

Modern Slavery Guidelines

SCOPE

This Anti-Slavery Policy affirms Smartech Systems Oceania Pty Ltd (“Smartech” or the “Company”) commitment to contribute to ending all forms of modern slavery and outlines the Company’s approach to reducing the risk of modern slavery practices within the Company’s supply chains and operations. It is consistent with the Company’s Policies and Code of Conduct and Ethics, that expects a culture of high ethical standards, including compliance with applicable laws, contractual and other obligations. This Policy is to be read in conjunction with the Code of Conduct and Ethics.

This Policy sets out important information as to the steps that Company will take in response to identifying a Modern Slavery risk.

The Policy applies to all individuals working for or on behalf of the Company, in any capacity, including employees, directors, officers, agency workers, contractors, consultants and any other third-party representative.

The Company expects all who have, or seek to have, a business relationship with the Company to familiarise themselves with this Policy and to act in a way that is consistent with its values.

POLICY STATEMENT

The Company prohibits all forms of Modern Slavery and seeks to educate and influence its employees and suppliers to ensure that no form of Modern Slavery is taking place in the business operations or in its supply chain. The employees, contractors, subcontractors, vendors, suppliers, partners, representatives, agents, and others through whom the Company conducts business must not engage in any practice that constitutes any form of Modern Slavery. This includes, but is not limited to, the following activities:

- Engaging in any form of trafficking in persons.
- Using forced labour in the performance of any work.
- Using ownership over an individual involving the obligation to provide service imposed by coercion.
- Destroying, concealing, confiscating, or otherwise denying access by an individual to the individual’s identity or immigration documents, such as passports or drivers’ licenses, regardless of issuing authority.

Other forms of modern slavery, which will not be tolerated but are not specifically referenced in the Modern Slavery Act, include, but are not limited to:

- Child labour: whilst not always illegal in the jurisdiction in which it takes places, child labour involves the employment of children that is exploitative or is likely to be hazardous to or interfere with a child’s education, health (including mental health), physical wellbeing or social development.

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- All forms of modern slavery have in common, the deprivation of a person's liberty by another in order to exploit them for commercial or personal gain and amount to a violation of an individual's fundamental human rights.

Tackling modern slavery requires colleagues to play a part and remain vigilant to the risk in all aspect of the business and business relationship.

RESPONSIBILITY

The Company Secretary will have the primary day-to-day responsibility for the implementation of this policy, monitoring its use and ensuring that the appropriate processes and control systems are in place, and amended as appropriate, to ensure it can operate effectively. The Company Secretary is entitled to call upon any resources that she or he considers necessary to assist the Company Secretary in the performance of their role.

The Company Secretary and management at all levels are responsible for ensuring those reporting to them understand and comply with this Policy and are given appropriate training on it and the issue of Modern Slavery in supply chain.

This Policy will be reviewed on an annual basis or when required as a result of relevant legislative amendments, changes to regulatory guidance, relevant court decisions or as a result of the identification of improvement opportunities.

REPORTING, INVESTIGATIONS AND AUDITS

Internal reporting is critical to the success of the Company, and it is both expected and valued. All employees are required to be proactive and promptly report any suspected violations of the Policy or any illegal or unethical behaviour that they become aware of. Complaints will be kept confidential and will be dealt with appropriately. The Company aims to encourage openness and will support anyone who raises genuine concerns in good faith under this Policy.

Any internal or external stakeholder can use SMARTECH's anonymous reporting form, accessible either by request to Human Resources or on the internal SharePoint drive.

The employee will not experience retribution or retaliation for a complaint made in good faith. The Company is committed to ensuring that the employees do not suffer any detrimental treatment as a result of reporting in good faith their suspicion that Modern Slavery of whatever form is or may be taking place in any part of the business or in any of the supply chain. Detrimental treatment includes dismissal, disciplinary action, threats, or other unfavourable treatment connected with raising a concern. If an employee believes that she or he has suffered any such treatment, the employee should inform the Company Secretary, Human Resources, or the Legal Department.

