

## Modern Slavery Statement 2021

Data#3 Limited ABN 31 010 545 267

### Introduction

Data#3 Limited and its controlled entities ("Data#3")<sup>1</sup> are collectively subject to the Modern Slavery Act 2018 (Cth) (**Act**) that commenced operation on 1 January 2019. The Act requires reporting entities to produce an annual modern slavery statement (**Statement**). This Statement is intended to meet the requirements of section 13 of the Act and covers the approach Data#3 is taking to assess and implement actions to minimise the risk of modern slavery occurring in its operations and supply chain during the reporting period commencing 1 July, 2020 and ending 30 June, 2021 (**Reporting Period**). This is Data#3's second Statement under the Act and it assesses the progress we made since the end of our first reporting period and sets the focus for the year to come.

Data#3 opposes slavery in all its forms<sup>2</sup> (**Modern Slavery**) and is committed to operating its business lawfully and ethically. We expect our suppliers to align to our minimum standards by operating in accordance with all applicable Modern Slavery laws including those prohibiting human slavery and slavery like practices, human trafficking and child labour. We value and observe all laws regarding corporate social responsibility, environmental and workplace safety protection and staff inclusion and diversity.

### Our structure, operations and supply chain

#### Structure and operations

Founded in 1977 and listed on the ASX in 1997, Data#3 is an ASX listed IT services and solutions provider operating in the technology sector. We offer software and technology infrastructure solutions to customers for re-sale and deliver consulting, procurement, resourcing, project and managed services to our customers. Across Data#3 Limited and its controlled entities, we are structured with three revenue earning lines of business (Software Solutions, Infrastructure Solutions and Services) and two operational support lines of business (Corporate Services and Shared Services).

We are headquartered in Brisbane, Australia and operate across our 12 locations in Australia and Fiji. For a more detailed overview of our business and strategy, please see our annual report available online at <https://investor.data3.com/investor-centre/> (**Annual Report**) and the information available on our website <https://www.data3.com/>.

#### Supply chain

We partner with market-leading vendors to provide access to the latest technologies, products and services for our customers.

Over 90% of our supplier spend during the Reporting Period was paid to suppliers with Australian-based subsidiaries with whom we deal directly, including all tier 1 vendors.

Further details on the types of suppliers that we use for our various operational activities are set out below:

<b>Data#3 Lines of Business</b>	<b>Nature of operations (activity undertaken to pursue our business objectives)</b>	<b>Associated supply chain (products and services, including labour, that contribute to the relevant operation/business activity)</b>
Software solutions	Re-sale of software licensing to end users from third party software vendors.	Third party software and cloud vendors, see generally <a href="https://www.data3.com/partners/">https://www.data3.com/partners/</a> for a list of key vendor partners and third party distributors and our Annual Report.

<sup>1</sup> See entities described in the Data#3 Annual Report (Business Aspect Group Pty Ltd, Business Aspect (Australia) Pty Ltd, Business Aspect Pty Ltd, Business Aspect (ACT) Pty Ltd, CTG Consulting Pty Ltd, Discovery Technology Pty Ltd and People Aspect Pty Ltd).

<sup>2</sup> See generally the definition of modern slavery set out in section 4 of the Modern Slavery Act 2018 (Cth).

	Delivery of software asset management services and licensing consulting services (to assist with deployment, adoption and management of end-user software).	Contractors and sub-contractors who deliver services to our customers on behalf of Data#3.
Infrastructure solutions	Re-sale of technology infrastructure (server, storage, networks and devices) to end users	Third party technology infrastructure vendors and distributors, see generally <a href="https://www.data3.com/partners/">https://www.data3.com/partners/</a> and our Annual Report.
Services	Delivery of Project Services for the design and implementation of technology solutions	Data#3 staff, contractors and services sub-contractors who deliver services to our customers on behalf of Data#3.
	Support services (including managed services/service desk operations and maintenance services)	Data#3 staff, contractors and services sub-contractors who deliver services to our customers on behalf of Data#3.  Third party technology infrastructure vendors and distributors, see generally <a href="https://www.data3.com/partners/">https://www.data3.com/partners/</a> and our Annual Report.
	People Solutions/recruitment business for the provision of IT contractors and permanent staff	Data#3 staff, contractors who deliver services to our customers on behalf of Data#3.
	Business Aspect Consulting (management consulting services)	Data#3 staff, contractors who deliver services to our customers on behalf of Data#3.
	Discovery Technology (Wi-Fi network and Wi-Fi analytics business)	Third party technology infrastructure vendors and distributors.
Corporate and Shared Services functions	Direct employment or engagement of over 1000 employees (sales, management, logistics and support teams) in Australia and Fiji.	Business premises landlords, utilities, cleaning and maintenance contractors, technology and office consumables for internal corporate use, uniforms and work attire.

## Risks of Modern Slavery practices in our operations and supply chain

During this Reporting Period, we continued to monitor and review the likely risks of modern slavery practices across our operations and supply chain. In our previous reporting period, we focussed our review on our own operations and the location and industry of the suppliers who are receiving the majority (over 90%) of Data#3's annual spend.

