

## **BSA LIMITED ABN 50 088 412 748**

### **Modern Slavery Statement – FY21**

*[Explanatory note: The following are the 7 mandatory criteria on which BSA must report. They are annotated alongside sections below.*

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), and*
7. *provide any other relevant information.]*

#### **SUBSTANTIVELY**

(1) This second Modern Slavery Statement ("2MSS" or "Statement") is filed by BSA Limited ACN 088 412 748 ("BSA") for itself and its Subsidiaries (defined below) in compliance with its obligations under the Modern Slavery Act 2018 (Cwlth) ("the Act") and covers the period ending 30 June 2021. It develops on the position and the aspirations explained in BSA's first Modern Slavery Statement for the year ending 30 June 2020 ("1MSS") filed with Australian Border Force on 31 March 2021.

This Statement was approved under section 14(2)(d)(ii) of the Act at a board meeting of BSA Limited on 21 December 2021 and the Managing Director and Chief Executive Officer ("CEO"), Tim Harris, was authorised to sign it and file it with Australian Border Force.

#### **OUR STRUCTURE AND OPERATIONS**

(2) BSA remains a technical services contracting company listed on the Australian Securities Exchange ("ASX") with the ticker code "BSA". As at 30 June 2021, it was the ultimate holding company of the group of wholly-owned and controlled companies shown in Annexure 1 ("the Subsidiaries") which now include Catalyst One Pty Ltd ("C1") and Jamik (AUS) Pty Ltd ("Jamik") and the recently-incorporated BSA Communications and Utility Infrastructure Pty Ltd ("BSACUI").

(6) The directors of each Subsidiary (other than BSA Equity Plans Pty Ltd, C1, and Jamik) remain the CEO and Chief Financial Officer ("CFO") of BSA.

(The directors of the three excepted companies are:

- (i) BSA Equity Plans Pty Ltd: the CFO and Mr Nicholas Yates, a director of BSA Limited

- (ii) Jamik: the CEO, the CFO and Mr Anthony Osment; and
- (iii) C1: the CEO, the CFO, Anthony Osment and Mr Franc Vaccher.)

The Secretary of each Subsidiary is also the Secretary of BSA.

The CEO, CFO and Mr Yates attend all Board meetings of BSA Limited and consultation between the directors of BSA Limited and most Subsidiaries can thus occur at those Board meetings. Consultation with Jamik and C1 occurs at the periodical meetings held by the Boards of each, and this Statement has been approved by circular resolution of the Boards of C1 and Jamik. The CEO and CFO ensure that instructions by the Board of BSA are implemented by BSA's management within the operations of the Subsidiaries as part of the divisional structure outlined below. As at 31 October 2021 BSA engaged 846 employees split between its CUI (225) and APS (548) divisions (described below), and Corporate function (73).

(2) BSA comprises two divisions, APS and CUI. These are:

1 "Advanced Property Solutions" ("APS") a national business, providing innovative and solution-driven building services to all sectors of the construction industry. Effectively, APS provides the design, installation, maintenance, and optimisation of building services for all hard assets in commercial and industrial buildings and properties, including: Fire Detection and Suppression, Mechanical Services, Heating, Ventilation, Air Conditioning, Refrigeration, Electrical, and Building Management Systems (BMS) ; and

2 "Communications and Utility Infrastructure" ("CUI") providing - on a national basis – strategic advice, design, implementation, operations and maintenance services, specialising in telecommunications networks and technologies. CUI provides services to the telecommunications, subscription television and utility industries. These services include the delivery of bundled services over fixed line multi-technology networks, the installation of subscription television and the installation of smart meters.

