



**RSEA**

**SAFETY**

**Modern Slavery  
Statement FY22**

# Contents



Introduction ..... 3

Reporting Criteria 1 & 2: RSEA Safety Structure & Operations ..... 4

Reporting Criteria 3: Modern Slavery Risks in Operations and Supply Chain ..... 8

Reporting Criteria 4: Actions to Assess and Address Risk ..... 10

Reporting Criteria 5: Effectiveness Assessment ..... 13

Reporting Criteria 6: Consultation Process with owned or controlled entities ..... 14

## Introduction



RSEA Safety has built an enviable reputation in the Australian marketplace for assisting our customers in their pursuit for a safe workplace. Our ongoing commitment to the physical safety of people extends to our employees and the broader communities in which we operate.

Our mission is to be at the forefront of safety products suppliers in Australia. This demands we operate our business with the highest standards of ethical conduct and integrity. We do not tolerate modern slavery in our operations or extended supply chains in any form, and support the efforts of our employees, supply partners and customers to eliminate all forms of exploitation across the world.

The RSEA Safety team enjoy a deep understanding of our global supply network and possess an unwavering commitment to identify and address the risks in our operations. As both a manufacturer and distributor, we take great care in selecting supply partners that hold the same values and standards that we do. At all times we put the wellbeing of our employees and supply partners above profit.

As our first submission under the *Modern Slavery Act 2018 (Cth)*, we are pleased with our progress but well-aware this is a process without an end. This inaugural statement captures our principle-based approach to identifying and managing modern-slavery risks and provides an overview of our actions and endeavours.

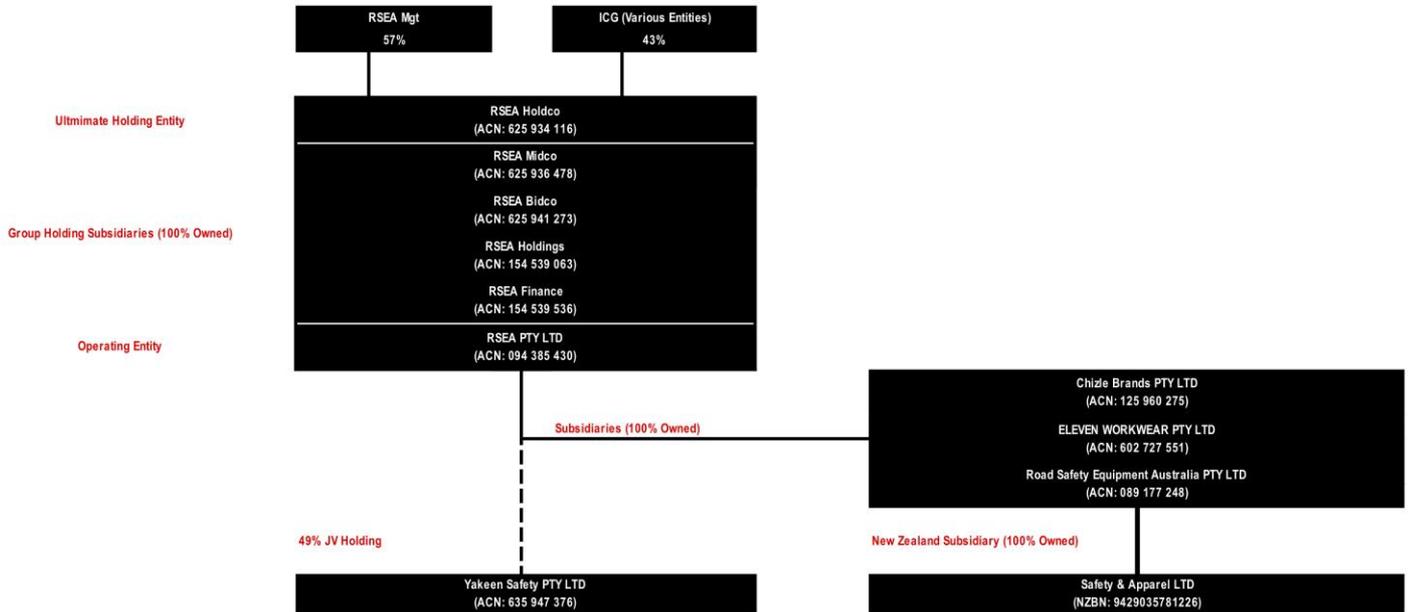
As RSEA Safety continues to grow, our ongoing diligence and commitment to proper governance and compliance will reflect our determination to continuously improve and positively impact the communities we touch.