In addition to our planned review and investigation actions noted in our previous report, during this Reporting Period we recognised that the vulnerability of workers to Modern Slavery may have increased as a result of the COVID-19 pandemic, including in respect of changed workplace locations and hours of work, sudden workforce reductions and global challenges to business continuity for different tiers of our supply chain. We expect these challenges to be prolonged in some circumstances and we expect our attention to these matters to continue throughout the next reporting period and beyond.

To achieve this, we expanded our investigations to include services Providers located in jurisdictions with higher risk profiles of modern slavery and potentially less government or industry support for workers. These providers were not otherwise captured under the category of providers accounting for over 90% of our spend.

Separately in accordance with the planned expansion of our review noted in our previous report we started preliminary investigations into mapping our supply chain beyond Tier 1 Providers. These investigations consisted of a targeted review of some of our largest Providers (by spend) to determine how they are interacting and conducting due diligence over their own supply chains through a

combination of screening, including desk-top documentary reviews, cross-checks with public records and media and adverse finding searches.

Data#3 continues to acknowledge that geography and industry are only two factors in assessing overall provider risk and as we continue to enhance our procurement, due diligence and governance controls, we expect to be able to continue a targeted risk review throughout other tiers of our supply chain, including indirect supply arrangements for our largest providers (by spend). We expect this continuous improvement approach will ensure that Data#3 continues to enhance robust and effective processes that are embedded in how we conduct our business.

## Operations

The Australian technology industry within which we operate is not considered to be a high risk industry for Modern Slavery.<sup>3</sup> In operational activities directly undertaken by Data#3 staff and contractors, we have determined that there is very low risk of Modern Slavery practices occurring and we confirm we have full visibility over these activities. Further, these activities are covered by our Risk Management Policy and framework, and key Policies that ensure adherence with local labour, health, safety and employment laws. It is also noted that Data#3 is accredited under applicable Australian Labour Licensing Legislation.

## Supply chain

When measured by value, the majority of our payments are made to technology providers in Australia and the United States. As above, the technology industry in both Australia and the United States (within which our largest providers by spend operate) are not considered to be high risk industries for Modern Slavery.<sup>4</sup>

Our providers supporting our Software and Infrastructure Solutions businesses supply us with finished products. Data#3 does not manufacture our own products or source any of the component/raw supplies related to the products that we sell to our Customers. Nor does Data#3 "badge" third party supplier products as our own.

While Data#3's 11 largest suppliers by spend are well-established and provide a level of transparency around efforts made to eradicate Modern Slavery from their operations and supply chain<sup>5</sup>, Data#3 still identifies certain risks at indirect levels of its supply chain as follows:

- Being a reseller of electronics (laptops and computers) - Data#3 notes that these goods are at risk of having being produced through Modern Slavery to the extent sourced from certain locations;<sup>6</sup>
- Generally dealing with hundreds of providers, many of which are small and are not required to account for their practices under legislation and whose size and capability may not lead to robust risk identification/mitigation or due diligence processes over their own supply chain risks - Data#3 acknowledges that even where these risks may not have been identified, there is the potential for them to exist which is why we intend to continuously improve our coverage of suppliers through a phased due diligence approach.

## Our approach/action taken to assess and address the risk of Modern Slavery practices in our supply chain including due diligence and remediation processes

Data#3's key actions, over this Reporting Period, to assess and address the risk of Modern Slavery practices in our operations and supply chain are summarised below.

### Action: Bolstering our mechanism for the reporting and monitoring of grievances

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<sup>3</sup> <https://www.globallslaveryindex.org/2018/findings/country-studies/australia/>; see high risk Australian industries include agriculture, construction, domestic work, meat processing, cleaning, hospitality and food services

<sup>4</sup> <https://www.globallslaveryindex.org/2018/findings/country-studies/united-states/>; see high risk United States industries include domestic work, agriculture and farm work, travelling sales crews, restaurant or food services and health and beauty services.

<sup>5</sup> <https://www.modernslaveryregistry.org/>

<sup>6</sup> See Page 220 of the Global Slavery Index published by the Walk Free Foundation

- Our Whistleblower Policy allows whistleblowers to raise concerns in a confidential manner and is also available for individuals who wish to report Modern Slavery concerns. Where grievances or concerns are raised, we investigate and address them as appropriate and in accordance with that policy.
- We continue to provide training on our whistleblower policy and process to our employees to promote awareness and increase effectiveness.
- No Modern Slavery concerns were raised with Data#3 through this reporting channel during the Reporting Period.
- Continuing with our phased implementation of our new provider management system, known as "ProPEL" (Provider Performance Lifecycle Management System), which has a focus on compliance areas associated with Modern Slavery, Labour Licensing, contracts, insurance, Provider performance reviews, health and safety, tax, information security, risk management and quality assurance (**ProPEL**). This system has been bolstered during the Reporting Period and is progressing towards the end phase where the business will have a supplier dashboard available to it which reflects the compliance status of all Providers to our business. This will help inform business risk and decision-making.

