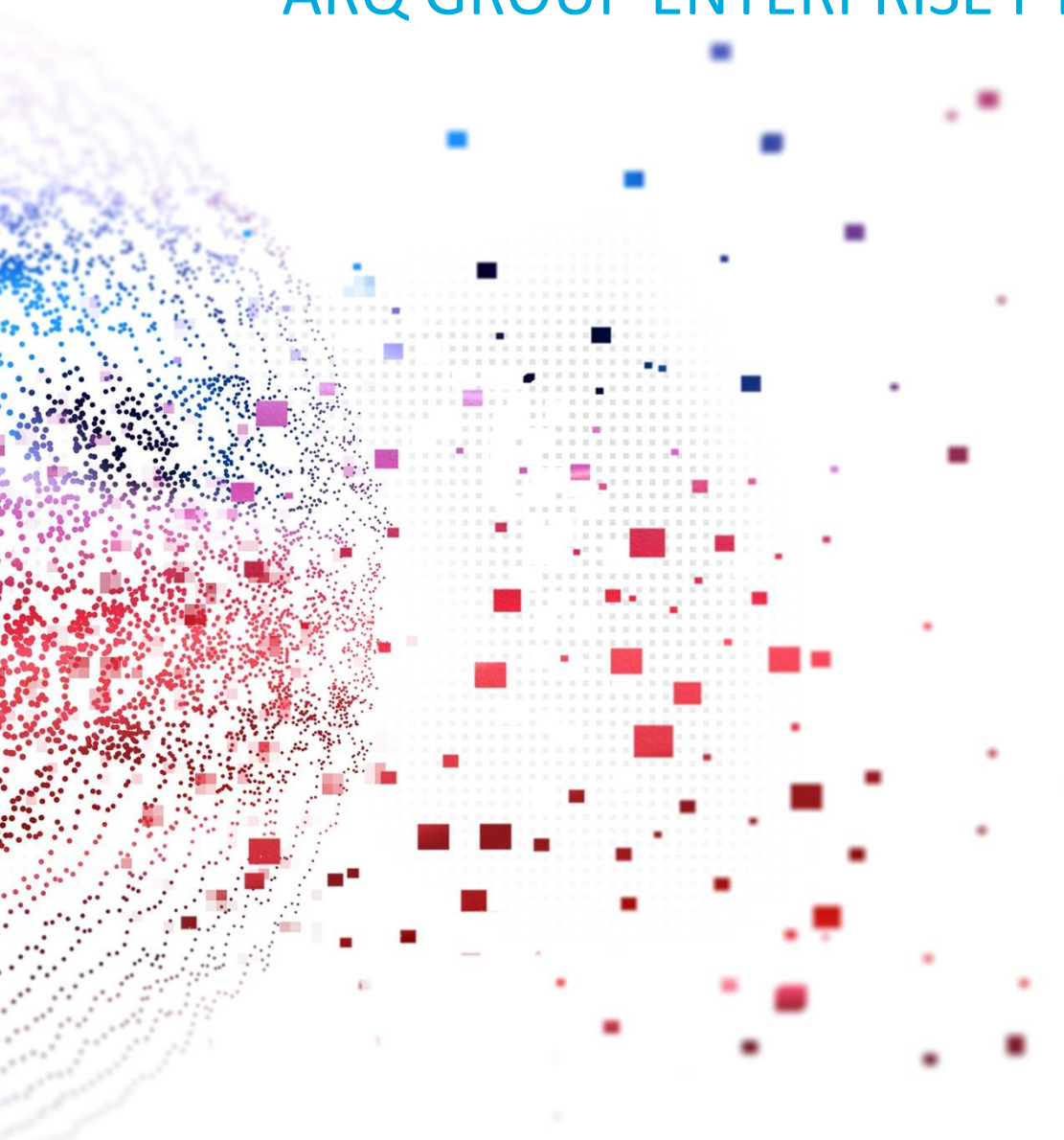


**ARQ**

# **Modern Slavery Statement Jan-Mar 2023**

**ARQ GROUP ENTERPRISE PTY LTD**



## About modern slavery

Modern slavery is the severe exploitation of a person for the personal or commercial gain by another party. It refers to practices including forced labour, child labour, debt bondage, slavery and slavery-like practices, and extends to instances involving force, coercion, deception or abuse of power. As an example in practice, modern slavery can occur where a person is forced to work without pay to settle debts or is forced to work through intimidation and violence.

