

Modern Slavery Statement 2022

RACQ Modern Slavery Statement

This is the third Modern Slavery Statement for The Royal Automobile Club of Queensland Limited (RACQ). It describes the actions taken by RACQ to address modern slavery¹ risk within its operations and supply chain for the financial year ended 30 June 2022. This statement has been prepared to comply with the requirements of the Modern Slavery Act 2018 (Cth) (the Act).

This is a joint statement made on behalf of all applicable entities in the RACQ Group, including *The Royal Automobile Club of Queensland Limited (ABN 72 009 660 575)*, *RACQ Operations Pty Ltd (ABN 80 009 663 414)*, *Members Banking Group Limited (ABN 83 087 651 054)*, and *RACQ Insurance Limited (ABN 50 009 704 152)*.

¹ As defined in the Act



Our business

RACQ is a business of people for people. We exist to make a positive difference in the lives of others. This approach underpins a shared purpose, vision and values which shape everything we do. RACQ recognises our decisions and actions can affect people in our business, as well as our members and the communities in which we operate.

RACQ is committed to upholding and promoting human rights and expects its suppliers and partners to do the same. RACQ is committed to taking the necessary steps to identify and address modern slavery in our operations and supply chain, and to continuously improve our understanding of, and response to, modern slavery risks.

Formed in 1905, RACQ is Queensland's largest club with almost 1.8 million members. RACQ provides a range of products and services to our members, customers, and the Queensland community. These products and services include roadside assistance, insurance, banking, and advocacy. RACQ also plays an important role in supporting the wider community through initiatives such as the RACQ Foundation and RACQ Air Rescue Network, as well as grassroots support through our local sponsorship and our school education programs.

RACQ employs approximately 2,500 people across 25 locations in Queensland, including 20 One RACQ stores and a local 24/7 call centre. RACQ utilises a network of contractors, suppliers, agents, and partners who support us in running our business, both operationally and in the supply of products and services, across various categories, including staff and contractors, technology, property, corporate and professional services, insurance claims, and marketing. Most of RACQ's suppliers and outsourced service providers are based in Australia. There are a small number of suppliers located overseas, some of which have a presence in geographies which may represent a higher modern slavery risk (as identified by Global Slavery Index) such as Thailand, the Philippines, India, and China.

RACQ Group has three main business lines: Banking, Insurance, and Assistance. These are supported by centralised Group functions, including Member & Community, Group Finance, Group Risk & Compliance, Human Resources, and Technology.

Our three main business lines

RACQ Bank

RACQ Bank offers banking products and member benefits to personal and business members. RACQ Bank provides retail banking services to these members. The product and service offerings include transaction and savings accounts, term deposits, travel and international services, personal borrowing including home loans, residential investment loans, personal loans and secured and unsecured overdrafts. We also offer small business borrowing including secured business loans and overdrafts (secured by residential or commercial property), and unsecured business overdrafts. RACQ Bank operates across a network of One RACQ stores throughout Queensland. Members can also access banking services through Mobile, Internet and Phone Banking.



Insurance

RACQ Insurance is one of the largest providers of insurance in Queensland, with over 2 million current insurance policies. The insurance business line provides personal insurance lines to members with a range of products including motor, CTP, home and contents, pet, caravan, and boat insurance.



Assistance

Roadside assistance covers 1.3 million Queenslanders on a 24/7 basis. Services are delivered Australia wide through an extensive network of staff and contractors.

There are a range of automotive products provided including batteries, vehicle inspections, automotive repair, glass and auto electrics. RACQ also now offers solar panels and batteries for member's homes.



Investments

RACQ has a portfolio of internally and externally managed investments, including Australian and International equities, infrastructure, direct property, alternatives, money market securities and cash. All RACQ's external investment managers are signatories to the United Nations-backed Principles for Responsible Investment (PRI) as well as other responsible investment-related initiatives such as the Responsible Investment Association of Australasia.

When investing in international equities the group selects funds that exclude investment in companies who are involved in controversies relating to the UN Global Compact. This includes Compact principles relating to the elimination of all forms of forced and compulsory labour and the effective abolition of child labour. During the year an asset consultant was engaged to assist in hiring a new fund manager in emerging market equities. Being aware of the heightened risk regarding modern slavery in emerging markets, a manager was appointed with strong ESG credentials whose investment processes work to avoid investing in any company whose success is dependent on undermining the rights of its employees. The vast majority of funds managed internally are invested in the debt instruments of Australian banks, with a small investment held in direct property.

In addition, RACQ has equity interests in a range of other strategic investments, including through subsidiaries and joint ventures.

These interests are primarily focused on the following areas:

- Solar panel and battery storage installations.
- Insurance products and services.
- Online travel and event ticketing platform.



Our commitment

RACQ recognises that modern slavery can take many forms, including trafficking in persons, slavery, servitude, forced marriage, forced labour, debt bondage, deceptive recruiting for labour or services, and the worst forms of child labour.

Whilst RACQ acknowledges that no sector or industry is immune from the risks of modern slavery, we are committed to operating responsibly and taking all reasonable steps to identify and prevent any acts of modern slavery occurring in our operations and supply chain. This includes a commitment to maintaining and improving our internal systems and controls to ensure these remain effective.

