

Supporting Human Rights

Modern
Slavery
Statement
2021

OUR PURPOSE

**TO IMPROVE THE LIVES OF
OUR CUSTOMERS AND OUR
PEOPLE BY STRIVING FOR
GREATNESS EVERY DAY.**

Create
customers
for life

Discover
your best

Grow as
a team

Innovate
big and
small

Try. Try.
Try.

Own it

Keep it
simple

Do the
right thing

Be
humble

Write
the next
chapter

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This joint statement has been produced in accordance with the Australian Modern Slavery Act 2018 (Cth) ('the Act'), and is the second for Reece Limited ('Reece' or 'the Group'). This statement outlines our business model and supply chains, while describing how we assess modern slavery at Reece Group. We will explain where we have acted or implemented change in the last 12-months and our focus into the future.

This joint statement covers Reece Limited ('the Group' or 'Reece Group') as the parent entity and controlled entities as a Group including the following reporting entities under the Act; Reece Australia Pty Ltd, Actrol Pty Ltd and Metaflex Pty Ltd.

OUR COMMITMENT



This is Reece's second Modern Slavery Statement which shares progress in our journey of identifying and understanding modern slavery risks in our business. It shares the progress we have made since sharing our first report in March 2021.

In our second year of reporting, it is important to acknowledge the ongoing backdrop of COVID-19. Disruption due to the global pandemic posed challenges for implementing due diligence on human rights issues, but also reinforced the importance of people to our business and our supply chain globally.

At Reece, our purpose is to improve the lives of our customers and our people by striving for greatness every day. This guides our decisions and actions, big and small, and our values ground us. Together, they make up The Reece Way.

One of our values is 'to do the right thing' which clearly means we oppose all forms of slavery and forced labour in our operations and the operations of our suppliers. Our culture of continuous improvement drives our commitment to building ethical and sustainable supplier partnerships and operations.

We know we have more work to do to formalise our safeguards and processes in this important area, and we set out an aim in our first report in 2020 to make significant progress within two years. We are committed to working collaboratively across the industry on an ongoing basis to address this important issue.

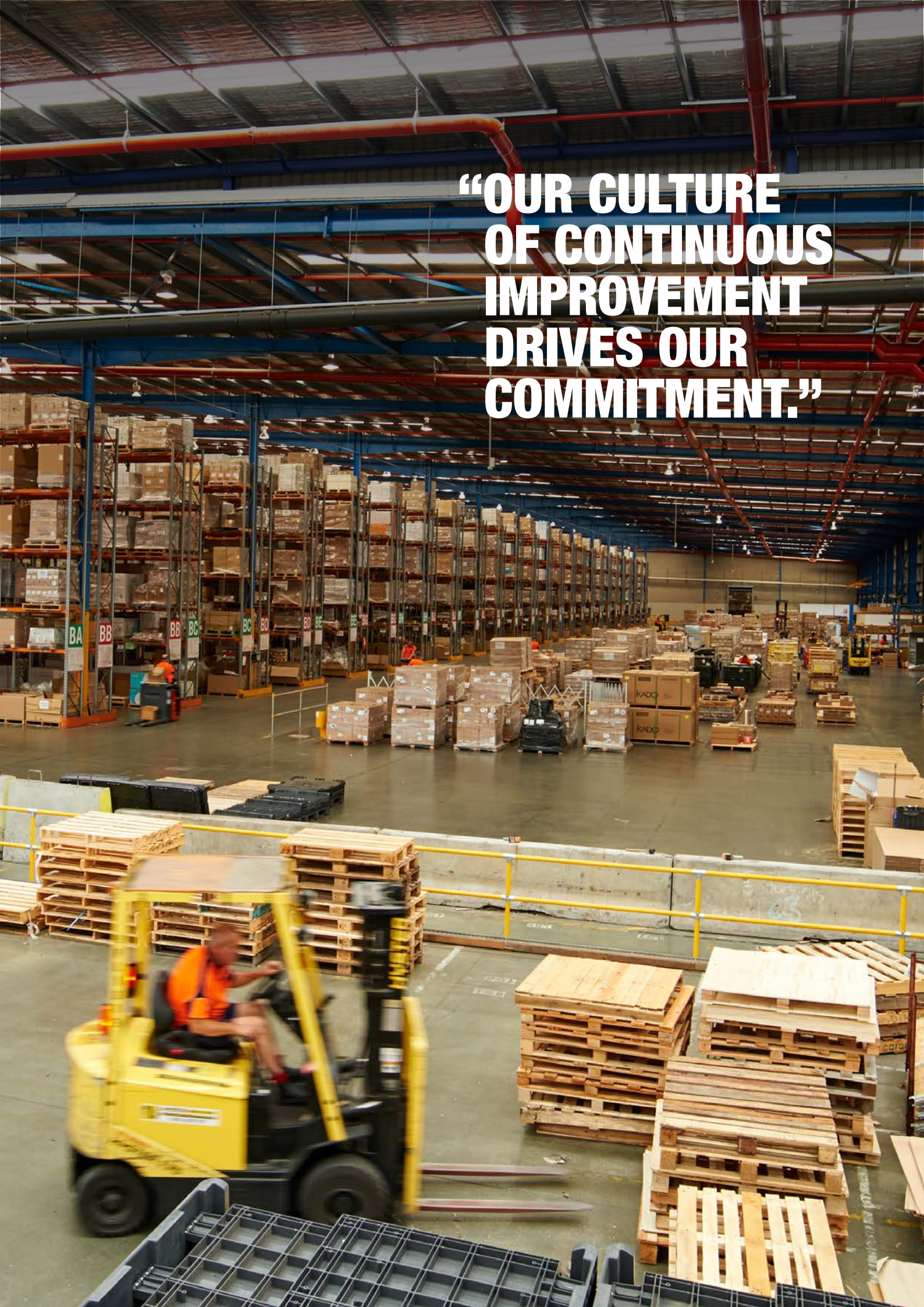
We want to lead by example and respect and uphold the human rights of our people, customers, and broader network across our supply chain.

