

A low-angle photograph of a city skyline at night, featuring several tall skyscrapers with illuminated windows. The image is overlaid with a semi-transparent teal rectangle containing text.

Modern Slavery Statement – FY20

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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 first Modern Slavery Statement is filed by BSA Limited ACN 088 412 748 ("BSA") in compliance with its obligations under the Modern Slavery Act 2018 (Cwlth) and covers the period ending 30 June 2020. It expands, however, on BSA's values and its commitments in its Code of Conduct not to utilise products sourced through child or indentured labour.

This Statement was approved at a board meeting of BSA Limited on 23 March 2020 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 is a technical services contracting company listed on the Australian Securities Exchange ("ASX") with the ticker code "BSA". As at 30 June 2020, it was the ultimate holding company of the group of companies shown in Annexure 1 ("the Subsidiaries").

(6) The directors of each Subsidiary (other than BSA Equity Plans Pty Ltd) are the CEO and Chief Financial Officer ("CFO") of BSA. (The directors of BSA Equity Plans Pty Ltd are the CFO and Mr Paul Teisseire, a director of BSA Limited.) The Secretary of each Subsidiary is also the Secretary of BSA.

The CEO and CFO attend all Board meetings of BSA Limited and consultation between the directors of BSA Limited and each Subsidiary can thus occur at those Board meetings. The CEO and CFO then 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. Currently BSA engages approximately 1100 staff split between its CUI (400) and APS (700) divisions.

(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

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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 2020, BSA has adopted the same approach it has adopted to assessing and managing risk elsewhere in its business. BSA accepts that it has not yet reached maturity in its assessment and mitigation of modern slavery risks, but the Board considers the subject morally important such that the group must consider and address those risks seriously. Although ASX-listed, BSA does not have unlimited resources. Accordingly, these must be leveraged by commercial engagement with its other stakeholders (including subcontractors and suppliers) through a partnership approach to maximise positive change.

BSA business activity uses goods and services that require labour inputs in other companies, both locally and internationally. We have high regard for these suppliers, with whom we have built relationships with over the years, and we expect that they operate with the highest levels of moral integrity. However, we must consider that there is a risk that 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. We understand that these workers will include those subjected to exploitative practices such as forced labour, child labour, slavery and – regrettably – as a result of human trafficking.

It is the case that all immediate suppliers with whom BSA has a direct trading relationship are based in Australia or have registered Australian subsidiary businesses. That engagement was initially driven by a “buy Australian” approach, but an additional benefit is that in this way we aim to leverage Australia trading and employment laws to provide a level of reassurance that modern slavery practices are minimised in our immediate supply chains.

Our immediate suppliers can be split into 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. We record here that BSA also receives “free-issue” goods from some customers subsequently used 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 goods from our analysis. In support of that decision we recognise that those customers:

i. have large revenues; and

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- ii. will themselves likely have discharged their own modern slavery obligations.
- 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 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. While BSA has initiated reviews of upstream supply chains, 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:

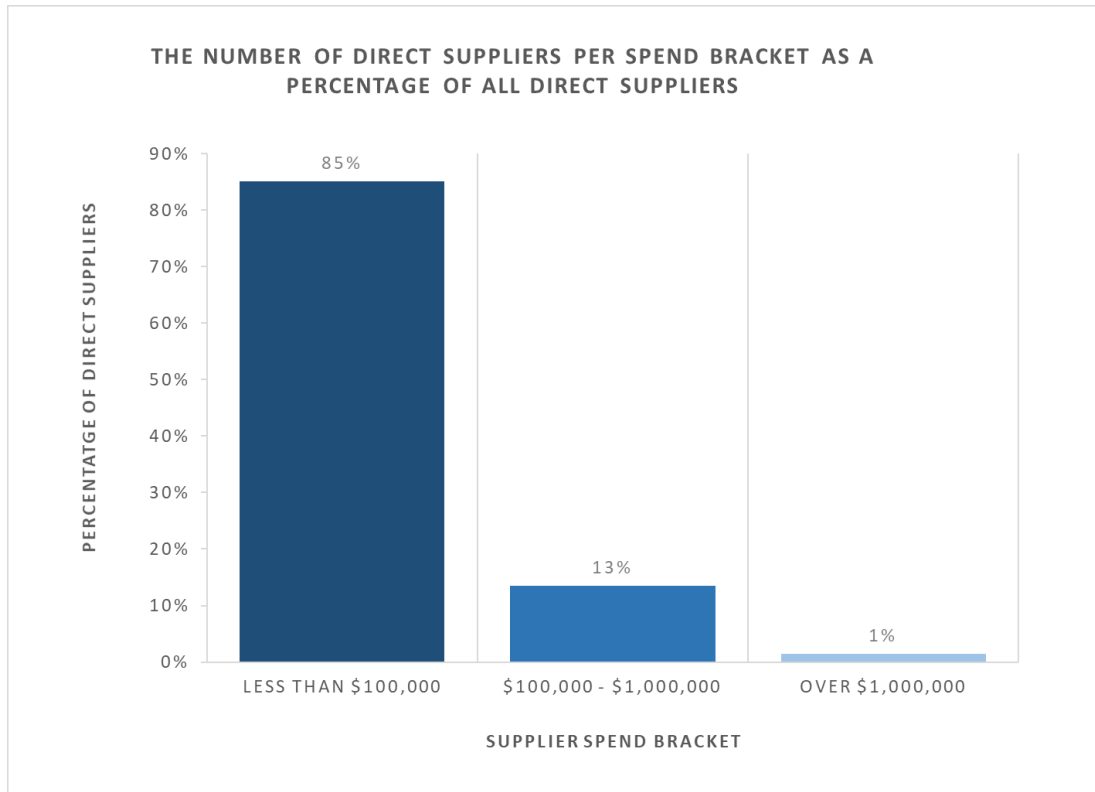
BSA procures some indirect goods and services, largely through large, well-governed and publicly-listed companies which are (because of their turnovers) themselves subject to anti-modern slavery legislation, declarations and practices. Examples include those who provide BSA with telecommunication services, IT and office equipment, safety training services etc. BSA will review their anti-slavery statements to ensure conformity with the law, but we also take the view that most of these businesses are likely well-equipped to mitigate those risks in their own business practices and supply chains.

Direct Labour Hire:

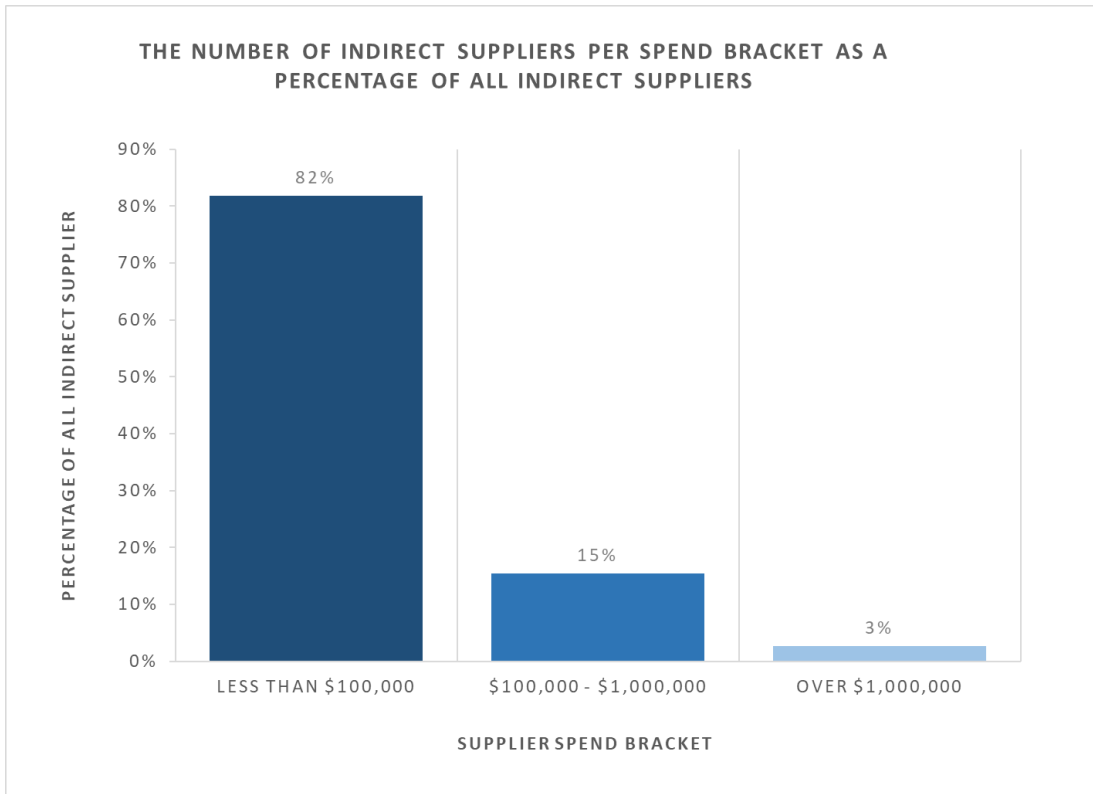
Although BSA has a large sub-contract labour force, we do not believe that the suppliers we contract with directly ("Primes") present a significant risk of "modern slavery". We are resolved, however, to interrogate our assumptions closely. Further we accept that we need to check that the supply chains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