Our policies, processes, and procedures

RACQ has a suite of internal policies and procedures which inform the way we work and aim to ensure that we operate in an ethical and responsible manner. These include:

- RACQ Code of Conduct.
- Discrimination, Harassment and Workplace Bullying Policy.
- Diversity and Inclusion Policy.
- Group Procurement and Contract Management Policy.
- Group Outsourcing Policy.
- Group Whistle-blower Policy.
- Group Remuneration Policy.
- RACQ Vulnerable Consumer Policy.

RACQ also conducts risk assessments and performs supplier due diligence as part of our procurement and partnering activities, which includes the identification and assessment of modern slavery risk.

RACQ Group Internal Audit (GIA) assurance activities, conducted on a cyclical basis in accordance with GIA's risk-based annual audit plans, include reviews of the effectiveness of our internal policies and their implementation. These audit plans are approved by the Group Audit Committees and the results of audit activities are reported to the Group Audit Committees.



Potential risks

RACQ takes the risk of modern slavery seriously and does not want to be complicit in perpetuating modern slavery.

A review of the Group's operations and supply chain was undertaken to establish a baseline for identifying potential modern slavery risk. This review was based on the following risk factors that increase the risk of modern slavery practices, including vulnerable populations, high-risk geographies, high-risk sectors, and high-risk business models. Based on this assessment, we have identified the following areas of potential risk in our operations and supply chain:

- Direct and indirect procurement of high-risk goods and services, including:
 - technology products and services.
 - property and building services, including facilities management and cleaning services.
 - construction services and building materials.
 - corporate uniforms.
 - print and promotional materials.
 - office supplies and consumables, including stationery.
 - batteries, tyres and auto glass.
- Business partners, including investment managers and joint venture partners.
- Vulnerable populations, including vulnerable consumers.

Actions taken during the reporting year

In this third reporting year, RACQ has continued to assess the risk within its supply chains as well as build on the foundations previously established in previous reporting years. Key actions taken during the third reporting period included:

- RACQ has assessed its supply chain via a third-party questionnaire for Modern Slavery risk.
- For those assessed suppliers the contract management system has been updated to reflect the risk rating of low, medium or high.
- Updated Purchase Order Terms and Conditions to include Modern Slavery obligations for all suppliers to the RACQ Group.
- RACQ is an active participant in the Insurance Council Australia's Modern Slavery working group.
- Internal review and assessment of RACQ's industrial compliance risk in November 2021.
- Increased awareness of modern slavery across the organisation through leader bulletins, group wide communications.
- Continuation of Vulnerable Consumer Program frameworks to govern and guide identification, assessment and management of consumer vulnerabilities.
- Creation of a Supplier Code of Conduct.



Reporting channels

RACQ provides access to an external reporting service (Stopline) - an independent and confidential service that operates 24 hours a day, 365 days a year - to receive whistle-blower reports from our employees and third parties regarding illegal or unethical conduct.

Stopline's contact details are:

Phone
1300 304 550

Website & Online Reporting Form
racq.stoplinereport.com

Address
RACQ c/o Stopline
PO Box 403, Diamond Creek VIC 3089

Email
racq@stopline.com.au

Employees can also report through published internal channels. Reporting of information can be made anonymously.

To date no instances of suspected Modern Slavery have been reported through Stopline or Hypercare, the team established to take care of claims where a vulnerability has been identified.

Monitoring

The RACQ's Group Procurement Team, reporting to the Chief Financial Officer, has overall responsibility for the coordination of the RACQ Group's modern slavery risk management activities. Ownership of identifying and managing modern slavery risks sits with first line business units and functions.

Recognising the organisation-wide responsibility to address and mitigate modern slavery risk across the RACQ Group's operations and supply chain, a cross-functional working group was established to develop and deliver RACQ's modern slavery action plan, monitor the progress and performance of the action plan, and promote collaboration, awareness, and information sharing across the RACQ Group.

Next steps

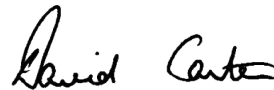
RACQ is committed to continuously improving its ability to identify and manage modern slavery in its operations and supply chain. In line with this, RACQ will undertake the following activities during the next reporting period:

- Continue to assess and manage modern slavery risks with RACQ's third party engagements.
- Assess the suitability of external tools and look for improvement opportunities.
- Continue to work with the Insurance Council of Australia working group on industry wide initiatives or opportunities for streamlining and/or supply chain education.
- Engage with contract managers of high-risk business and or business lines to look for improvement opportunities.
- Supply chain mapping of RACQ high risk business areas and/or suppliers.
- Capture and remediate / respond to any issues or risks outside of tolerance identified through these, and our regular processes.

The RACQ Group Finance function developed this joint statement in collaboration with representatives from each reporting entity and members of RACQ's Modern Slavery Working Group. The statement was reviewed and endorsed by the Group Executive team and respective boards.



Elizabeth Jameson AM
President and Chair



David Carter
Group Chief Executive Officer



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