### **(3) THE RISK OF MODERN SLAVERY IN OUR OPERATIONS AND SUPPLY CHAINS**

In its assessment of modern slavery risks as at 30 June 2021, BSA has retained its consistent approach to assessing and managing risk across its business. While BSA has taken steps since the filing of 1MSS to assess and mitigate its modern slavery risk, BSA remains relatively immature with regard to that mitigation. The effect of Covid-19 and other factors has culminated in the recent announcement of an expected loss in the first half year of FY22 and that reinforces BSA's position that it has limited resources to invest, including in sophisticated measures to identify and combat modern slavery. Accordingly, BSA has husbanded its available resources by partnering with other stakeholders (including subcontractors and suppliers) to maximise positive change.

BSA is a contracting business supplying services to its customers and incorporating goods and services from other suppliers, both locally and internationally. BSA has enjoyed a long relationship with many of these, but understands that there is still a risk that – despite our mitigating activities (see below) - our operations may be supported

by supply chains which include labour provided by those who have been coerced, exploited or otherwise deprived of their basic freedoms.

BSA remains an Australian business with operations confined to Australia. All immediate suppliers with whom BSA trades - other than the occasional, off-shore IT support - are based in Australia or have registered Australian subsidiary businesses. The logic of this approach described in 1MSS remains: BSA leverages Australia trading and employment laws to ensure modern slavery practices are minimised in our immediate supply chains.

Our immediate suppliers can still be defined by 3 categories:

- i) Direct Goods: Direct Suppliers of products that are used to complete BSA's contracted work. These include cables, tools, electrical consumables, refrigeration equipment, pipes, fire sensors, safety equipment etc. BSA still receives "free-issue" goods from some customers which it subsequently uses to provide the services. BSA has no control over how those goods are procured, or any other element of that supply chain. Accordingly we have excluded those free-issue goods from our analysis. In support of that decision we recognise that those customers providing free-issue goods:
  - i. have large revenues; and
  - ii. will themselves have discharged their own modern slavery obligations.

Consequently, we consider the risk of modern slavery with regard to free-issue goods as low.

- ii) Indirect Goods and Services: Indirect suppliers of products and services that support BSA's contracted work indirectly. These include telecommunication providers, IT and office equipment, safety training services etc. and those who assist in the management and support of BSA offices and facilities.
- iii) Direct Labour Hire: Subcontractors who provide services to fulfil BSA's contractual obligations for contracted work. These include sole traders, third party labour hire companies, and Australian businesses employing a skilled workforce with relevant industry expertise.

We expand on these three categories as follows:

#### Direct Goods:

These include cables, tools, electrical consumables, refrigeration equipment, pipes, fire sensors, safety equipment etc. and are procured directly from suppliers by BSA to complete contracted work. They may be manufactured in Australia and obtained directly from these manufacturers, or may be procured indirectly from other manufacturers through our immediate suppliers. BSA recognises that there is increased risk of human rights abuses where BSA does not have a clear line of sight over who is manufacturing the end product. [For example: BSA has identified that a significant portion of its consumables are manufactured in South East Asia and present a risk of modern slavery.]