This statement was approved by the board of RSEA Safety on the 25<sup>th</sup> of August, 2022.

**Brandon Chizik**  
Managing Director  
RSEA Pty Ltd

# Reporting Criteria 1 & 2: RSEA Safety Structure & Operations

## Corporate Structure



RSEA Pty Ltd is an Australian Private Company limited by shares and was first registered in 2000. RSEA has a head office at Ground Floor, 1601 Malvern Road, Glen Iris VIC 3146, and currently trades in Australia and New Zealand providing safety products and apparel.

We operate across 75+ safety superstores, 8 distribution centres and 6 road safety hire locations. The organisation directly sources products from local and overseas manufacturers as well as procurement of products from wholesalers for distribution.

### Corporate Governance

RSEA Safety has ensured our governance structures are in line with generally accepted principles and can be broken down by the following foundations:

1. Implement solid foundations for management and oversight.
2. Structure the board to be effective and add value.
3. Instil a culture of acting lawfully, ethically, and responsibly.
4. Safeguard integrity in corporate reports.
5. Recognise and manage risk.

In all our actions we aim to meet these standards and hold ourselves accountable to the outcomes. In line with point four above, our financial statements are audited annually and published with ASIC. The audit considers all the above to ensure the processes and structures in place are appropriate for an organisation of our size



OVER  
**500**  
BRANDS SOLD



APPROXIMATELY  
**800**  
STAFF EMPLOYED



CURRENTLY  
**75+**  
RETAIL SUPER STORES



OVER  
**10,000,000**  
PRODUCTS SUPPLIED PER YEAR

## Operational Model



## Areas of Operations

### RSEA Safety

RSEA Safety is a large, geographically diverse safety supplies and road safety hire business, which offers customers an omni-channel shopping experience via retail superstores, online shopping, and direct business-to-business relationships. RSEA offers an extensive range of quality Australian and globally recognised brands, as well as designing and manufacturing several of our own brands. RSEA also offers services such as uniform branding and embellishment, road safety equipment hire, and vending machines for safety products (typically personal protective equipment (PPE)).

### Yakeen Safety

RSEA Safety is a 49% shareholder in Yakeen Safety, with 51% being held by Onabac Pty Ltd, a 100% indigenous-owned business. Yakeen Safety operate in the same market with a similar product offering to RSEA Safety, and largely utilise the same infrastructure and supply chain.

## Our Product Categories

	<p><b>WORKWEAR</b></p>	<p>Apparel such as shirts, pants, and jackets for both work and casual wear and hi-visibility safety wear. Often with customer specific branding.</p>
	<p><b>FOOTWEAR</b></p>	<p>Protective footwear for industry.</p>
	<p><b>PPE</b></p>	<p>A large array of safety products for Hand, Eye, Head &amp; Face, Hearing, Body, Respiratory, Height Safety, Welding, Confined Space and Hydration Solutions.</p>
	<p><b>WORKPLACE SAFETY</b></p>	<p>General safety items such as First-Aid Safety, Fire Extinguishers, Spill Kits, Safety Barriers, Lock-out/Tag-out, Health &amp; Hygiene, Safety Hardware and Containment &amp; Storage.</p>
	<p><b>SAFETY SIGNAGE</b></p>	<p>Workplace signage is designed to give employees advanced warning of potential hazards and safety procedures. Mandatory, Prohibition, Warning, Danger, Caution, Fire, First Aid and HAZCHEM safety signage. We can also arrange custom made signage.</p>
	<p><b>ROAD SAFETY</b></p>	<p>Road safety equipment range includes several traffic management solutions including Safety Bollards &amp; Cones, Road Signage, Traffic Mirrors, Vehicle Warning and Vehicle Safety Equipment. RSEA also hire out road safety equipment.</p>

## Reporting Criteria 3: Modern Slavery Risks in Operations and Supply Chain

### Operational Risks

RSEA Safety employs a diverse team of professionals across Australia and New Zealand with around 67% of our employees identifying as female and 33% identifying as male. Both Australia and New Zealand are classified as low risk, with 0.65 and 0.64 people per 1,000 affected by modern slavery<sup>1</sup>, respectively. The labour markets in both countries are heavily regulated, and we have an unblemished record of meeting our obligations regarding worker rights and entitlements. RSEA Safety supervises and controls local employment through relevant laws and internal policies such as the *RSEA Safety Equal Opportunity & Privacy Policy*.