Additionally, the term 'modern slavery' can also include other unlawful activities that have adverse effects on human rights, such as corruption and environmental damage.

ARQ Group recognises that modern forms of slavery can occur in any industry across the world, with significant consequences for victims and negatively impacts on global business and markets. As a commercial entity, ARQ Group recognises its responsibility to respect human rights and take steps to eradicate modern slavery and the associated risks.

We are strongly committed to delivering our services in a manner that upholds human rights and protects the fundamental dignity of workers. ARQ Group is always actively working to identify and mitigate risks associated with modern slavery.

This Modern Slavery Statement (**Statement**) has been prepared in accordance with the Modern Slavery Act 2018 (Cth) (**Act**).

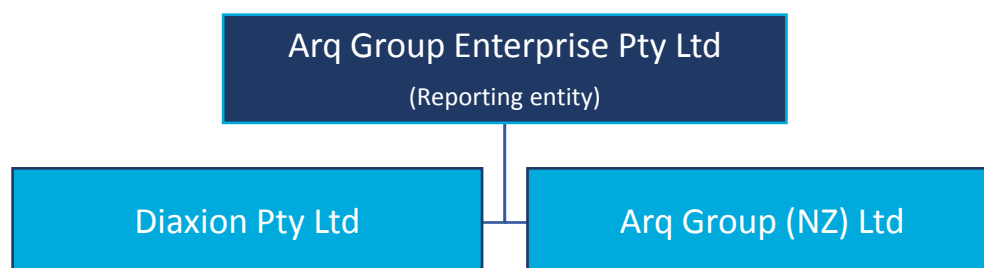
## Reporting entity

This Statement describes the initiatives undertaken by Arq Group Enterprise Pty Limited and our subsidiaries (collectively, **ARQ Group, we, us** or **our**) to assess and address the risks of modern slavery in our business operations and supply chain.

<b>Reporting entity name</b>	Arq Group Enterprise Pty Ltd
<b>ABN</b>	78 626 006 111
<b>Registered office</b>	Level 10, 505 Little Collins Street, Melbourne, Victoria, 3000
<b>Industry</b>	Information technology and telecommunication
<b>Entities owned or controlled by the reporting entity</b>	Diexion Pty Ltd (ABN 31 093 943 732) ( <b>Diexion</b> ) Arq Group (NZ) Ltd (NZBN 9429049427080) ( <b>ARQ Group NZ</b> )
<b>Reporting period</b>	1 January 2023 – 31 March 2023

## Structure, operations and supply chains

Our purpose at ARQ Group is to make meaningful impact by enriching life with digital experiences for our customers and their consumers. We achieve this through our innovation, expansive design capabilities and technological advancements and enablers. ARQ Group remains at the forefront of our industry, creating unforgettable experiences, solving complex challenges and providing seamless end-to-end solutions for Australia's leading enterprise businesses, as well as State and Federal departments within Australia.



ARQ Group corporate organisational structure

The [acquisition](#) of Diaxion by Arq Group was announced on 1 March 2021. At the time of the acquisition, Diaxion employed approximately 40 employees. Over the course of 2021, these employees transitioned to becoming employees of ARQ Group Enterprise Pty Ltd. ARQ Group NZ did not hire any employees during this period.

ARQ Group Enterprise Pty Ltd governs Diaxion and ARQ Group NZ, ensuring the effective implementation of policies, systems and processes within each entity. By the end of the reporting period, both entities were non-operational.

During the last reporting period, ARQ Group Enterprise Pty Ltd was acquired by the NCS Group (**NCS**). ARQ Group Enterprise Pty Ltd is now wholly owned by Row Bidco Pty Ltd (ACN 638 940 520) and its ultimate holding company is Temasek Holdings (Private) Limited. NCS is the technology services division of Singapore telco Singtel, which is also the parent company of Optus. It is intended that ARQ Group will integrate into NCS's digital innovation and services arm One NCS, and continue to focus on modern slavery risk as it grows in the Australian market.