### Indirect Goods and Services:

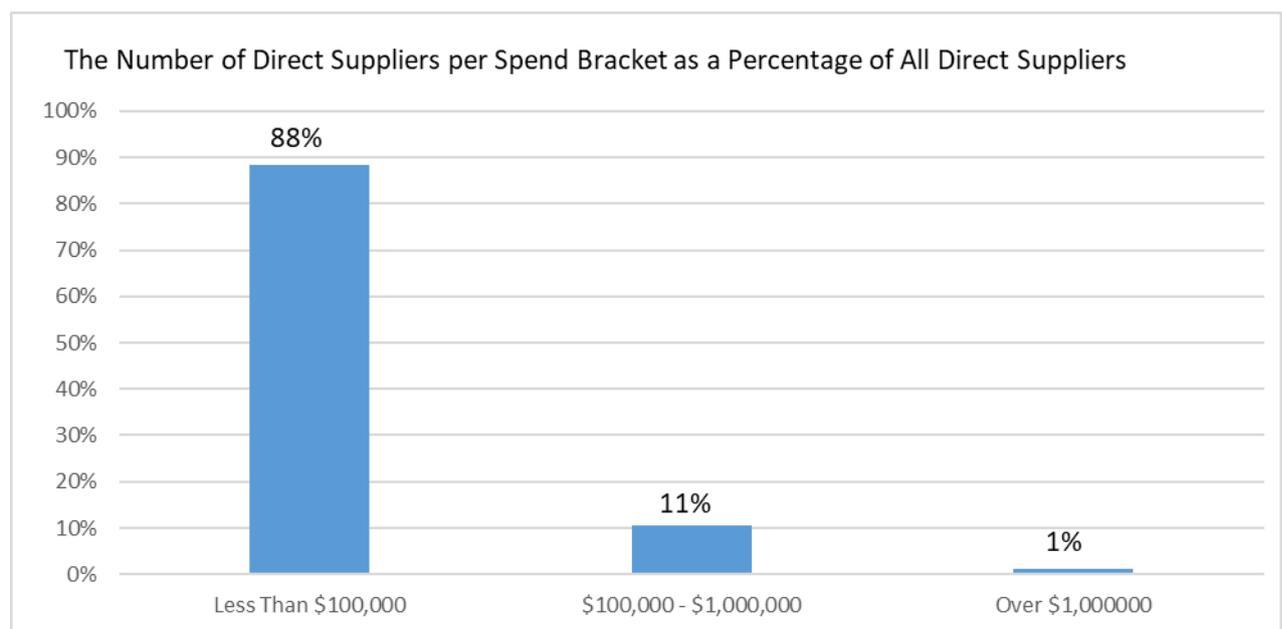
BSA still procures some indirect goods and services, largely through large, well-governed and publicly-listed companies which are (because of their turnovers) themselves subject to anti-modern slavery legislation, declarations and practices. Examples include those who provide BSA with telecommunication services, IT and office equipment, safety training services etc. BSA has reviewed a number of their anti-slavery statements and those reviewed indicate compliance with the law. Additionally they appear well-equipped to mitigate those risks in their own business practices and supply chains.

### Direct Labour Hire:

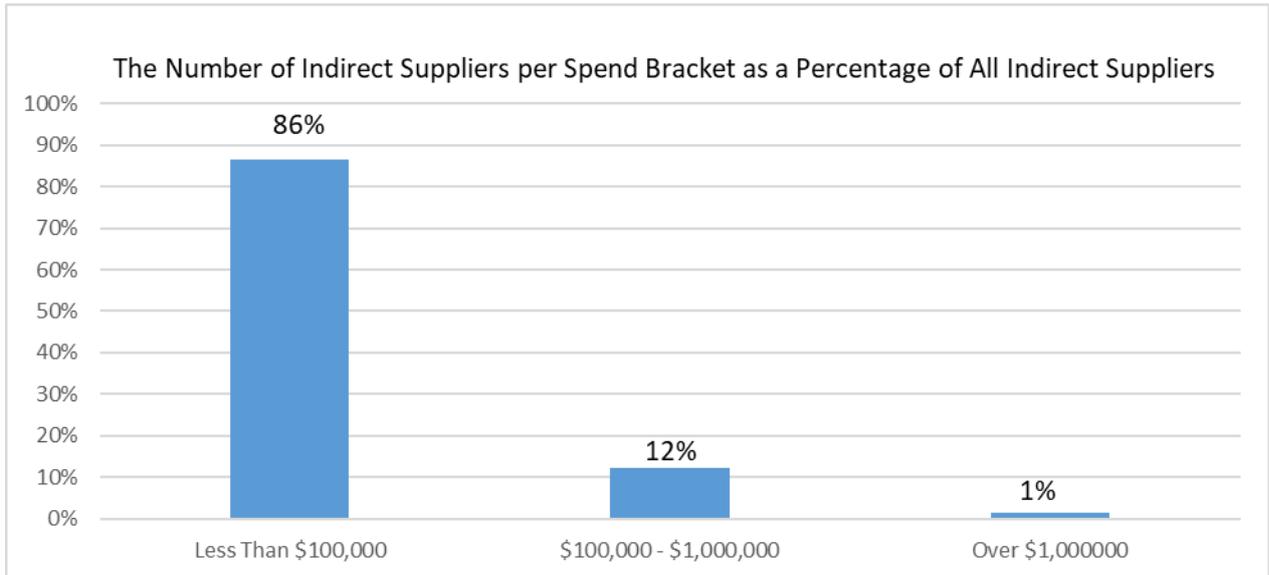
Although BSA has a large sub-contract labour force, we do not believe that the suppliers we contract with directly ("Primes") present a significant risk of "modern slavery". We will continue to interrogate our assumptions and we accept that we need to check continually that the supply chains of those subcontractors and suppliers do not themselves include modern slavery suppliers.

