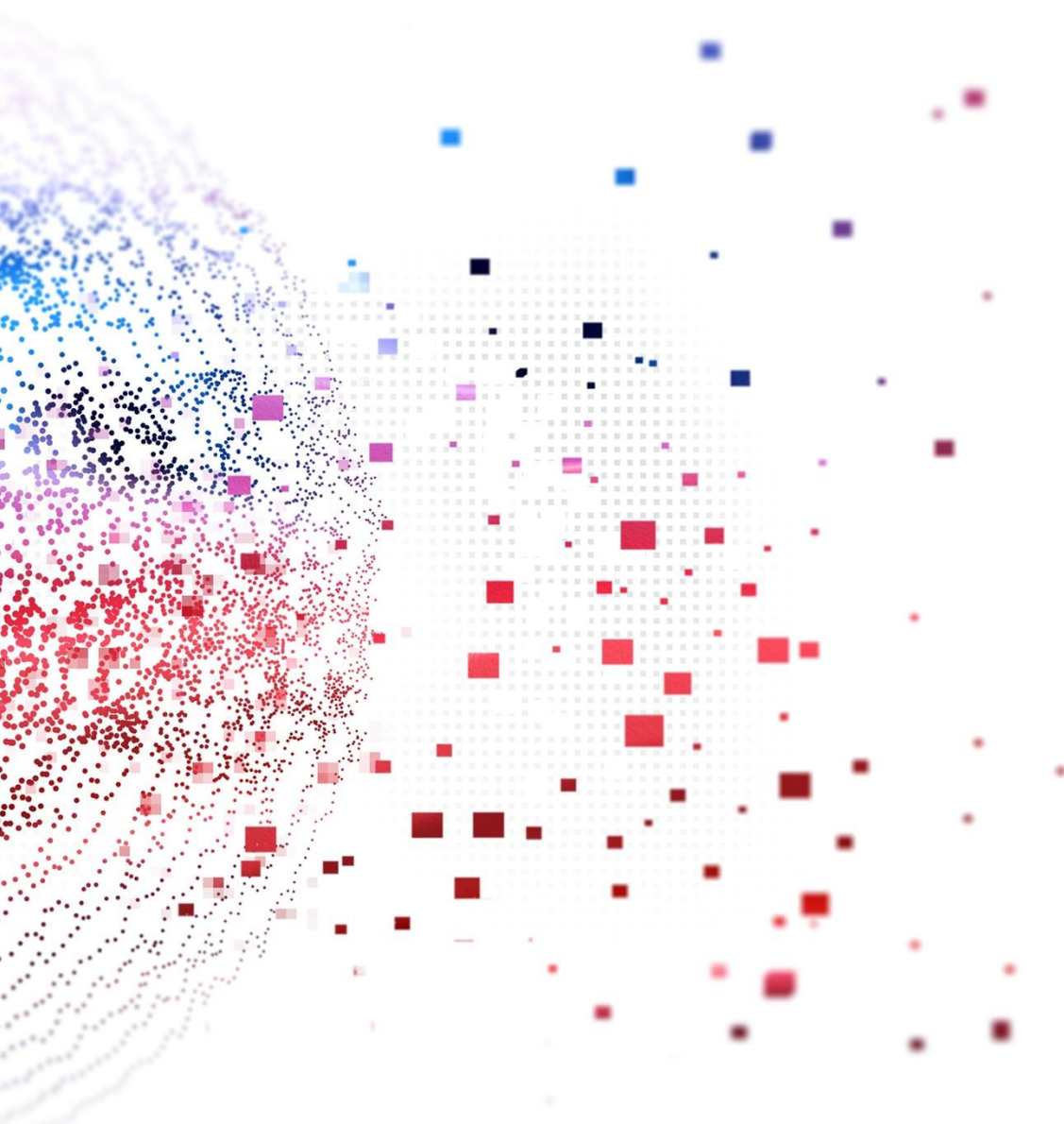


**ARQ**

# Modern Slavery Statement 2021

ARQ GROUP ENTERPRISE PTY LTD



## About modern slavery

Modern slavery is the severe exploitation of a person for the personal or commercial gain of another. It refers to practices including forced labour, child labour, debt bondage, slavery and slavery-like practices, and extends more specifically to instances of force, coercion, deception or abuse of power. As an example in practice, modern slavery can arise where a person is forced to work for free to pay off a debt, or is forced to work through intimidation and violence.