As part of our on-going integration into NCS Group, we (Arq Group) have aligned our financial reporting to NCS Group. As such, our financial reporting year now runs from 1April – 31March. This Modern Slavery Statement submission aims to provide coverage for the 3-month period between 1Jan 2023 – 31March 2023.

As part of integration, Arq Group will be working to standardise our policies & processes, including Modern Slavery, to a single, standardised approach across NCS Group's Australian operations.

## Operations

ARQ Group is a leading digital professional services company, specialising in a wide range of digital solutions including managed services, cloud services, data analytics and mobile app design. Our expertise allows us to identify and seize digital opportunities, develop tailored products that can scale, measure customer impact and enable both enterprise and government organisations to stay ahead of their competition. With offices strategically located in Sydney, Melbourne, Canberra and Brisbane, our taskforce of over 480 talented enterprise experts during the reporting period are the driving force behind our customers' success stories. Comprising predominantly software developers, data analysts, information technology consultants, and cloud and systems architects, our skilled team ensures that we deliver exceptional results to our customers.

## Supply chain

ARQ Group directly engaged 80 suppliers during the reporting period, primarily for the provision of software, hardware, network support for our data and call centres and digital platforms. We also procured indirect suppliers and service providers in limited capacities to provide hardware and software, professional services, security, cleaning, office maintenance and other business-related services.

Our suppliers are based in Australia, United States of America, Nigeria, Singapore, Philippines and India.



## Risks of modern slavery practices

ARQ Group is committed to fostering a transparent, robust supply chain that is free from any modern slavery.

To achieve this goal, ARQ Group have undertaken an extensive discovery process to thoroughly understand the breadth of our operations and the structure of our supply chain, to the best of our current visibility. In collaboration with our procurement team and other internal stakeholders, we have identified the key sectors and industries involved in our procurement activities. This scoping exercise allows us to gain a deeper understanding of the trends and patterns associates with direct suppliers engaged by ARQ Group. By obtaining this valuable insight, we can better assess and address any potential risks related to modern slavery practices in our supply chain.

ARQ Group acknowledges the potential presence of modern slavery risks within our operations and supply chain. We recognise we may be susceptible to the presence of modern slavery risks through:

- **Hired workforce:** While the risk is minimal, as ARQ Group's employees are primarily based in Australia and New Zealand, we remain committed to adhering to local labour laws and ensuring strict compliance. We have implemented robust systems to monitor and ensure compliance with these requirements for our directly employed personnel.
- **Direct suppliers:** We understand that risks of modern slavery can exist within ARQ Group's network of direct suppliers who provide products and services. To assess these risks, we consider factors outlined in the United Nations Guiding Principles on Business and Human Rights. This includes considering social and political conditions in the countries where our suppliers operate, as well as evaluating industry and procurement categories that may carry inherent risks.; and
- **Indirect suppliers and supply chains:** ARQ Group is aware that modern slavery risks can extend to indirect suppliers and their associated supply chains, and we recognise the potential for such risks. We are committed to working diligently to identify and mitigate these challenges, ensuring our supply chain remains transparent and free from modern slavery practices.

Having regard to the [United Nations Guiding Principles on Business and Human Rights](#), we understand the degree of modern slavery risk in our supply chain by considering intersecting factors, such as the social and political conditions in the countries where our suppliers operate and industry and procurement categories that carry inherent risks.

### Geographical risks

Through our direct engagement of international suppliers based in India, Nigeria and the Philippines, we identified geographical risks that may contribute to modern slavery. To provide context, it is important to note that the [Global Slavery Index](#) identified 10 countries with the largest estimated absolute numbers of people in modern slavery. India, Nigeria and the Philippines are among the countries listed as of high-risk.

### Industrial risks

In consideration of the industries in which ARQ Group operates, technology-based companies generally experience significant challenges in slavery risk management relating to debt bonded labour and forced labour. Given our utilisation of technical network support for our data and call centre support as part of our operations, we recognise there are potential areas that may present modern slavery risk where they involve lower skilled workers such as migrant workers who may be vulnerable to modern slavery.

### Indirect suppliers – raw materials

*'For many companies, raw material procurement will not take place from a direct, tier one, supplier. This reduces the visibility over raw materials in the supply chain.'* – Global Slavery Index (2018)

ARQ Group does not manufacture products from raw materials as part of our operations, though our hardware providers may utilise these suppliers of this nature. For example, a high risk area for the technology industry is the sourcing of tin, tantalum, tungsten, and gold commonly used in electronic devices.

