

Joint Modern Slavery Statement FY2021

Under the Modern Slavery Act 2018 (Cth)

The Royal Automobile Club of W.A. (Inc.)

ABN 33 212 133 120

RACWA Holdings Pty Ltd

ABN 60 008 985 877

RAC Insurance Pty Ltd

ABN 59 094 685 882



For the better

RAC Modern Slavery Statement

For the Reporting Period
1 July 2020 to 30 June 2021



Reporting Entities

This Joint Statement is submitted by The Royal Automobile Club of W.A. (Inc.) and has been prepared in consultation with RAC's reporting entities, RACWA Holdings Pty Ltd and RAC Insurance Pty Limited ("RAC"), with the respective boards of each entity having considered and approved this Joint Modern Slavery Statement.

We have prepared this Joint Modern Slavery Statement in accordance with the Modern Slavery Act 2018 (Cth).

The purpose of this statement is to set out:

- » RAC's structure, operations, and supply chains;
- » modern slavery risks in RAC's supply chains; and
- » the steps RAC has taken to identify and minimise these risks.

Each year, we aim to show our progress and maturity in our understanding and response to modern slavery risks.

Our Purpose, Vision and Mission

RAC is committed to being the driving force for a better WA.

Since 1905, our members and the WA community have guided our path.

Over more than 116 years, RAC has been a purpose-led member organisation which has now evolved into one of the most trusted and recognised organisations in WA, now with more than 1.2 million members.

We will continue to work for our members today and tomorrow by improving our services and experiences, and by being a strong voice for community change to improve life for all Western Australians.

Purpose

The driving force for a better WA.

Vision

2030: A safer, sustainable and connected future for Western Australians.

Mission

Delivering great member services and experiences, while inspiring positive community change, that makes life better in WA.



RAC's Structure

The Royal Automobile Club of W.A. (Inc.) (an incorporated association governed by the Associations Incorporation Act 2015 (WA)) is a reporting entity under the Modern Slavery Act 2018 (Cth).

As shown in the below diagram, RACWA Holdings Pty Ltd is wholly owned by the The Royal Automobile Club of W.A. (Inc.). RAC Insurance Pty Ltd is a wholly owned subsidiary of RACWA Holdings Pty Ltd.



RAC's Operations

Located in Western Australia, RAC has diverse operations which centre upon delivering great member services and experiences, while inspiring positive community change, that makes life better in WA.

The services provided by the RAC group of companies include:

- » road safety advocacy and policy development;
- » roadside assistance;
- » retail general insurance products;
- » automotive repair and maintenance services;
- » travel and tourism services;
- » holiday parks;
- » home repair and maintenance services;
- » small consumer loan services;
- » sales, distribution and membership operations;
- » retirement living services; and
- » an innovation venture capital fund.

RAC employs approximately 1800 people, which comprises a blend of direct employees and contractors.

RAC's Suppliers

RAC's operations are generally limited to Western Australia, with the supply chain comprised of various goods and services to support the operations. Those goods and services that are most commonly sourced from suppliers outside Australia include uniforms, stationery, motor vehicle parts, batteries, home building materials, software and technology.

In the 2021 financial year, the majority of our suppliers were based in Australia.

RAC's Investment Portfolios

RAC acknowledges that modern slavery risks may arise in the RAC's two investment portfolios. Each of RACWA Holdings Pty Ltd and RAC Insurance Pty Ltd has an external managed investment portfolio which are predominantly invested in wholesale unit trusts with the balance in cash. The trusts include investments in Australian and international equities, global property, alternatives and interest bearing securities, and utilise external investment managers.

Our investment advisers have integrated approaches and processes in place to assess the modern slavery risks of all the investment managers their clients are invested with. This is both in relation to the managers' own supply chains and day to day operations, and as to how each manager integrates modern slavery risk into its investment process.

In addition to this, RAC requires its investment advisers to consider environment, social and governance (ESG) matters as part of their investment processes when selecting, retaining or realising investments. Further, the ESG policy and processes of the manager is one of the items that is closely assessed as part of the due diligence process when appointing an investment manager. The manager is then monitored in relation to their ESG practices and compliance on an ongoing basis.

Modern Slavery Acknowledgement

We recognise and acknowledge that modern slavery exists, and can occur in any country, industry or sector.

Modern slavery is a broad concept that refers to serious forms of exploitation in workforces. This includes trafficking in persons, slavery, servitude, forced marriage, forced or compulsory labour, debt bondage, deceptive recruiting for labour or service and the worst forms of child labour.

RAC acknowledges that, as it is a large purchaser and supplier of various products and services, it is required to embed proper practices not only within its business, but also in its dealings with suppliers.