4 OUR ASSESSMENT OF THE RISKS

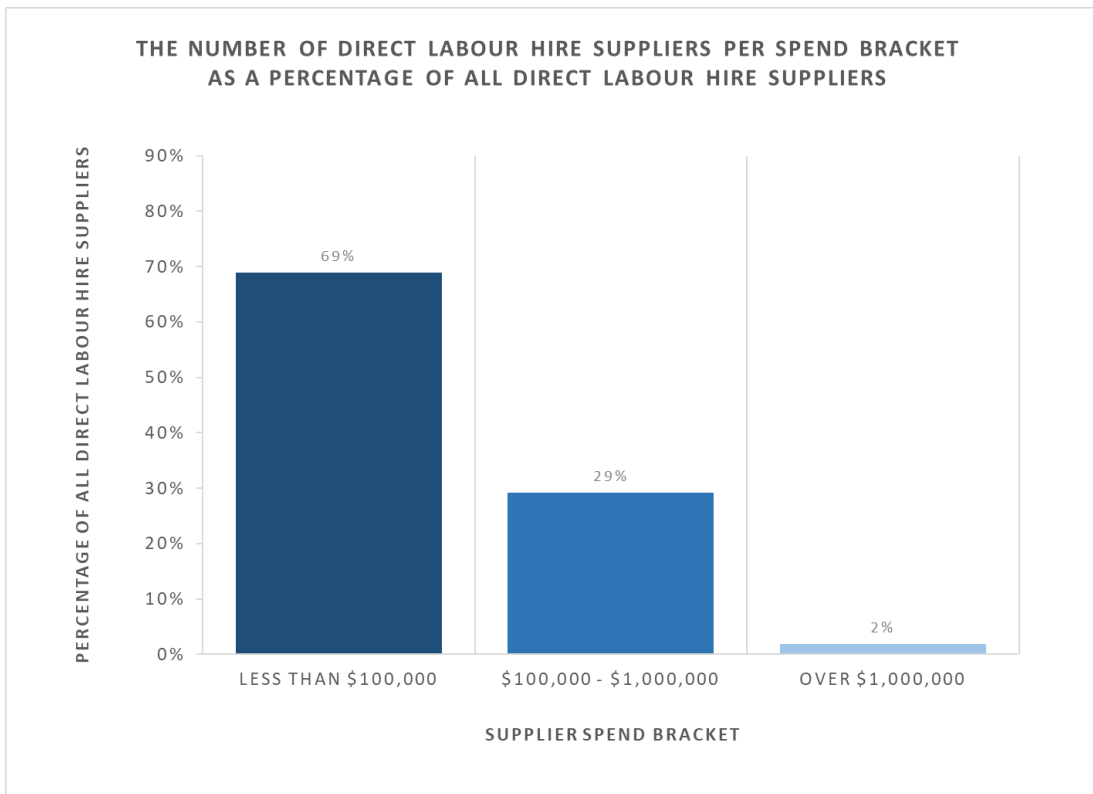
Currently, BSA's financial records (in its Pronto database) indicate that it uses more than 3000 "live" suppliers and subcontractors. (This was also the case as at 30 June 2020.) These have been analysed and prioritised by spend characteristics. Graphs 1, 2 and 3 show the distribution of the spend per 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 are a very large number of suppliers supplying goods worth less than \$100,000 per year. Consequently, as at 30 June 2020 and indeed currently, there is thus a large risk that within that group are unsophisticated suppliers sourcing goods from within supply chains with significant modern slavery risk. That could also be said of those supplying between \$100,000 and 1 million per year, but BSA has already determined that its procurement strategy is to consolidate its supply chain and to focus on those suppliers with whom it has a more significant relationship. Such a consolidation process should allow BSA to concentrate its future analysis on larger suppliers so that its efforts will likely produce greater results in eliminating modern slavery.

BSA has determined that those suppliers providing indirect goods and services (Graph 2) – whatever the dollar volume of their supply - tend to be larger suppliers who are likely to be subject to a similar “modern slavery” reporting regime. It is thus likely that their own work in assessing and mitigating the modern slavery risk thus results in a lower risk to BSA i.e. it is less likely that these suppliers would tolerate modern slavery in their own supply chains. Accordingly we have not focussed on these suppliers this year. We aim to re-assess those suppliers at the end of each supply contract as competitive selection processes are undertaken.

