code of Conduct to ensure they understand the expectations and obligations owed to ASG Group.

ASG Group is committed to transparency, corporate governance and accountability. ASG Group has a Risk Committee who are responsible for the effective oversight of all key risk and compliance issues, the overall control environment and the review and recommendation to the board for approval of ASG Group Risk Management policies.

NRI AU operates an internal audit team which ensures that the processes and appropriate internal controls are in place at ASG Group. Our businesses uphold their responsibilities as being environmentally friendly as well. We view this as essential for the long-term performance and sustainability of our companies.

ASG Group is also currently certified to the latest version of the standard ISO14001:2015, which demonstrates its commitment to being environmentally responsible by preventing pollution, reducing waste and use of energy and resources. Where possible, ASG Group reduces, re-uses and recycles materials.

At ASG Group, training is an integral part of the compliance framework. It ensures that all employees are aware of their responsibilities. All new employees are required to complete an online induction course. During the onboarding and induction of new employees' aspects covered are of ASG Group's values, code of conduct, key policies, health and safety, discrimination, bullying and harassment. All ASG Group employees and contractors are required to complete refresher training every two years.

#### **4. HOW NRI AU ASSESSES EFFECTIVENESS OF ACTIONS BEING TAKEN TO ASSESS AND ADDRESS THESE RISKS**

We measure our performance in a number of ways and are further developing measurable indicators which reach out into the global scope of the business.

The NRI Group has an internal team based in Tokyo, which undertakes a review of the global supply chains of NRI Group entities annually and at this time gives consideration to the effectiveness of actions being taken to address risks of modern slavery in NRI Group's operations and supply chains.

The NRI Group has an internal team based in Tokyo which undertakes an assessment of various vendors through internal and external blacklists and approves relevant engagements of vendors as an additional measure to ensure the effectiveness of ongoing actions being taken by NRI Group to assess and address risks of modern slavery within its operations and supply chains.

Similarly, NRI AU has oversight of ASG Group's operations, and the annual review conducted by ASG Group as part of its Audit & Compliance Committee agenda, which meets quarterly. The Committee undertakes a review of ASG Group's responses to modern slavery risks and the actions taken by the business and recommendations are made on methods to improve the assessment of the effectiveness of actions being taken.

Further to this, as part of the Audit & Compliance Committee agenda, the Committee conducts regular reviews of risk assessment processes to ensure if and when new operations are commenced in countries or regions, that any new risks associated with modern slavery are identified and assessed as appropriate.

ASG Group, under the governance of NRI AU, is committed to assessing the effectiveness of actions being taken to assess and address the risks of modern slavery within its operations.

Into the future, NRI AU will continue to identify and determine what further actions and measures can be taken to ensure NRI AU, and ASG Group are able to regularly assess the effectiveness of the actions being taken by our businesses to assess and address modern slavery risks.

NRI AU has consulted and worked alongside its colleagues at ASG Group in preparing this modern slavery statement, through internal reviews at an NRI AU level and at an ASG Group level, of the statement and relevant information provided from both entities.

This statement has been prepared in consultation and co-operation with the management of ASG Group. This consultation process included engagement at the director level and with the Human Resources Department at ASG Group to prepare this statement.

This statement was approved by the Board of NRI AU on 2 March 2021.

Signed,

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned above the name Hiroyuki Kawanami.

**Hiroyuki Kawanami**

Director, NRI AU

2 March 2021