This statement has been made in accordance with the Australian Modern Slavery Act (Commonwealth) 2018 and has been approved by the Board of Directors of Reece Limited.

A handwritten signature in black ink, appearing to read 'Peter Wilson', written in a cursive style.

Peter Wilson
Reece Group CEO

**“OUR CULTURE
OF CONTINUOUS
IMPROVEMENT
DRIVES OUR
COMMITMENT.”**



WE ARE REECE

Reece Group is a leading distributor of plumbing, waterworks, and HVAC-R to more than 200,000 residential, commercial and infrastructure customers across Australia, New Zealand, and the United States ('US').

Our business is diverse. We are a wholesaler, retailer, and supply chain logistics company, and we invest in services and technology to partner with our customers, so they can provide essential services every day.

We source, import, market and distribute products, both locally and abroad, and we then sell these to customers. Our team of over 8,000 people facilitate all aspects of this operation, as well as support functions. Our operations are also supported by contracted, sub-contracted and temporary workers to assist in the delivery of our services and management of our facilities.

Our operations include 642 branches in Australia and New Zealand, and 189 branches across the Sun-Belt region in the US. Two regional head offices support the branches, located in Melbourne, Australia and Dallas, US. The Group does not have any offshore manufacturing facilities.

Reece Limited is listed on the Australian Stock Exchange (ASX: REH) and, as the parent company, is providing this joint Modern Slavery statement on behalf of our various subsidiaries.

We are Global



Entity Engagement

To develop this statement, the Group engaged and consulted with the relevant entities we owned or controlled during the reporting period.

The following entities owned or controlled by Reece Limited are considered reporting entities under section 5 of the Modern Slavery Act 2018:

- Reece Australia Pty Ltd
- Actrol Parts Holdings Pty Ltd
- Metallflex Pty Ltd

This joint statement has been reviewed and approved by the Reece Limited Board, and has been made on behalf of the reporting entities under the Modern Slavery Act and all other controlled entities of Reece Limited (refer Appendix 1 for the full list of controlled entities).

Suppliers

8K

Products

300K

Branches

831

Customers

200K

People

8,000+

OUR SUPPLY CHAIN

Reece is proud of our long-standing relationships with our major supplier partners.