Covid-19

Covid-19 has posed significant challenges for supply chains globally and this has affected RAC to a minor extent only (in that the attainment of certain goods and services has been made slightly more challenging with logistical and transportation delays).

We acknowledge that coronavirus (Covid-19) has an ongoing impact and will continue to increase modern slavery risks and may further marginalise vulnerable workers.

Modern Slavery risks

To assess the risk of modern slavery in our supply chains, RAC conducted a review of publicly available information in relation to Modern Slavery. In addition, we analysed our financial spend for the 2021 financial year. In doing so, RAC identified that its software and technology expenses had materially increased in the preceding 12-month period (largely due to the impacts of Covid-19 and government enforced lockdowns, which required staff to work from home).

As a result of these findings, RAC then approached its three largest providers of software and technology products and services and conducted a due diligence into their modern slavery practices and obtained their Modern Slavery Statements for review. After reviewing these statements in detail, RAC is satisfied that the measures being taken by these suppliers is adequate to address the risks of modern slavery.

A risk assessment was previously undertaken by an external consultant in the 2020 financial year, which showed that RAC's greatest risk of slavery was in tier 3 of its supply chain. This review indicated that RAC had a low combined modern slavery risk profile as:

- (a) the majority of our 'first tier' suppliers are located in Australia or otherwise in regions to be considered as relatively low geographical risk;
- (b) whilst RAC's products and services span a number of industries, for the most part these are not high modern slavery risk industries (such as manufacturing and commercial fishing); and
- (c) the risk of disadvantaged supplier workforce is low due to the factors above.

RAC's operations have not varied since the 2020 assessment. Despite RAC's modern slavery risk profile already being low, RAC acknowledges that all entities are subject to modern slavery risk and that modern slavery practices may still exist in our broader supply chain.



Steps taken by RAC to assess and address risks in our supply chain

RAC has taken the following steps to assess and address modern slavery risks:

- » engaged an external consultant in the 2020 financial year to review RAC's supply chain and operations;
- » established a cross functional modern slavery working group, including employees from the reporting entities, RACWA Holdings Pty Ltd and RAC Insurance Pty Ltd;
- » began its supplier mapping and assessment journey;
- » developed a modern slavery supplier checklist for onboarding new suppliers;
- » introduced modern slavery specific clauses into key contracts;
- » reviewed and amended tender related documentation to include modern slavery requirements;
- » approached its investment fund managers and reviewed their Modern Slavery Statements to better understand the levels of risk;
- » developed and rolled out an online modern slavery training module for leaders, procurement specialists, and contract managers across RAC (with compliance rates being closely monitored); and
- » provided ongoing modern slavery communications across all business units.

The above steps ensure that all entities in RAC are aligned in our modern slavery approach.

Assessing the effectiveness of our actions

We continue to track and monitor our performance and seek to identify further ways we can address and minimise Modern Slavery risk going forward.

We assess the effectiveness of our actions taken by:

- » Establishing a regular review process to evaluate the actions taken to date.
- » Regularly checking our risk assessment processes to ensure they remain up to date.
- » Having regular engagement and feedback between key areas of the organisation (including Commercial, Human Resources, Risk & Compliance and Legal), to highlight potential areas of improvement.
- » Conducting internal audits or monitoring specific steps taken to assess and address modern slavery risks.
- » Tracking the actions taken and measuring their impact.
- » Working with suppliers to check how they are progressing any actions they have put in place to address modern slavery risks.
- » Considering any trends in cases reported through grievance mechanisms and how these cases were handled.
- » Monitoring global trends and best practice to ensure our actions align with these standards.
- » Partnering with an industry group, such as Walk Free Foundation, to undertake an independent review of our actions.

We continue to ensure RAC's modern slavery initiatives are embedded, respected and upheld throughout the organisation.



Future actions intended to be taken by RAC

We intend to continuously improve how we address modern slavery risks in our supply chains. The measures that we intend to take in the current financial year includes:

- » formalising RAC's governance framework so that the modern slavery working group reports into the respective risk committees of RACWA Holdings Pty Ltd and RAC Insurance Pty Ltd to introduce greater oversight by our executives and leaders on modern slavery issues;
- » a broader rollout of updated modern slavery training and awareness modules, with stricter compliance measures being put in place;
- » an ongoing assessment of RAC's financial spend in order to identify any trends in goods and services that may pose a modern slavery risk for RAC; and
- » making provision for a 'modern slavery flag' to be included in the system design for RAC's new contract management system (in order to identify which suppliers have a modern slavery obligation).

This statement is approved by RAC Council for and on behalf of The Royal Automobile Club of W.A. (Inc.) and its related entities.

A handwritten signature in blue ink that reads "Jacquie Bonchi".

Signed

President

Position

14/12/2021

Dated



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