The Company will perform investigations and internal or external audits to verify that business is being conducted in compliance with this Policy. All employees and third parties through whom the Company conducts business are required to cooperate with the internal and external auditors and investigators of the Company, and must respond fully and truthfully to their questions, requests for information, and documents. Any failure by an employee to completely cooperate, or any action to hinder an investigation or audit, including for example, hiding, or destroying any information or documentation, providing false answers or false information, or deleting emails or other documents, may be grounds for disciplinary action, up to and

BREACH

The breach of this Policy by an employee, director or officer of the Company may lead to disciplinary action being taken. Serious breaches may be regarded as gross misconduct and can lead to immediate dismissal. All colleagues and employees will be expected to co-operate to the fullest extent possible in any investigation into suspected breaches of this policy or any related processes or procedures. If any part of this policy is unclear, clarification should be sought from the Human Resources.

STATUS

This Anti-Slavery Policy will be reviewed by the Chief Executive Officer on a regular basis. This notice reflects the Company's current practice. The Company will update the notice from time to time to reflect legal and operational requirements.

OBLIGATIONS AND GUIDELINES FOR REPORTING ENTITIES

The Modern Slavery Act 2018 established a reporting requirement that the Company needs to adhere to in the future. The Company is required to publish an annual Modern Slavery Statement on an online central register describing the action taken to assess and address modern slavery risks which is required to be provided to the Department of Home Affairs.

The Government has the power to publicly name entities that fail to comply in certain circumstances. They can require entities that fail to comply to take remedial action, including requiring an entity to provide a statement. Annual reports are provided to Parliament about the implementation of the Modern Slavery Act and a review of the legislation will be undertaken after three years to consider improvements.

Modern slavery is used to describe serious exploitation. It is where workers cannot refuse or cease work because of coercion, threats, or deception. A worker may also be deprived of personal freedom.

The Act defines modern slavery as including eight types of serious exploitation: trafficking in persons, slavery, servitude, forced marriage, forced labour, debt bondage, the worst forms of child labour and deceptive recruiting for labour or services.

Modern slavery is at the most extreme end of a spectrum that includes and is differentiated from dangerous or substandard working conditions and decent work.

The Australian Government estimate that there were 1,567 modern slavery victims in Australia between 2015-17. As part of the 17 UN Sustainable Development Goals, the international community has committed to end modern slavery by 2030.

HOW TO PREPARE A STATEMENT (CHAPTER 5)

The seven mandatory criteria require every statement to:

1. identify the reporting entity;
2. describe the reporting entity's structure, operations and supply chains;
3. describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls;
4. describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes;
5. describe how the reporting entity assesses the effectiveness of these actions;
6. describe the process of consultation with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity giving the statement);
7. any other relevant information.

Mandatory Criteria 1 and 2

Identify the reporting entity and describe its structure, operations, and supply chains. The statement needs to contain the following information:

- **Structure** – the legal form of the entity, number of employees, whether it is part of a larger group and who owns or controls the group via a detailed description. If certain parts of the reporting entity's business are excluded from the statement, this must be permissible under the Act and the exclusion needs to be noted in the statement. Further information is provided on page 27 of the Guidance paper.
- **Operations** – any activity or business relationship undertaken by the entity to pursue its business objectives and strategy in Australia or overseas.
- **Supply chains** – the products and services (including labour) that contribute to the entity's own products and services. This includes products and services sourced in Australia or overseas and extends beyond direct suppliers.

Mandatory Criteria 3

Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities the reporting entity owns or controls.

The statement will need to:

- **Describe** – the risks of modern slavery practices in the operations and supply chains.
- **Criterion** – does not require reporting on specific individual risks or actual cases of modern slavery. There is the ability to include voluntary information. For example, an anonymised case study.

The statement needs to include a description of the reporting entity (or other entities it controls) in terms of how the risks of modern slavery practices may be present in the operations or supply chains. This needs to identify the general types of modern slavery risks and or arrangements with third-party suppliers. Sufficient detail to clearly identify the types of products and services in the entity's operations and supply chains that may involve risks needs to be provided.

A **basic scoping process** may assist in identifying the risks and is as follows:

- **Step 1** – Map out the broad operations and overall supply chain structure of the entity. This should include the investment portfolio.
- **Step 2** – Check which sectors, types of products and services, countries and entities identified may involve high modern slavery risks.
- **Step 3** – Identify parts of the operations (including investments portfolios) or supply chains that the entity does not have visibility over and consider if they may involve modern slavery risks. For example, the entity may purchase uniforms for staff from a supplier. Other risks that may contribute to modern slavery is subcontracting of cleaning services for their offices.