#### **(4) OUR ASSESSMENT OF THE RISKS**

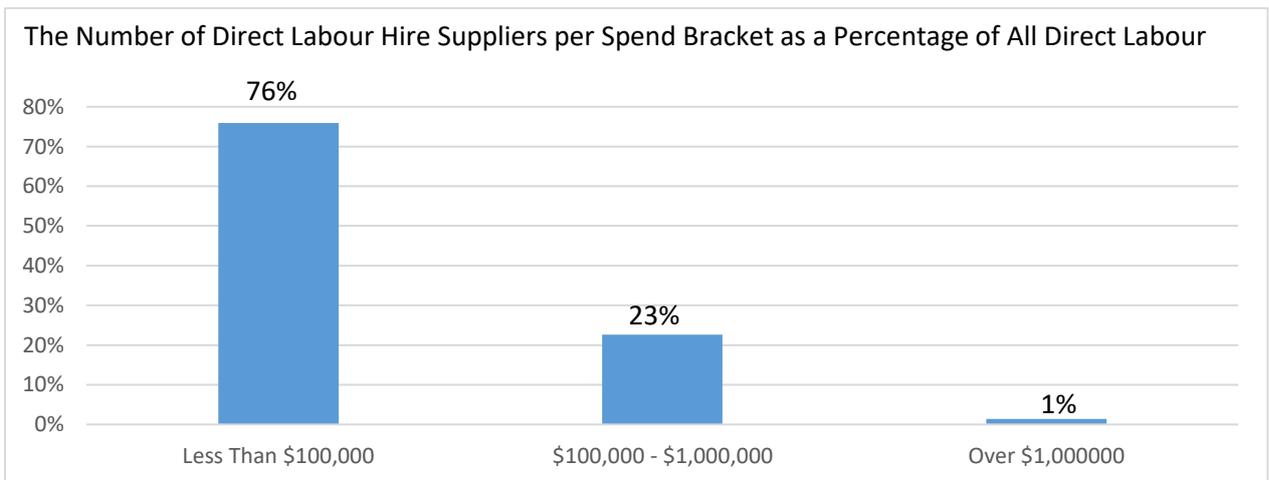
As at 31 October 2021, BSA's financial records (in its Pronto database) indicate that it uses more than 3000 "live" suppliers and subcontractors. (This was also the case as at 30 June 2021.) These have been analysed and prioritised by spend characteristics. Graphs 1, 2 and 3 show the distribution of the spend per supplier against the number of all such suppliers for that type of supply i.e. Direct Goods, Indirect Goods & Services or Direct Labour Hire.



**Graph 1 Direct Goods**



**Graph 2 Indirect Goods & Services**



**Graph 3 Direct Labour Hire**

In considering suppliers of Direct Goods (Graph 1), there remains a very large number of suppliers supplying goods worth less than \$100,000 per year. (The percentage has increased slightly from 85% (1MSS) to 88% (2MSS).) Consequently, as at 30 June 2021 and indeed currently, there remains the risk that group includes unsophisticated suppliers sourcing goods from within supply chains with significant modern slavery risk. This risk also applies for those providers supplying between \$100,000 and \$1 million per year, but BSA's procurement strategy remains to consolidate its supply chain. This should allow BSA to concentrate its future analysis on larger suppliers. The greater concentration of effort is likely to be more productive in eliminating modern slavery.