At times in the past 12 months, RSEA Safety has engaged an external labour hire organisation to assist with staff in our distribution centres. There are robust processes in place to monitor the use of labour hire personnel and all preferred agencies are assessed to ensure compliance to local labour laws.

Due to these factors RSEA Safety classifies the risk of Modern Slavery within these operational areas as low.

### Supply Chain Risks

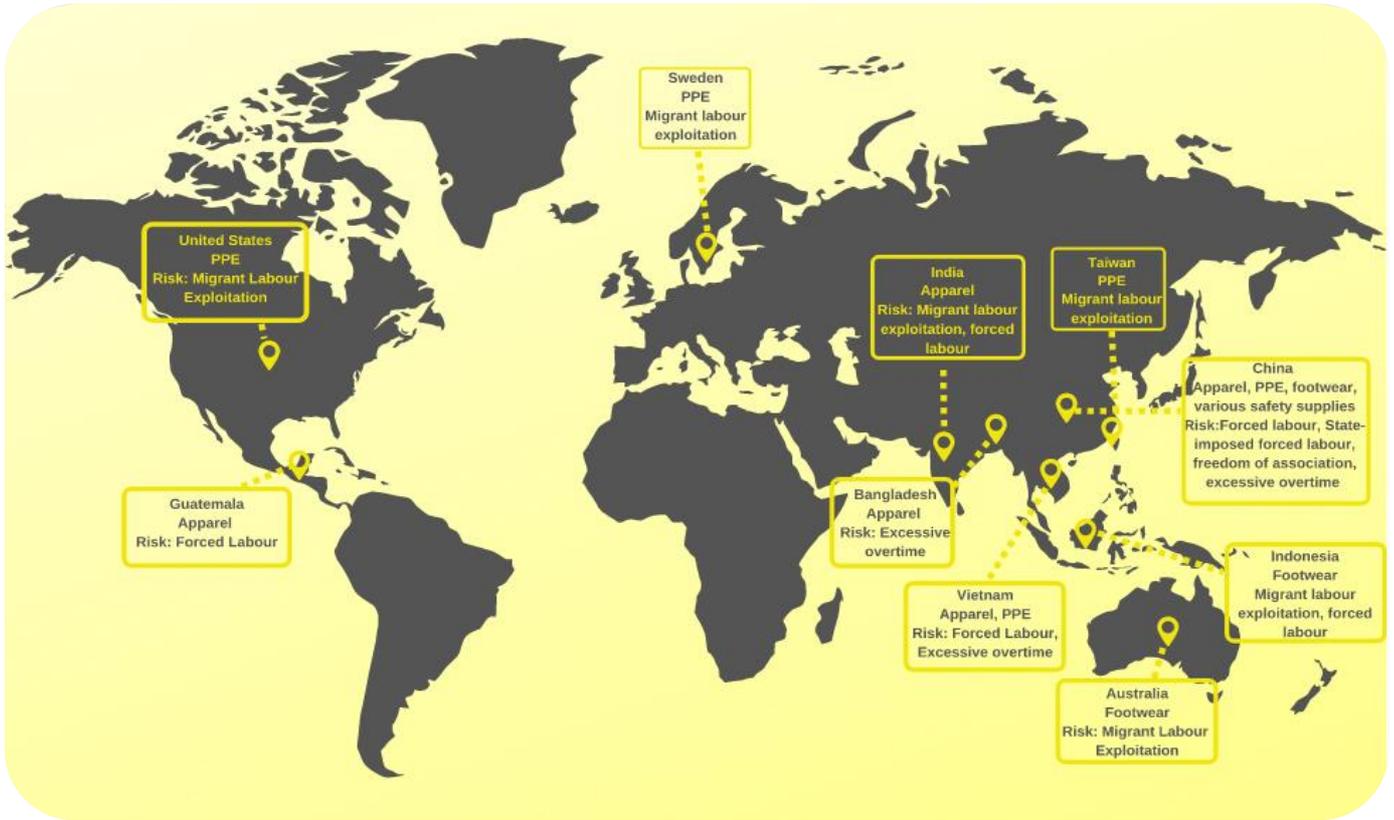
RSEA Safety acknowledges our potential to cause, contribute or be directly linked to Modern Slavery through our supply chain. We view our overseas manufacturers and our extended supply chains as the most obvious risk due to their distance from RSEA Safety's management and the inherent risks in the geographical locations. Covid-19 travel restrictions have exacerbated these risks.

