

## INTRODUCTION

The Argonaut Group (Argonaut) provides stockbroking and research services to retail, wholesale and institutional clients and corporate finance and funds management services to wholesale and institutional clients.

Argonaut believes in being a good corporate citizen and is committed to acting ethically and with integrity in all its business dealings and relationships. We recognise that the violation of human rights from modern slavery is a complex problem which requires commitment from all organisations to address.

## PURPOSE

The purpose of this Policy is to address the risk of modern slavery within our operations, supply chain and any other business relationships.

While we are currently not required to comply with the provisions of the *Modern Slavery Act 2018* (Cth), another purpose of this policy is to demonstrate our commitment to the principles in the Act and, as a result, increase our preparedness should we become subject to the Act.

## SCOPE

The Argonaut Group is comprised of **Argonaut Limited** (ABN: 33 109 326 418) and its related bodies corporate, including its respective AFS Licensees:

Name	Principal Activities
<b>Argonaut Corporate Finance Limited</b> ABN: 18 099 761 547 AFSL No: 221476	Provision of Corporate Finance services to wholesale and institutional clients
<b>Argonaut Securities Pty Limited</b> ABN: 72 108 330 650 AFSL No: 274099 (ASX Market Participant No: 6013)	Provision of stockbroking and research services to retail, wholesale, and institutional clients
<b>Argonaut Funds Management Pty Limited</b> ABN: 76 101 152 863 AFSL No: 224815	Management of funds to wholesale and institutional clients

Throughout this policy, Argonaut Limited, its related bodies corporate and its respective AFS Licensees, will be referred to jointly as "Argonaut", "we", "our" or "us".

This Policy applies to the whole Argonaut Group and throughout this Policy Argonaut Limited, its related bodies corporate and its respective AFS Licensees will be referred to jointly as "Argonaut", "we", "our" or "us".

This Policy applies to:

- all of the business activities of Argonaut; and
- all persons engaged in our business activities and all our business relationships including all Board directors, employees, contractors, consultants, suppliers and third-party service providers.

This Policy is not a stand-alone document; it is an integral part of Argonaut's risk management framework.

## REGULATORY FRAMEWORK

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The *Modern Slavery Act 2018* (Cth) (Act) created a new statutory modern slavery reporting requirement for larger companies operating in Australia. At the time of this policy, the Act applies to organisations with AUD\$100 million or greater annual consolidated revenue. Although, therefore, we are not currently required to comply with the Act, this Policy takes into account the general principles of the Act and also references throughout the Commonwealth government's publication "*Modern Slavery Act 2018 Guidance for Reporting Entities*".

## WHAT IS MODERN SLAVERY?

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Modern Slavery is defined under the Act as including eight types of serious exploitation:

- trafficking in persons
- slavery
- servitude
- forced labour
- forced marriage
- debt bondage
- the worst forms of child labour (i.e., where children are subjected to slavery or similar practices, or engaged in hazardous work) and
- deceptive recruiting for labour or services.

Definitions of these types of modern slavery are details in Appendix A.

Modern slavery involves serious exploitation involving coercion, threats or deception to exploit victims and undermine their freedom. It does not include practices like substandard working conditions or underpayment of workers (although these practices are also illegal and harmful and may be present in some situations of modern slavery or escalate into modern slavery if not addressed).

## ROLES AND ACCOUNTABILITIES

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The Argonaut Board has ultimate accountability for addressing the risk of Modern Slavery within our operations, supply chain and any other business relationships.

The Argonaut Audit, Risk & Compliance Committee is responsible for monitoring the effectiveness of Argonaut's risk management framework.

The Argonaut Sustainable Investment Committee is responsible for overseeing the implementation of Argonaut's Modern Slavery controls.

The Board is supported by Executive Management in ensuring appropriate and effective modern slavery risk control systems are operating.

Managers have primary day-to-day responsibility for maintaining internal modern slavery risk controls within their individual areas of responsibility including performing due diligence on suppliers.

The Human Resources Manager, in addition to being responsible for addressing modern slavery risks in the recruitment process, is responsible for the investigation of any suspected modern slavery.

The Head of Risk & Compliance is responsible for the management and ongoing monitoring of modern slavery risk controls.

Everyone, regardless of position, title, or tenure with Argonaut, shares the responsibility for the prevention, detection and reporting of modern slavery in any part of Argonaut's operations,

supply chain and business relationships. Everyone is encouraged to raise any modern slavery concerns with their manager or the Human Resources Manager, or report their concerns under Argonaut's Whistleblower Policy, at the earliest possible stage.