Additionally, modern slavery is a term that can be used to reference 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. It has serious impacts on its victims, and negatively influences global business and markets. Commercial entities, including ARQ Group, have a responsibility to respect human rights and take steps to eradicate modern slavery, and the associated risks.

We are strongly committed to ensuring that the services we provide are delivered in a way that respects human rights and protects the fundamental dignity of workers. ARQ Group is always actively working to identify and mitigate risks associated with modern.

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>	Diaxion Pty Ltd (ABN 31 093 943 732) ( <b>Diaxion</b> ) Arq Group (NZ) Ltd (NZBN 9429049427080) ( <b>ARQ Group NZ</b> )
<b>Reporting period</b>	1 January 2021 – 31 December 2021

## 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, through our innovation, expansive design capabilities and tech 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 and Australian State and Federal departments.



ARQ Group corporate organisational structure

The [acquisition](#) of Diaxion by Arq Group was announced on 1 March 2021. During the initial stages of the acquisition, Diaxion employed approximately 40 employees. Over the course of the year, these employees transitioned to being employed under ARQ Group. ARQ Group NZ did not engage any employees.

ARQ Group governs Diaxion and ARQ Group NZ, including in relation to the implementation of policies, systems and processes across each entity. By the end of the reporting period, these entities were largely non-operational.

## Operations

ARQ Group is a digital professional services company, with deep expertise in the provision of digital services including managed services, cloud services, data analytics and mobile app design. We define digital opportunity, create bespoke products that scale, measure customer impact and help enterprise and government bodies stay ahead of the competition. Deployed across our offices in Sydney, Melbourne and Brisbane, our taskforce of over 450 talented enterprise experts are the engine behind our customer's success stories. Our skilled team predominantly comprises of software developers, data analysts, information technology consultants and cloud and systems architects.

## Supply chain

ARQ Group directly engaged 81 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 ensuring our supply chain is transparent, resilient and free from modern slavery.

After undergoing an extensive discovery process to map out our broad operations and overall supply chain structure to the extent that we have visibility, ARQ Group, in consultation with procurement and other internal stakeholders, have scoped the general sectors and industries procured, and trends involved in procuring direct suppliers for ARQ Group.

ARQ Group may be susceptible to the presence of modern slavery risks through:

- hired workforce, although this is regarded as minimal risk on the basis that ARQ Group's employees are based in Australia and New Zealand, noting that we strictly adhere to requirements under local labour laws, with systems in place to ensure compliance where we directly employ people;

- engagement of direct suppliers who provide products and services to ARQ Group; and
- indirect suppliers and their associated supply chains.

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.

## Geography and geographical risks

Through our direct engagement of international suppliers based in India, Nigeria and The Philippines, we identified geographical risks which may contribute to modern slavery. By way of context, [Global Slavery Index](#) identified 10 countries, with the largest estimated absolute numbers of people in modern slavery. India, Nigeria and The Philippines make up part of this list of high risk countries.

## Industry sectors and 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

During the 2021 reporting period, we prepared a supplier evaluation matrix to provide ARQ Group with visibility over direct suppliers. At this stage, the matrix does not reference modern slavery compliances relating to our suppliers, though we intend to incorporate this as an important element moving forward.

In the context of modern slavery risks and processes, and based on the information collated in our supplier evaluation matrix, 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 characterised suppliers as severe risk using the following criteria:

- based 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 the Modern Slavery Statement Register in Australia.

### Supplier agreements

In relation to new and renewing suppliers, we take the following approach to ensure there are appropriate modern slavery protections in place as part of their formal engagement:

- (a) a review by ARQ Group's legal team of supplier agreements provided by a supplier; or

- (b) provision of ARQ Group's standard contractual terms to new suppliers.