We recognise that the 2018 Global Slavery Index (GSI) lists apparel and footwear as one of the most affected industries globally and garments are one of the top five high risk products imported by Australia<sup>2</sup>. Given both these product lines are a core offering of RSEA Safety we pay particular attention to these areas when reviewing our potential for harm.

Apparel and PPE have long and complex paths to becoming a finished good. Overseas transport and logistics, warehousing and the sourcing and supply of raw materials are all areas that pose risk of modern slavery. Key agricultural commodities have also reported to be high-risk industries. Of particular relevance to RSEA Safety is the cultivation and harvesting of cotton. We are aware of the risks in relation to cotton sourced from the Xinjiang Uyghur Autonomous region in China and work closely with partner factories to ensure this risk is effectively managed.

<sup>1</sup> Walk Free Foundation. (2018). Global slavery index. <http://www.globalslaveryindex.org/>.

<sup>2</sup> Walk Free Foundation. (2018). Global slavery index. <https://www.globalslaveryindex.org/2018/findings/country-studies/australia/>



***Supply Chain Risks by Geography & Product Category***

## Reporting Criteria 4: Actions to Assess and Address Risk

### Comprehensive Sales and Operational Planning (S&OP)

Due to our longstanding relationships with our overseas supply partners, we have facilitated supplier workshops in with the intention of improving our own organisational behaviour. The feedback we received from these sessions is that customers who place pressure on manufacturing locations to produce goods in unrealistic lead times or at unsustainable prices are the two most taxing demands on supply chains. These two pressure points can be precursors to engaging in unsatisfactory practices to meet unviable deadlines or cost reduction targets. RSEA Safety has significantly invested in S&OP resources such as enterprise resource planning software, a high-skilled and industry experienced S&OP team and robust processes to ensure we do not place undue pressure on our manufacturing and supply partners to cut corners.

Furthermore, RSEA Safety has significantly over-invested in our stock holdings, at times holding up to 12 months' worth of inventory. This significant expense is justified to not only provide an improved customer experience, but to allow for the extended lead times and logistical challenges in a COVID-19 affected world and minimise the urgent requirements that encourage a relaxation of modern slavery protocols.

### Commercial Responsibility

Ethical behaviour is also supported by RSEA Safety making a conscious decision to not just take the cheapest option to reduce our direct costs. We look beyond the basics, and endeavour to address the root cause issues that encourage practices that encourage risk. We are a partner of choice for many manufacturers by paying on time and accepting fair and reasonable price rises. We also engage in correct purchasing practices to address risks, summarised in the table below.

	Poor Purchasing practices	Consequences	Improvement Goals
<b>Sampling</b> 	Ask for a lot of samples	Sampling cost Decrease in supplier profit Working hours and health and Safety	Aim to reduce and or coordinate no. of samples Implement virtual sample software
<b>Price Quotation</b> 	Labor costs are usually not itemized in the FOB. Overtime and social benefits are not calculated into the labor cost	Increased risk for suppliers cutting labor costs. Can results in lower wages, no overtime pay and no social benefits.	Encourage transparency and dialogue about price engineering and decent work accounting.
<b>Forecasting</b> 	Lack of forecasting and info. sharing delay suppliers' ability to effectively plan production Unplanned order placement and unrealistic delivery	Difficult for suppliers to schedule production and capacity. Increased risk of overtime (working hours) and consequently risk for accidents and injuries	Improve internal forecasting process and inform suppliers as early as possible to facilitate sound production and capacity planning.
<b>Product Development</b> 	Incorrect product specification. Lack of technical knowledge of production Delays from material and component suppliers.	Delays production start-up and decreases actual production time. Working hours and health and safety	Control of commercial targets, design and technical specs before product dev. requests are sent to suppliers. Take responsibility for on-time delivery from material or component suppliers