## ARGONAUT'S COMMITMENT

Argonaut is committed to implementing and enforcing effective controls to minimise risks of modern slavery occurring within our business activities, supply chain and any other business relationships. Argonaut is also committed to ensuring there is transparency in our approach to tackling modern slavery.

## MODERN SLAVERY RISK CONTROL PROGRAM

Our Modern Slavery Risk Control Program has six main components:



High level details of these components are:

### 1. DESIGN

The design and implementation of our modern slavery risk management framework commenced with the addition of Modern Slavery as a separate risk in our Risk Register and the creation of this Policy.

Our modern slavery risk management framework is also supported by policies that support awareness of acceptable practice and behaviour, and the reporting mechanisms to raise concerns of inappropriate behaviour, including our Fraud Control Policy, Outsourcing Policy, Staff to Report Certain Things Policy, Whistleblower Policy, Managing Conflicts of Interest Policy, Business Ethics Policy, Anti- Money Laundering and Counter-Terrorism Program and our Breach Reporting Procedures.

### 2. ASSESS

We are presently conducting due diligence on the risks of modern slavery practices in our business supply chain and business activities. The 'risks of modern slavery practices', means the potential for Argonaut to cause, contribute to, or be directly linked to modern slavery through our operations and supply chains; in other words, the risks that the Argonaut group is involved in modern slavery.

This includes the initial scoping exercise outlined in Appendix B.

### 3. MITIGATE

We will adopt strategies to control any identified modern slavery risks at Argonaut, including:

#### Outsourcing

Before appointing a service provider, our Outsourcing Policy requires completion of appropriate due diligence. This includes a full risk assessment including the risks of exposure to modern slavery. Examples of due diligence that may be conducted include self-assessment/attestation that the supplier complies with various provisions in the Act, a copy of the supplier's most recent Modern Slavery statement (if applicable), details of the structure and operations of their supply chain and/or details of the actions taken by the supplier to manage and address modern slavery risks in their supply chain.

## **Procurement**

Procuring goods and services will, as far as reasonable, be conducted in a way that ensures that Argonaut sources goods and services from suppliers who comply with the spirit of the Act or, if relevant, with their obligations under the Act. Wherever possible, we will endeavour to improve supplier awareness of modern slavery risks and how they may contribute to modern slavery including encouraging suppliers to be open with us about modern slavery risks.

## **Contract management**

Consideration will be given to including some or all of the following anti-slavery wording in contracts, as appropriate:

- a specific prohibition against the use of forced, compulsory or trafficked labour, or anyone held in slavery or servitude, whether adults or children
- a requirement to take reasonable steps to ensure that there is no modern slavery in the contractor's supply chains or any subcontractor's supply chains
- where relevant, the obligation to comply with the Act and
- a requirement to notify Argonaut if the supplier becomes aware of any actual or suspected instances of modern slavery risks.

## **Funds Management**

While the Act does not require entities to monitor or report on the operations and supply chains of their individual investees, there is an expectation that entities "assess at an overarching, thematic level whether they may be exposed to modern slavery risks through their investment arrangements".

We have commenced work on implementing sustainable investment/environmental, social and governance (ESG) considerations into our investment decisions and monitoring processes (with human rights abuses captured within the 'social' category of ESG) as outlined in our Sustainable Investment Committee Charter.

## **4. REMEDIATE**

In the event we identify situations where Argonaut has caused or contributed to modern slavery, we will immediately develop and implement appropriate remediation measures ensuring that at all times our actions are in the best interests of the suspected victim/s. We will also consider whether and how to involve Australian Federal Police.

## **5. MONITOR**

We will monitor and review the effectiveness of our modern slavery risk management framework as part of our risk management monitoring cycle. The Head of Risk & Compliance will report to the Audit, Risk & Compliance Committee and the Sustainable Investment Committee in relation to any modern slavery risks.

The Head of Risk & Compliance will review this Policy annually and report to the Board on the review. This Policy will also be reviewed following any legislative changes which may affect this Policy.

## **6. REPORT**

We have established appropriate mechanisms for internal reporting of modern slavery concerns including our Staff to Report Certain Things Policy, our Whistleblower Policy and our Breach Reporting Procedures.

Currently, Argonaut is not subject to the mandatory external reporting requirements of the *Modern Slavery Act 2018* (Cth). This Act requires a detailed statement to be prepared each

year which is approved by the Board and lodged with the Australian Border Force within six months after year end. There are seven mandatory criteria for the content of statements (refer to Appendix C) including details of the risks of modern slavery and the actions taken in the reporting year. Statements are published on an [online public register](#).