BSA's suppliers providing indirect goods and services (Graph 2) tend to be larger suppliers subject to the "modern slavery" reporting regime. Their own work in assessing and mitigating the modern slavery risk likely results in a lower risk to BSA since these suppliers are unlikely to tolerate modern slavery in their own supply chains. Consequently, BSA has not focussed on these. BSA intends to re-assess those suppliers when renewing or re-tendering their supply contracts.

BSA's Direct Labour Hire suppliers (Graph 3) receiving less than \$100,000 are likely to be unincorporated sole traders or those traders who have incorporated, but remain very small labour providers. BSA has determined these are unlikely to employ others: the risk they do not pay their staff the statutorily required wage is assessed as low. They likely have no staff at all.

It is noteworthy that now the composition of the Direct Labour suppliers has shifted somewhat (see table below). Effectively, labour is being provided to BSA by proportionately more, smaller subcontractors, rather than those subcontractors receiving revenue from BSA over \$100k and particularly those receiving between \$100,000 and \$1M. This tends to suggest that the risk of modern slavery in the labour supply element of BSA's supply chain should be reducing.

	<b>Less than \$100k</b>	<b>\$100k - \$1M</b>	<b>Over \$1M</b>
<b>1MSS</b>	69%	29%	2%
<b>2MSS</b>	76%	23%	1%

**Direct Labour Hire: the proportion of supplier spend per bracket compared**

BSA remains of the opinion that it should concentrate its attention on:

- 1 Direct Goods suppliers receiving more than \$100k in revenue from BSA; and
- 2 Direct Labour Hire suppliers receiving more than \$100k.

because

- 1 Direct Labour: Labour hire and subcontracting may include unfair conditions for workers. Migrant workers and sole traders are often at risk of exploitation. BSA will seek assurances from its labour providers as to their processes to the protection of their workers; and
- 2 Direct Goods: these suppliers remain subject to considerable pricing and margin pressures. Consequently, they may source goods from overseas manufacturers in low labour cost jurisdictions. BSA expects these jurisdictions are those most likely to encourage indentured or child labour.

Of the two types of suppliers, BSA continues to assess the risk of modern slavery among its direct labour suppliers as being the lower. Labour subcontractors are relatively numerous and form an essential part of BSA's operating model. BSA has an experienced and proficient "compliance team", who assess all such would-be subcontractors before they are "on-boarded", including for their modern slavery compliance.

Many subcontractors have provided services to BSA for many years (including in BSA's Fire Build and Infrastructure teams and as part of CUI's service provision to its

telecommunications clients). Those subcontractors retain autonomy in the running of their businesses, but BSA is very familiar with their business models, service delivery and personnel. BSA's strong safety focus requires a relatively large H&S team who constantly conduct safety audits at work sites. Those audits require regular interaction with subcontract staff, and that interaction facilitates early identification by BSA of any improper engagement of subcontract workers. As BSA stated to a recent Senate enquiry, BSA will not hesitate to terminate (and has terminated recently) any subcontractor not paying their workers properly. In that recent case, BSA engaged the Prime's workers directly<sup>1</sup>.

The position with regard to BSA's Direct Goods suppliers is different. Many of the smaller suppliers retain commercially-confidential supply chains, so as to protect

- (i) them against disintermediation, and
- (ii) their margins in the face of stiff competition.

That opacity makes it difficult for BSA to assess the risk of modern slavery in these suppliers' supply chains. Initial steps taken by BSA to mitigate this risk are described in the next section.

#### (4) **WHAT MITIGATIONS HAVE WE TAKEN?**

BSA has implemented a multi-channel approach to tackling the risk of modern slavery in its supply chain:

- 1 Believing that education as to the risks was key, BSA required all directors, managers and employees to undertake training. That continues. The statistics as to compliance with this requirement as at 17 November 2021 are shown below.