## Policy Controls

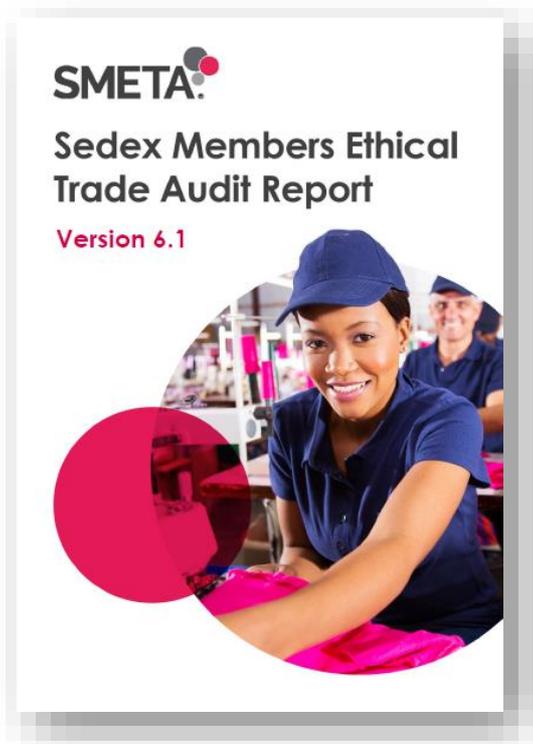
RSEA Safety views ethical sourcing and modern slavery prevention as a joint responsibility shared by our employees and our suppliers. We have a comprehensive *Ethical Sourcing and Modern Slavery Policy* that details the expectations our business has of suppliers and the consequences of not complying with these requirements. All our partners have obligations regarding:

1. Anti-Corruption
2. Preferred Suppliers
3. Labour expectations
4. Freedom of Association
5. Child Labour
6. Wages and Benefits
7. Working Hours
8. Human Rights
9. Safe and Hygienic Conditions
10. Non-Discrimination
11. Regular Employment
12. Environment Compliance

As the RSEA Safety business matures and grows, we will continue to refine and develop these policies to ensure our expectations are met around the globe and our risk of modern slavery reduced.

## Enhanced Due Diligence

Due to pandemic travel restrictions, many of our team have not been able to travel internationally like previous years. This can increase our risk profile as RSEA Safety team members have been unable to physically attend many manufacturing locations.



### SMETA Partnership

To offset this risk, RSEA Safety engages SMETA (Sedex Members Ethical Trade Audit) which is an ethical audit methodology that encompasses all aspects of responsible business practice. SMETA provide detailed post-audit reporting over some 80 pages, covering the following modules.

- Labour Standards
- Health and Safety
- Additional Elements:
- Management Systems
- Entitlement to Work
- Subcontracting and Homeworking
- Environmental assessment

## Amfori BSCI Partnership



RSEA Safety is also a proud partner of amfori BSCI and facilitates audits in our manufacturing points by their team. An amfori BSCI audit looks to continuously improve the social performance of suppliers and enhance working standards. It is based on the labour standards of the International Labour Organization (ILO) and international regulations such as the Universal Declaration of Human Rights.

The broader amfori BSCI Code of Conduct refers to international conventions such as the Universal Declaration of Human Rights, the Children's Rights and Business Principles, UN Guiding Principles for Business and Human Rights, OECD Guidelines, UN Global Compact, and International Labour Organization (ILO) Conventions and Recommendations relevant to improve working conditions in the supply chain.

RSEA Safety endorses the amfori BSCI Code of Conduct and with their support, are committed to the principles set out in these conventions.

### **Selective Partnerships**

RSEA Safety has long standing relationships with manufacturers and does not enter into new supply agreements lightly. All new factories are inspected by our team members and there have been several instances of suppliers being rejected due to not being to the required standard. All wholesale suppliers are also checked by our procurement team to ensure compliance to our policies.

## Reporting Criteria 5: Effectiveness Assessment

### Ongoing Monitoring of Risks and Opportunities

In FY2022 RSEA Safety appointed an Environment, Social and Governance Committee (ESG) to support an increased focus in these key areas. The objective of the Committee is to consider the material environmental, social and governance issues of RSEA Safety’s business activities and support the wider business in delivering improved ESG outcomes. Relevant to this document, the committee will also review the effectiveness of the group’s initiatives and policies that support human rights (including modern slavery) in RSEA Safety’s operations and supply chain. Committee members have been key authors of this Modern Slavery Statement and will continue to review and assess our activities in this area to ensure adherence to best practice.