## **COMMUNICATING THIS POLICY**

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The Head of Risk & Compliance will communicate this Policy:

- to new Board directors, employees, contractors and consultants as part of their induction
- to all Board directors, employees, contractors and consultants following a substantive amendment to this Policy
- in any event, to all Board directors, employees, contractors and consultants at least annually.

The Head of Risk & Compliance will ensure that this Policy is easily accessible on to Argonaut staff and the Argonaut Board. A condensed version, tailored for external parties, will be made available on the company website.

## *Appendix A – Types of Modern Slavery*

Type of Exploitation	Definition
Trafficking in persons	Describes the recruitment, harbouring, and movement of a person for exploitation through modern slavery.
Slavery	Describes situations where the offender exercises powers of ownership over the victim, including the power to make a person an object of purchase and use their labour in an unrestricted way.
Servitude	Describes situations where the victim's personal freedom is significantly restricted, and they are not free to stop working or leave their place of work.
Forced labour	Describes situations where the victim is either not free to stop working or not free to leave their place of work.
Forced marriage	Describes situations where coercion, threats or deception are used to make a victim marry or where the victim does not understand or is incapable of understanding the nature and effect of the marriage ceremony.
Debt bondage	Describes situations where the victim's services are pledged as security for a debt and the debt is manifestly excessive or the victim's services are not applied to liquidate the debt, or the length and nature of the services are not limited and defined.
The worst forms of child labour	Describes situations where children are: <ul style="list-style-type: none"><li>• exploited through slavery or similar practices, including for sexual exploitation or</li><li>• engaged in hazardous work which may harm their health, safety or morals or</li><li>• used to produce or traffic drugs.</li></ul>
Deceptive recruiting for labour or services	Describes situations where the victim is deceived about whether they will be exploited through a type of modern slavery.

## Appendix B – Initial Scoping of Argonaut’s Modern Slavery Risks

### STEP 1 – OPERATIONS AND SUPPLY CHAIN

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- Identify broad operations and overall supply chain structure at a thematic, overarching level.
- For internal and external managed investments, include the general categories and asset classes of investment portfolios.
- From this, identify the general sectors and industries, types of products and services, categories of investments, countries and entities that are involved in our operations and supply chains.

### STEP 2 – HIGH MODERN SLAVERY RISKS

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Check which sectors, types of products and services, categories of investments, countries and entities that we have identified may involve high modern slavery risks. In *“Modern Slavery Act 2018 Guidance for Reporting Entities”*, the Federal Government notes:

- Sector and industry risks: Certain sectors and industries may have high modern slavery risks because of their characteristics, products and processes. For example, extractives, textiles and fashion, fishing, electronics, cleaning, and agriculture are recognised as high-risk industries globally.
- Product and services risks: Certain products and services may have high modern slavery risks because of the way they are produced, provided or used. For example, bricks, cobalt, cotton and rubber are recognised as high-risk products globally. Similarly, services such as cleaning that often involve lower wages and manual labour may have high modern slavery risks.
- Geographic risks: Some countries may have higher risks of modern slavery, including due to poor governance, weak rule of law, conflict, migration flows and socio-economic factors like poverty.
- Entity risks: Some entities may have particular modern slavery risks because they have poor governance structures, a record of treating workers poorly or a track record of human rights violations.

*Useful resources for this exercise include:*

<https://www.globalslaveryindex.org/> - resource provides a detailed breakdown of the extent of modern slavery globally and by region.

<https://verite.org/commodity-atlas/> - resource identifies how specific commodities can be linked to forced labour and other forms of labour exploitation.

### STEP 3 – HIDDEN RISKS

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- Identify the parts of our operations, including investment portfolios, or supply chains that we do not have visibility over and consider if they may involve modern slavery risks. This may include:
- requesting information from our direct suppliers about sub-suppliers, including country of origin
- engaging with key suppliers to understand how they are addressing their modern slavery risks
- using existing traceability processes to improve information about the source of products
- identifying existing credible assessments of entities in our supply chain, such as audit reports or NGO reviews.

## *Appendix C – Mandatory Reporting Criteria*

The mandatory reporting criteria are:

1. the identity of the reporting entity
2. the structure, operations and supply chains of the reporting entity
3. the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls
4. the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks
5. how the reporting entity assesses the effectiveness of such actions
6. the process of consultation with any entities the reporting entity owns or controls or is issuing a joint modern slavery statement with and
7. any other information that the reporting entity, or the entity giving the statement, considers relevant.