### **Action: Developing internal policies and governance processes**

- The cross-functional Modern Slavery working group, established during the previous Reporting Period, continued to review the approach/framework for addressing Modern Slavery risks in our operations and supply chain and monitor our internal control systems, policies and procedures to ensure they remain effective in identifying, preventing or remediating those risks. The working group involves functional areas of legal, supply chain operations, vendor management, finance and human resources.
- The Board (through the Audit and Risk Committee) receives reports on the status of actions and provides guidance on future focus and enhancements of planned actions to improve our approach.
- Continue to disseminate our Modern Slavery policy available here [https://www.data3.com/policy/to\\_our\\_providers\\_and\\_customers](https://www.data3.com/policy/to_our_providers_and_customers). The policy describes Data#3's zero-tolerance approach to Modern Slavery and the procedures, governance and framework adopted to reflect this approach.
- Data#3 continues to review key policies. These documents are designed to reflect our principles and expectations and give our customers comfort that we are focussed on ensuring our Providers have clear expectations in relation to their own management of Modern Slavery risks.

### **Action: Communicating our expectations of suppliers in a provider code of ethics and conduct and enforcing our expectations through contractual controls**

- At Data#3, we believe in fostering mutually beneficial partnerships to meet the objective of working with suppliers that are aligned to our values and meet our expectations. During the previous Reporting Period, we adopted our Provider Code of Ethics and Conduct to give our valued providers a clear statement of our expectations in relation to professionalism and ethical conduct and our approach to corrective action, support and termination of supply arrangements. This code is available here <https://www.data3.com/policy/>
- Previously, Data#3 also took steps to develop and revise our standard terms and conditions of purchase to contractually enforce compliance with Modern Slavery laws, associated audit and termination rights. During this Reporting Period, we expanded upon this by incorporating the same terms and conditions into our online purchase order terms and conditions. We will continue with this approach across our procurement and contract review processes.
- We believe the above actions not only assist us to monitor and ultimately enforce against any modern slavery compliance issues in our supply chain but also increase awareness of the risks of modern slavery through training and induction of our providers.

### **Action: Developing employee awareness through training**

- During this Reporting Period we implemented a larger scale company-wide training program to provide education regarding Modern Slavery risks and the specific details of the activities, expectations and initiatives that Data#3 has implemented to address these risks. This was

expanded from the management team that was targeted in our previous reporting period. We expect this exercise to increase company-wide awareness of the risks of modern slavery and the reporting mechanisms available to staff and other stakeholders.

## **Action: Auditing our existing suppliers**

- During the previous Reporting Period, we developed a supplier questionnaire to obtain information from select and diverse group of existing suppliers on how they currently approach Modern Slavery risks in their operations and supply chains. Through this process we managed to:
  - o better identify higher risk areas in our supply chain; and
  - o better understand which of our suppliers already have robust governance processes in place and those who we will need to work more closely with to complete a satisfactory due diligence process.
- The engagement and feedback we received as part of the above process informed and helped us develop our compliance framework. In particular, it guided our decisions where to focus our attention and which providers warranted deeper risk reviews.
- While there were no notable concerns raised during the Reporting Period, Data#3 conducted thorough due diligence reviews of Providers in higher risk geographic areas through face to face interviews, legislative and salary/award reviews, employee satisfaction surveys and a practical, targeted questionnaire.

## **Future commitments and internal assessment of action taken**

Data#3 adopts a continuous improvement approach in identifying and reducing the risks of Modern Slavery in our operations and supply chain. Over the next reporting period, our focus will be on:

- continuing to develop the maturity of our provider due diligence program. This includes increased engagement with providers to better understand their supply chains and any potential risks of modern slavery they face;
- continuing to map out and develop a due diligence plan for our providers beyond Tier 1;
- continuing to develop internal processes to ensure we can track the effectiveness of our strategy and processes adopted during this Reporting Period (and on an ongoing basis) in accordance with the Act. This includes our annual review process and automated ProPEL tools, dashboards and reporting;
- increased engagement with other key stakeholders (experts, peers, communities and customers) to facilitate knowledge sharing, cross-sector collaboration and building capabilities;
- strengthening our collaboration with our suppliers to raise awareness, communicate our zero-tolerance approach to Modern Slavery and dealing with issues if and when they arise; and
- continuing with our larger scale company-wide training program to provide education and to ensure that our people are aligned and part of Data#3's strategy in addressing the risks of Modern Slavery.

## **Process of consultation with Data#3 controlled entities**

During the Reporting Period, Data#3 Limited consulted with all of its controlled entities in the development of this Statement. These entities are set out in Footnote 1 on page 1 of this Statement. Consultation was achieved through the continued work of the cross-functional Modern Slavery working group. This working group support the activities of Data#3 Limited and its controlled entities. This working group directly discusses all of the reporting requirements of the Act and is the way in which relevant materials and updates are disseminated across Data#3.

This statement is made pursuant to section 13 of the Act and has been approved by the Data#3 Board on 15 September, 2021.



Laurence Baynham

Managing Director / Chief Executive Officer



Terence Bonner

Company Secretary