### Audit and Compliance Program

The 3rd party audit program covered previously is a critical foundation of our ethical sourcing process and employs a best-in-class methodology to assess the effectiveness of RSEA Safety’s policies and procedures. Every manufacturing factory engaged by RSEA Safety is third party audited, and (under normal travel conditions) visited by suitable qualified RSEA Safety staff members.

BSCI audits are a mix of fully announced, fully unannounced and semi-announced to ensure that there is genuine transparency in production factories. Audits are incredibly detailed, and included such particulars as:

- time recorded down to the minute for every inspection occurrence,
- a complete review of the employment structure at the time of audit, including male/female split, identification of migrant workers and job category,
- 13 different performance areas are then audited, measured against a detailed rating system (pictured right) and recorded, forming the main contents of a report that is then shared with RSEA Safety, and
- All critical areas, including any non-conformances are photographed and submitted in the report.

SMETA audits cover similar areas, but also randomly select employees for one-on-one interviews with auditors. Multiple soft factors are also noted down, such as if managers appeared to try and influence the employees selected, and auditors observe and report on the attitude of managers to the audit, both positive and negative.

Rating Definitions		
Rating	A combination of ratings per Performance Area where:	Consequence
<b>A</b> Very Good	<ul style="list-style-type: none"> <li>• Minimum 7 Performance Areas rated A</li> <li>• No Performance Areas rated C, D or E</li> </ul> These are three examples: A A A A A A A A A A A A A A A A A A A A A A A A A A A B B B B A A A A A A A A A B B B B B B B	The auditee has the level of maturity to maintain its improvement process without the need for a follow-up audit.
<b>B</b> Good	<ul style="list-style-type: none"> <li>• Maximum 3 Performance Areas rated C</li> <li>• No Performance Areas rated D or E</li> </ul> These are three examples: A A A A A A A B B B B B B B B B A A A A A A A B B B B B B B B C B B B B B B B B B B B B C C C	The auditee has the level of maturity to maintain its improvement process without the need for a follow-up audit.
<b>C</b> Acceptable	<ul style="list-style-type: none"> <li>• Maximum 2 Performance Areas rated D</li> <li>• No Performance Areas rated E</li> </ul> These are three examples: A A A A A A A A A A C C C C C A A A A A A B B B B C C C D C C C C C C C C C C C C D D	The auditee needs follow up to support its progress. Following the completion of the audit, the auditee develops a Remediation Plan within 60 days.
<b>D</b> Insufficient	<ul style="list-style-type: none"> <li>• Maximum 6 Performance Areas rated E</li> </ul> These are three examples: A A A A A A A A A A D D D A A A E B B C C C C D D E D D D D D D D D E E E E E E	The auditee needs follow up to support its progress. Following the completion of the audit, the auditee develops a Remediation Plan within 60 days.
<b>E</b> Unacceptable	<ul style="list-style-type: none"> <li>• Minimum 7 Performance Areas rated E</li> </ul> These are three examples: A A A A A A A E E E E E E E E A A B B C D E E E E E E E E E E E E E E E E E E E E E E	amfori BSCI Participants shall closely oversee the auditee's progress as the producer may represent a higher risk than other business partners.
<b>Zero Tolerance</b>	A Zero Tolerance issue was identified (see amfori BSCI System Manual Part V – Annex 5: amfori BSCI Zero Tolerance Protocol)	Immediate actions are required. The amfori BSCI Zero Tolerance Protocol is to be followed.

Amfori BSCI rating system

In FY2022, as in previous years, we have been delighted with the performance of our partner factories. Pay and working condition are in excess of what is stated by law, and there have been no breaches of the Modern Slavery protocols or relevant RSEA Safety policies. The audit program will continue and with the relaxation of Covid-19 travel restrictions we are anticipating increased engagement from the RSEA team with our overseas suppliers.

### **Remediation**

There has been no breaches or significant non-conformances of our policies and there have therefore been no specific remediation activities. There is, however, detailed remediation processes in place for our manufacturing locations should a failure be identified. Remediation processes specified amfori BSCI and SMETA are lengthy and comprehensive and outside the scope of this report.

## **Reporting Criteria 6: Consultation Process with owned or controlled entities**

RSEA Safety is managed by one executive team and board. As we are effectively a single entity business, all entities have been consulted and are covered by this Modern Slavery Statement.