<b>Students</b>	<b>Number</b>	<b>% training completed</b>
<b>Directors</b>	7	100%
<b>Managers &amp; other corporate staff</b>	105	85%
<b>CUI employees and subcontract workers</b>	1676	98%
<b>APS employees and subcontract workers</b>	500	93%

It should be noted that BSA's workforce is fluid and so these proportions fluctuate.

- 2 All new employees will undertake the same on-line training as part of their induction. CUI subcontract technicians have undertaken the same on-line training. Since the APS subcontract workforce is differently constituted, modern slavery training is being undertaken at early-morning 'toolbox' training sessions across the APS business.

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<sup>1</sup> Richard Bartley in response to a question from Senator Canavan on 14 September 2021 at the enquiry by the Senate Select Committee on Job Security

- 3 All subcontractor engagements are now on the terms of written contracts which specifically require a contractual promise by the subcontractor to comply with the law as to modern slavery and to take steps to eliminate it.
- 4 BSA's full-time Procurement professional supervises the assessment of "modern slavery risk" as part of BSA's "due diligence" approach before the engagement of new suppliers.
- 5 158 existing suppliers have recently been asked to undertake an on-line desktop survey (created by "Safe-Trac" – the provider of BSA's on-line training package) as to enable BSA to assess and manage risks of modern slavery. Regrettably the response has been poor with only 28 (i.e. 18%) replying as requested. The Safe-Trac tool assesses all respondents against various criteria and grades a respondent as ""Performed well", "Needs improvement" or "Requires attention". All 28 respondents have been assessed as "Needs improvement".
- 6 The survey has flagged issues as described in the next section.

**(5) ARE THEY EFFECTIVE?**

Worker feedback on the online training BSA rolled out was over-whelmingly positive, with many trainees commenting that they had simply been unaware of the prevalence of modern slavery, and the risks it presents to companies like BSA. The training was clearly effective.

Conversely, since the desktop survey undertaken by BSA has met with such a limited response this must, of itself, be considered a 'red flag' and thus the survey has been effective at identifying that either these of BSA's suppliers attach no importance to the subject or are susceptible to the risk of modern slavery in their own workforces and supply chains.

It is noteworthy, however, that BSA still has not received – whether through its management chain or through its 'whistleblower hotline' - any complaint (raised by an employee of BSA or the staff of a supplier or subcontractor) raising concerns about their employer and the complainant's working conditions.

**(7) WHAT WILL WE DO NEXT?**

When filing 1MSS, BSA intended that it would have:

- 1 completed the rollout of its training program to all directors, offices, employees and subcontractors' staff; and
- 2 checked (on a desk top basis) the BSA supply chain for goods and by spot checks all those suppliers of high risk supplies; and
- 3 checked all labour providers on a desktop basis and instigated spot checks for those identified as being "high risk".

As at the filing of this Statement, BSA has conducted step 1 above.

As to step 2, the poor response to the desk top survey of goods suppliers is of concern. BSA's management have determined that with regard to this poor response:

- (i) BSA should contact those suppliers who have not yet responded at all, requiring that they do so before 31 December 2021;
- (ii) BSA will re-assesses the grading ascribed to respondents to check its appropriateness;
- (iii) BSA will establish what steps would need to be taken by respondents scored as "Needs improvement" to achieve a "Performed well" score; and
- (iv) BSA intends developing a strategy to:
  - a. Improve the BSA supply chain as a whole; including by
  - b. Re-assessing suppliers on a desk-top basis; and
  - c. Auditing those assessed as unsatisfactory.

Step 3 above is currently conducted by the WHS team assessing the condition and welfare of workers on site. This will continue as part of BSA's 'business as usual'.

The education of all in the BSA workforce will continue with 'refreshers' for current staff and all new staff receiving training as part of their induction.



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**21 December 2021**

**Tim Harris**

**Managing Director for BSA Limited**

# ANNEXURE 1