Our standard contractual terms impose a duty on our suppliers to ensure their practices do not incite risks of modern slavery. The relevant clauses place obligations on suppliers to warrant that they have not been under investigation or convicted of any slavery or people trafficking crime and they comply with ARQ Group's anti-slavery code of conduct.

In the next reporting period, we will be rolling out our standard contractual terms to our recruiter partners, 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

We have been working to develop internal staff training. In subsequent reporting periods, we intend to roll out modern slavery training for our new starters, followed by the rest of the business. Additionally, we will implement a process for internal incident reporting relating to modern slavery risks, to operate in conjunction with our Whistleblower Protection Policy.

## Internal policies

Arq has worked to ensure that our expectations in relation to modern slavery initiatives were communicated to our key internal and external stakeholders. To this end, ARQ Group has implemented the following internal and external policies that support our modern slavery and human rights initiatives:

<b>Anti-slavery code of conduct</b>	The anti-slavery code of conduct (available publicly on our website <a href="#">here</a> ) applies to Arq Group's employees, customers, contractors and external suppliers. It sets out the minimum standards Arq Group expects from these entities.
<b>Code of conduct</b>	The internal code of conduct is based on the organisational values of Arq Group and represents our commitment to uphold ethical business practices and to meet our legal obligations.
<b>Whistleblower protection policy</b>	The internal whistleblower protection policy is designed to instil the values of accountability to customers, suppliers, peers, managers and team workers, integrity of our processes and procedures, treating others with respect, courtesy and professionalism and to encourage a culture where any officer, employee or contractor does not suffer detriment because of speaking up about potential misconduct concerns.
<b>Supplier management process policy</b>	The internal supplier management process policy sets out mandatory requirement for our third party suppliers.

## Further considerations

We have considered implementing a supplier questionnaire and an internal supplier risk assessment process at the outset of onboarding new suppliers (as well as an annual review of existing key suppliers) and will develop these further over the next reporting period.

## 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 (KPI) to evaluate and measure the effectiveness of our primary objective to mitigate the risks of modern slavery within our supply chain.

## Supplier agreements

One of the KPIs referenced in ARQ Group's 2020 Modern Slavery Statement related to ensuring that our terms of engagement with suppliers set out appropriate modern slavery considerations. During the current reporting period, ARQ Group conducted a detailed analysis of 44 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. For suppliers who did not have terms of this nature in their agreements, we assessed the level of risk it posed for ARQ Group by categorising suppliers as low, medium or high risk. No supplier was identified in the reporting period as 'high risk'.

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

## Reporting

If an ARQ Group employee or representative had any concerns that a supplier may be involved in modern slavery practices, there were mechanisms in place for these concerns along with information outlining the basis for these concerns to be reported immediately or reported in detail through ARQ Group's relevant communication channels. We have been diligent in tracking the number of concerns raised and investigated, so ARQ Group is able to assess and continue to develop the appropriate remediation actions.

## Independent audit

We have not conducted an independent review of our modern slavery initiatives, though ARQ Group will continue to assess the need for an external auditor or non-government organisations to undertake this process.

## Consultation with entities the reporting entity owns or control

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

ARQ Group does not own or control any other reporting entities for the purposes of the Act, and from incorporation (Arq Group (NZ) Ltd) and acquisition (Diexion Pty Ltd) Arq's subsidiaries have been closely aligned with the same 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 describes the initiatives implemented to assess and address the risks of modern slavery in ARQ's business operations and supply chain during the reporting period ending 31 December 2021. This modern slavery statement was approved by the Board of Directors of Arq Group Enterprise Pty Limited on 24-06-2022 | 5:59 PM AEST

This modern slavery statement is signed by a responsible member of Arq Group Enterprise Pty Limited as defined by the Act:

DocuSigned by:

Tristan Sternson

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Tristan Sternson

CEO and Managing Director

Date: 24-06-2022 | 5:59 PM AEST