Mandatory Criteria 4

Describe the actions taken by the reporting entity and any entities that the reporting entity owns or controls to assess and address these risks, including due diligence and remediation processes.

The description should only cover actions taken during the 12-month reporting period, with actions that are taken after the end of the reporting period included in the next statement. The description of the actions must include information about due diligence and remediation processes.

UN Guiding Principles (Principle 17) suggests focusing on assessing general areas of operations and supply chains where modern slavery risks are likely to be most significant. UN Guiding Principles (Principle 24) explains that focus should initially be on the most ‘severe’ risks (those that would cause the greatest harm to people).

The Statement should explain how due diligence is undertaken to identify, prevent, mitigate, and account for how the entity addresses modern slavery risks. This includes information about the processes in place to remedy situations where the entity may cause or contribute to modern slavery.

Due diligence and remediation are both key concepts in the UN Guiding Principles.

Due diligence

UN Guiding Principles (15 and 17) provide that entities are expected to undertake human rights due diligence. The term ‘due diligence’ refers to an ongoing management process to identify, prevent, mitigate, and account for how an entity addresses actual and potential adverse human rights impacts in their operations and supply chains, including modern slavery.

Four key parts to due diligence:

1. **Identifying and assessing actual and potential human rights impacts** (e.g., screening new suppliers for modern slavery risks).
2. **Integrating your findings across your entity and taking appropriate action to address impacts** (e.g., introducing internal training on modern slavery and processes for incident reporting).
3. **Tracking your entity’s performance to check whether impacts are being addressed** (e.g., doing an internal audit of your supplier screening).
4. **Publicly communicating what you are doing** (e.g., publishing a Modern Slavery Statement or publicly responding to allegation against a supplier).

The due diligence process should be appropriate to the entity's size, sector, operational context, ownership, and structure.

Remediation

UN Guiding Principles specify that entities that identify that they have **caused or contributed** to adverse impacts such as modern slavery must provide for, or cooperate in, the remediation of that impact. This means that they should try to 'make good' the adverse impact by restoring the victim to the situation they would be in if the adverse impact had not occurred.

Entities that do not cause or contribute to harm but are **directly linked** to adverse impacts like modern slavery by a business relationship are not responsible for remediating the impact. However, they may play a role by leveraging the entity that caused the impact to prevent or mitigate the harm and its recurrence. Remediation can take many forms, including steps to ensure the harm cannot recur, formal apologies, compensation or stopping certain activities.

Supply chains are often long and complex. The entity may not have direct contractual relationships with most of the entities in their supply chain. They may not have visibility of what is happening deep in their supply chain or in their investment portfolios. For example, a superannuation fund may not be aware of how some of its investees are responding to modern slavery risks.

There are several ways to assess high risk parts of the supply chain including:

- requesting information from direct suppliers about sub-suppliers, including country of origin;
- engaging with investees to understand how they are addressing their modern slavery risks;
- working with other entities in the same sector to carry out a joint assessment of high-risk parts of a supply chain;
- using existing traceability processes to improve information about the source of products;
- identifying existing credible assessments of entities in the supply chain, such as audit reports or non-government organisations (NGOs) reviews;
- developing trusted relationships with civil society stakeholders who can provide information about situations 'on the ground';
- working directly with high-risk entities that the entity does not have a direct contractual relationship with to help them assess and address their risks.

Appendix 2 on page 65 of the Guidance paper provides additional information on how to work with suppliers.

Actions to assess and address risks.

Assess Risks

- Review existing information about the entity's operations and supply chains. i.e. Human Rights Impact Assessments, Environmental and Social Impact Assessments and WH&S inspections;
- Map operations and supply chains (undertaking a detailed risk assessment, including a process to assess particular suppliers using enhanced checks where necessary);
- Assess the risks of modern slavery in the investment portfolio;
- Develop tools and policies to monitor high risk suppliers and mitigate associated risks;

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- Bring together key areas of the entity to assess and respond to key risks;
 - Develop a specific action plan;
 - Assign responsibility for assessing and addressing modern slavery;
 - Set up a mechanism to allow people to safely report modern slavery risks;
 - Build partnerships; Engage directly with workers and other potentially affected groups in operations and supply chains, as well as credible experts.

