

# Joint Modern Slavery Statement FY2022

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 2021 to 30 June 2022



## Reporting Entities

This Joint Statement is made pursuant to the Modern Slavery Act 2018 (“the **Act**”) and is submitted by The Royal Automobile Club of W.A. (Inc.). This statement has been prepared in consultation with RAC’s reporting entities, RACWA Holdings Pty Ltd and RAC Insurance Pty Ltd (“**RAC**”).

A Modern Slavery Working Group was established in RAC in 2019, which has senior representatives from RACWA Holdings Pty Ltd and RAC Insurance Pty Ltd. The Working Group inform and contribute to the development of this statement, having regard to the matters noted below.

The respective boards of each entity have considered and approved this Joint Modern Slavery Statement.

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.

## About RAC

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

### 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 Reporting 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 Act.

As shown in the below diagram, RACWA Holdings Pty Ltd is wholly owned by 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 a range of operations which centre upon delivering diverse 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:

- » social and community impact initiatives, centred around the pillars of safe, sustainable and connected, which benefit members and the Western Australian community;
- » 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;
- » new business prototype, including market testing; and
- » an innovation venture capital fund.

RAC employs approximately 2,000 people, which comprises a blend of direct employees and contractors, the majority of which are within Western Australia.

## RAC's Suppliers

RAC's operations are largely limited to the provision of goods and services from direct suppliers located within Western Australia.

Having reviewed our supply chain and spending behaviour over the past year, those goods and services that are most commonly sourced from suppliers outside Australia include commercial construction materials, stationery, motor vehicle parts, batteries, home building materials, software and technology.

In the 2022 financial year, the majority of our direct 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.

RACWA Holdings' portfolio is 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.

RACWA Holdings investment advisers have integrated approaches and processes in place to assess the modern slavery risks of all the investment managers that 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.

RAC Insurance's portfolios are invested in interest bearing securities and cash. Its investment manager considers modern slavery risks as part of the investment process and as such the risks are considered for all issuers in the portfolio and on the investment managers coverage list.

In addition to the above, RAC requires its investment advisers and managers 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.

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

RAC further acknowledges that, in the context of borders reopening and migration gradually returning to Western Australia post Covid-19, certain industries (like horticulture, hospitality and tourism) tend to see the exploitation of temporary migrants and backpackers. With an expected increase in casual and overseas workers in its holiday park operations over the next 12 months, RAC is committed to its compliance with Industrial Relations and Employment Laws and ensures that all its employees and contractors are appropriately engaged, and in accordance with applicable awards and conditions.

## Global events

Global events, including the Covid-19 pandemic, armed conflict in the Ukraine and the increased occurrence of natural disasters have posed significant challenges for supply chains globally. Australia has experienced extreme weather patterns including bush fires and flooding. These global and domestic events have impacted supply chains across the majority of sectors. This has affected RAC to a moderate extent (in that the attainment of certain goods and services has been made challenging with logistical and transportation delays, shortage of supplies and increased costs).

We acknowledge that coronavirus (Covid-19) has an ongoing impact and will continue to increase modern slavery risks and may further marginalise vulnerable workers. As part of RAC's Modern Slavery Risk framework, ongoing reviews are conducted within existing supply chains for higher risk goods, and for new suppliers of those higher risk goods.

## Modern Slavery risks

To assess the risk of modern slavery in our supply chains, RAC continues to review its supply chains. RAC has engaged external consultant, Fair Supply to assist with a review. In addition, we analysed our financial spend for the 2022 financial year.

Fair Supply previously undertook a risk assessment 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.

Despite RAC's modern slavery risk profile already being relatively 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.



Whilst RAC's operations have not varied since the 2020 assessment by Fair Supply, over the course of the 2022 financial year, RAC has completed refurbishment works at several office locations, and at a number of its auto service centres and holiday parks. This has resulted in an increase in commercial construction materials and fit out costs. Whilst the direct suppliers of the goods and services are located within Western Australia, RAC recognises that much of the construction materials are sourced from outside of Australia.

## 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, Fair Supply, in the 2020 financial year to review RAC's supply chain and operations, and has engaged Fair Supply again to provide continuing assistance to address modern slavery in RAC's supply chain;
- » established a cross functional Modern Slavery Working Group, including employees from the reporting entities, RACWA Holdings Pty Ltd and RAC Insurance Pty Ltd;
- » strengthening 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;

- » launched a broader rollout of modern slavery training and awareness modules (with stricter compliance measures being put in place);
- » provided ongoing modern slavery communications across all business units.
- » formalised 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, so as to introduce greater oversight by executives and leaders on modern slavery issues.

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 relevant and 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 trends in cases reported through grievance mechanisms and how these cases were handled; and
- » monitoring global trends and best practice to ensure RAC's actions align with these standards;

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

RAC's Modern Slavery Statement is publicly available on its website: [www.rac.com.au](http://www.rac.com.au).

This joint statement is approved by RAC Council for and on behalf of The Royal Automobile Club of W.A. (Inc.) and its wholly owned subsidiaries RACWA Holdings Pty Ltd and RAC Insurance Pty Ltd.

Signed

19/12/2022

Dated

Allan Blagaich

Name

President

Position



[rac.com.au](http://rac.com.au)