In anticipation of ARQ Groups forthcoming reporting periods, we aim to utilise these learnings to focus on a selection of suppliers identified as high to severe risk on the basis of raw materials, regions and industries, products or service sector.

## Actions to assess and address modern slavery risks

### Key focus objectives

In the context of modern slavery risks and processes, ARQ focussed on the following categories of suppliers during the current reporting period:

New suppliers	Renewing suppliers	International suppliers	Recruitment partners	Severe risk suppliers
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We categorised suppliers as severe risk based on the following criteria:

- Operating in high-risk geographical regions;
- Absence of modern slavery provisions in the relevant terms of engagement; and
- Absence of modern slavery statements on their websites or in the Modern Slavery Statement Register in Australia.

Further, we worked to ensure that our expectations in relation to modern slavery initiatives were communicated to our key internal and external stakeholders.

During the 2022 reporting period, we prepared and evaluated a supplier evaluation matrix to enhance visibility over our direct suppliers. Currently, the matrix does not reference modern slavery compliances relating to our suppliers, though we intend to incorporate this as an important element moving forward.

### Supplier agreements

In relation to new and renewing suppliers, during the reporting period, we have taken the following approach to ensure the inclusion of appropriate modern slavery protections within their formal engagement:

- The supplier agreement provided by a supplier is reviewed by ARQ Group's legal team (and where appropriate, ARQ's external lawyers); or
- New suppliers are provided with ARQ Group's standard contractual terms.

Our standard contractual terms impose a duty on our suppliers to ensure their practices do not contribute to the risks of modern slavery. The clauses include specific obligations for suppliers to warrant that they have not been under investigation or convicted of any slavery or people trafficking crime. Also, suppliers are required to comply with ARQ Group's [Anti-Slavery Code of Conduct](#).

In the reporting period, we commenced the process of rolling out our standard contractual terms (including modern slavery provisions and reference to the ARQ Group's Anti-Slavery Code of Conduct) to our recruiter suppliers, which we identified as being in the majority of suppliers which did not contain the modern slavery provisions.

### Audits

We did not perform any audits of suppliers during the reporting period, given we did not find any instances of non-compliance relating to modern slavery. Though, detailed audit provisions are built in to the contractual obligations for suppliers as per our standard contractual terms, enabling audits to be performed by ARQ Group, as well as the granting us the ability to audit suppliers on breach of contract for the purposes of remediation.

### Training

In recent reporting periods, we introduced comprehensive modern slavery training for our new employees, and we have now extended this training to all employees. Additionally, as part of integration with NCS Group, we implemented an updated internal incident reporting process. The process is based upon and aligns with Singtel Group's overarching Whistle-blower [Policy](#), ensuring a comprehensive framework for identifying and addressing concerns related to modern slavery.

### Internal policies

ARQ Group's has implemented the following internal policies that support our modern slavery and human rights initiatives:

<b>Anti-slavery code of conduct</b>	The anti-slavery code of conduct applies to all entities associated with ARQ Group, including employees, customers, contractors and suppliers. It sets out the minimum standards ARQ Group expects from these stakeholders.
<b>Code of conduct</b>	The code of conduct is based on ARQ Group's organisational values and represents our commitment to uphold ethical business practices and to meet our legal obligations.
<b>Whistleblower protection policy</b>	The whistleblower protection policy is designed to instil the values of accountability to customers, suppliers, peers, managers and team workers. It emphasises the integrity of our processes and procedures and encourages treating others with respect, courtesy and professionalism. The policy aims to foster a culture where any officer, employee or contractor feels empowered to speak up about potential misconduct concerns without facing any form of detriment.
<b>Supplier management process policy</b>	The supplier management process policy sets out mandatory requirement for our third-party suppliers.