Changes to policies and processes

- Make the entity's policies on modern slavery publicly available;
- Review and improve existing policies and procedures;
- Improve staff and management awareness of modern slavery risks;
- Ensure the entity is prepared to respond if modern slavery is found;
- Address practices in the operations and supply chains that may lead to modern slavery;
- Review and improve policies and processes used to screen potential investees;
- Consider ways to engage with investees.

Supplier engagement

- Improve supplier awareness;
- Build supportive, transparent and collaborative relationships with suppliers;
- Ensure workers in the supply chains have access to information;
- Clearly communicate expectations to suppliers.

Mandatory Criteria 5

Describe how the reporting entity assesses the effectiveness of the actions taken to assess and address the risks of modern slavery.

How to assess the effectiveness of actions being taken

An entity's response to modern slavery will not improve if there is no way to check whether the actions to assess and address modern slavery risks are working. Describe how the entity assesses the effectiveness of the actions. For example, the entity may develop and implement modern slavery training for staff and suppliers. Is this training fit for purpose?

The statement needs to clearly set out how the reporting entity assesses the effectiveness of its actions.

The assessment of the effectiveness of the entity's actions could include:

- establish a process to regularly review actions taken. For example, set up an annual senior management review of the entity's response to modern slavery;
- regularly check risk assessment processes to ensure they remain up to date;
- set up a process to provide for regular engagement and feedback between key areas within the entity, as well as with any other entities the entity owns or controls;
- conduct internal audits;
- track the actions taken and measure their impact;
- work with suppliers to check how they are progressing any actions;
- consider any trends in cases reported through grievance mechanisms;
- partner with an industry group.

Key Performance Indicators (KPIs) could be developed internally to measure the entity's response to modern slavery.

Mandatory Criteria 6

Describe the process of consultation with any entities the reporting entity owns or control.

There is a requirement to describe how the reporting entity consulted on its statement with any entities it owns or controls. Page 53 explains how to prepare a joint statement if this is appropriate.

Mandatory Criteria 7

An example of any other relevant information the entity may provide could include:

- external forums on modern slavery to help improve awareness;
- if the entity has partnered with an industry body;
- any updates on modern slavery identified in a previous statement and how it was addressed.

HOW TO APPROVE AND PUBLISH A STATEMENT (CHAPTER 6)

The Act requires the statement to meet two specific requirements for approval including:

- the statement must be approved by the principal governing body of the reporting entity;
- the statement must be signed by a responsible member of the reporting entity (best practice is for the Chief Executive Officer or Chair to sign).

The Act also requires the entity to provide the finalised statement to the Department of Home Affairs for publication on an online central register. This must be done within 6 months from the end of your reporting period.

The requirements for approving and publishing the statement are mandatory. If the entity does not comply, the Minister may publicly identify the entity as being noncompliant.

How to approve a statement

The statement must state that it has been approved by the principal governing body for the reporting entity; name the governing body; and specify the date that the governing body approved the statement.

The statement is a stand-alone document and not part of a larger document. For example, a sustainability report.

How to publish a statement

Once the statement is approved, provide it to the Department of Home Affairs. The Department will then publish the statement on the online central register. The entity may also choose to publish the statement in other ways, including on their website or in their annual report. This may demonstrate the entity's leadership on modern slavery.

HOW CAN THE MODERN SLAVERY BUSINESS ENGAGEMENT UNIT HELP? (CHAPTER 8)

The Unit has five main functions which include:

- providing advice and support to entities about compliance with the reporting requirement;
- undertaking awareness-raising and training about modern slavery;
- promoting best practice and monitor overall compliance, including an annual report to Parliament;
- administering the online central register for statements; and
- coordinating the Commonwealth Modern Slavery Statement.

The Unit can support entities by providing non-binding advice about what you need to do to comply and help entities identify and understand best practice.

The Unit can be contacted via the Department of Home Affairs website or via emailing slavery.consultations@homeaffairs.gov.au