Similarly, BSA has determined that those 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 and who are unlikely to employ others. As such, the risk that they do not pay their staff the statutorily required wage appears low – they will likely have no staff at all.

BSA is concentrating its initial efforts on the following types of suppliers:

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

These represent a higher risk of modern slavery to BSA because they largely sit in the following categories:

- 1 Direct Labour: Labour hire and subcontracting presents an increased risk of unfair working conditions. BSA recognises that migrant workers and sole traders are often at risk of exploitation and is seeking assurances from its labour providers of standards and processes that ensure that minimum conditions are being achieved to protect those workers; and
- 2 Direct Goods: there is an increased risk that all such suppliers are subject to considerable pricing and margin pressures, and that they may seek to source goods from overseas where these have been manufactured in low labour cost jurisdictions. BSA recognises that these jurisdictions are those most likely to encourage indentured or child labour.

Of the two, BSA assesses the risk of modern slavery among its direct labour suppliers as being lower. This is because labour subcontractors 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”. BSA will leverage this process by adding a modern slavery component to its compliance assessment.

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A number of subcontractors have provided services to BSA for many years (for example as part of BSA's service provision to its larger telecommunications clients). As such, while those subcontractors retain autonomy in the running of their businesses, BSA is able to enjoy a degree of familiarity with the subcontractors' business models, service delivery and personnel. BSA has a strong focus on safety in its service delivery and has a large H&S team who constantly visit work sites, conducting safety audits. Those audits involve speaking daily with subcontract staff. BSA believes that this close working relationship would enable BSA to spot incidences where subcontractors were engaging labour on anything other than a proper basis.

BSA accepts that the issue with regards to Direct Goods goods suppliers is very different. Many of the smaller suppliers retain commercially-confidential supply chains, so as to protect them against disintermediation, and to protect their margins in the face of stiff competition. That lack of transparency means that modern slavery may potentially exist in these suppliers' supply chains and – until now – BSA has had little ability to identify and mitigate that risk. Steps taken to mitigate these risks in this particular part of BSA's supply chain are outlined in the next section.

5 WHAT MITIGATIONS HAVE WE TAKEN?

BSA has adopted a multi-pronged approach to tackling the risk of modern slavery:

- 1 Subcontractor contracts now specifically require a contractual promise by the subcontractor to comply with the law as to modern slavery and to take steps to eliminate it.
- 2 A similar approach is being adopted with regard to suppliers of indirect goods. Here, BSA's recent engagement of a full-time Procurement professional is already reaping benefits of bringing a new and expert approach to the purchasing of such supplies, where the assessment of the "modern slavery risk", forms part of BSA's "due diligence" approach before the engagement of suppliers.
- 3 Existing suppliers will be invited to cooperate with BSA to assess and manage risks of modern slavery. Where a supplier is not prepared to meet BSA's due diligence requirements, they will be considered as having raised a "red flag". Our broad approach to remediation for these suppliers is as follows:
 - a. Identify area of concern.
 - b. Communicate the area of concern directly with the supplier.
 - c. Confirm the supplier response within an appropriate time period.
- 4 Reassess the area of concern to determine if further changes need to be made. New suppliers of Direct Goods will be requested to provide information about the risks of modern slavery in their supply chains and how they address and manage those risks. BSA aims to standardise its approach in the coming months.
- 5 All suppliers will be required to agree to verify their compliance with the modern slavery legislation by statutory declaration or by submission to a checking process, if BSA requires it.
- 6 BSA is currently preparing (and will shortly roll out) a short but comprehensive training program for all directors, offices, employees and sub-contract labour. We will require that all such persons undertake ongoing education about the subject and the risk of "modern slavery".

6 ARE THEY EFFECTIVE?

BSA accepts that currently it is difficult to assess the effectiveness of the steps taken by it to mitigate the risk of “modern slavery”. BSA is currently developing the processes and the skills to make these assessments effectively.

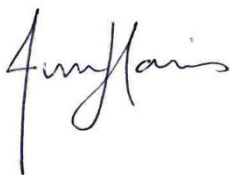
However, BSA is not aware of any incident in which the staff of a supplier or subcontractor have raised a complaint against their employer about their working conditions.

As BSA grows in maturity and checks its supply chain more regularly, then it hopes to become more sophisticated in detecting incidences where staff are being paid improperly, or not at all, or are otherwise subject to oppressive working conditions.

7 WHAT WILL WE DO NEXT?

By the time of the next modern slavery report, BSA intends that it will 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”.



Tim Harris

Managing Director for BSA Limited

31 March 2021

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ANNEXURE 1