## Further considerations

ARQ's ongoing due diligence process has highlighted the need for improved transparency within our supply chain and we are committed to ongoing process improvements and training. To mitigate the risk of modern slavery, ARQ Group has considered (and where appropriate, started implementing) the following areas for improvement:

1. **Supplier Questionnaire and Internal Risk Assessment:** Implementing and rolling out a supplier questionnaire and an internal supplier risk assessment process during the onboarding of new suppliers. Once fully rolled out, this will help us gather relevant information about the suppliers' practices and identify any potential risks associated with modern slavery. Also, we are rolling out the plans to conduct an annual review of existing key suppliers to ensure ongoing compliance.
2. **Supplier Due Diligence:** Reviewing supplier documentation and engaging directly with suppliers to understand their policies and practices. By doing so, we can assess their commitment to eradicating modern slavery and identify any red flags or potential risks.
3. **Supplier Assessments and Audits:** Assessments and audits of suppliers are crucial to evaluate their compliance with our code of conduct. These evaluations can include a review of employment contracts, payroll records, working conditions and interviews with workers to ensure they are not subjected to forced labour or human trafficking. By actively monitoring and verifying supplier practices, we can take prompt action to address any issues that may arise.
4. **Supply Chain Transparency:** Promoting transparency throughout the supply chain is essential in combating modern slavery. We plan to map and trace the flow of goods and services, ensuring visibility and accountability so we can facilitate the tracking and verification of the origin and movement of materials. This transparency enables us to identify potential risks and take proactive measures to address them.

By considering these areas and developing our processes further over the next reporting period, we aim to strengthen our commitment to eradicating modern slavery from our supply chain. As mentioned previously, we are aiming to standardise Modern Slavery due diligence process across Australia, as part of our integration into NCS Group.

## Assessing the effectiveness of our actions

Following ARQ Group's initiatives as set out the previous reporting period, we have continued to develop and implement Key Performance Indicators (KPIs) to: (a) evaluate and measure the effectiveness of our primary objective, which is to mitigate the risks of modern slavery within our supply chain; and (b) assess if the KPIs are influencing change and improvements in addressing modern slavery risks.

## Supplier agreements

One of the KPIs referenced in ARQ Group's 2021 Modern Slavery Statement related to ensuring that our terms of engagement with suppliers set out appropriate modern slavery considerations. During the previous reporting period, ARQ Group conducted an analysis of direct suppliers (based on ARQ Group's legal team having prepared or reviewed their agreements) to identify whether our supplier agreements in place for each contained modern slavery provisions.

In any case of modern slavery non-compliance by a supplier, as a general rule, our standard contractual terms provide grounds for termination.

## Reporting

If an employee or representative of ARQ Group had concerns that a supplier may be involved in modern slavery practices, we have mechanisms in place to facilitate immediate reporting of these concerns. Also, detailed reporting through ARQ Group's relevant communications channels is encouraged, accompanied by information outlining the basis for these concerns to be reported immediately or reported in detail through ARQ Group's relevant communication channels. We have also adapted Singtel Group's Whistle-blower policy, which provides an additional, independent channel. We have maintained diligence in tracking the number of concerns raised and investigated. This enables ARQ Group to assess the situation effectively and continue developing appropriate remediation actions.

## Independent audit

We have not yet conducted an independent review of our modern slavery initiatives. However, ARQ Group acknowledges the importance of such a review and will continue to assess the necessity of engaging an external auditor or non-government organisations to undertake this process.

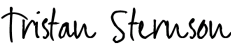
## Consultation with entities the reporting entity owns or control

ARQ Group has worked with our internal stakeholders, including the general counsel, the procurement function, our head of operations, our finance team and external law firm to develop and prepare this statement.

ARQ Group does not own or control any other reporting entities for the purposes of the Act. Since incorporation (Arq Group (NZ) Ltd) and acquisition (Diexion Pty Ltd), ARQ Group's subsidiaries have been closely aligned with similar board, processes and business functions (including those stakeholders noted as being consulted in this section) as Arq Group Enterprise Pty Ltd. At the conclusion of the reporting period, these entities were largely non-operational.

This statement has been prepared in accordance with the Modern Slavery Act 2018 (Cth) and outlines the initiatives implemented to assess, evaluate and address the risks of modern slavery in ARQ's business operations and supply chain during the reporting period ending 31 March 2023. The Board of Directors of Arq Group Enterprise Pty Limited approved this modern slavery statement.

This modern slavery statement, in accordance with the Act, has been approved by the principal governing body and is signed by a responsible member of Arq Group Enterprise Pty Limited:

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Tristan Sternson

Arq Group CEO

Date: 14 September 2023