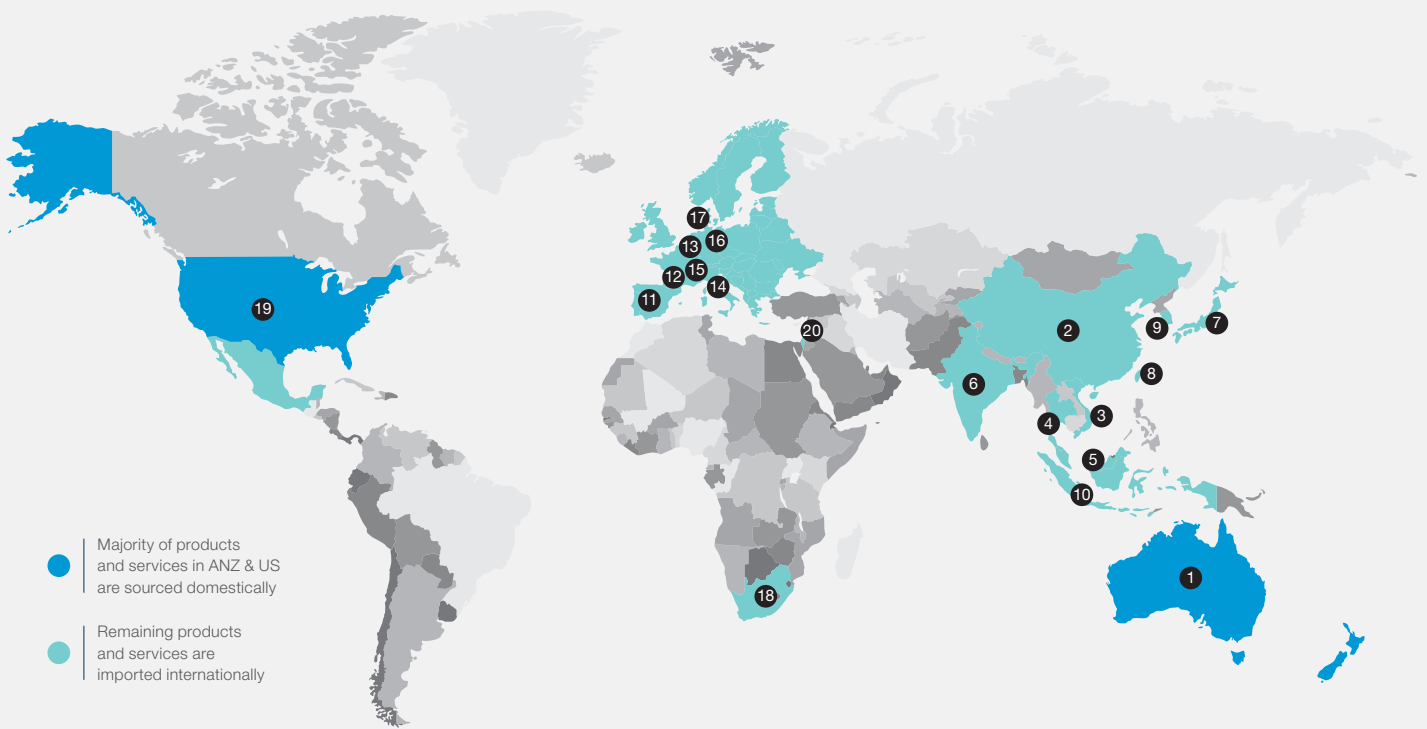
The majority of products and services in Australia and New Zealand are sourced from domestic suppliers, with the remainder imported from China, Europe, Southeast Asia and Japan.

In the US, the majority of products and services are sourced domestically, with a small number sourced from Mexico, China, Europe, South Korea and Vietnam.

We acknowledge that many of our domestic suppliers may conduct their product manufacturing overseas.

Our supplier agreements are largely long term and stable arrangements.

Locations of Tier 1* Suppliers of Products for Sale

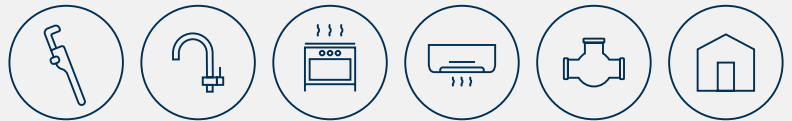


- | | | | | | |
|--|--|--|---|--|--|
| <p>1 Australia
Copper Pipe & Fittings, Hotwater System, Drainage Products, Plastic Piping Systems, Metal Pipe & Fittings, Roofing Products, Refrigeration Products, Sanitaryware, Tapware, Showers, Vanities, Concrete Products, Rainwater Storage, Pool Products, Irrigation Products.</p> | <p>2 China
Metal Pipe & Fittings, Plastic Fittings, HVAC, Refrigeration, Sanitaryware, Bath, Tapware, Showers, Sinks, Trough.</p> | <p>5 Malaysia
Refrigeration</p> | <p>10 Indonesia
Sanitaryware</p> | <p>14 Italy
Tapware, Sanitaryware, Pumps, Heating</p> | <p>18 South Africa
Irrigation</p> |
| <p>3 Vietnam
Copper, Furniture</p> | <p>4 Thailand
Sanitaryware, Refrigeration</p> | <p>6 India
Sanitaryware, Cast Iron</p> | <p>11 Spain
Copper fittings, Valves, Sanitaryware, Tools</p> | <p>15 Switzerland
Piping Systems</p> | <p>19 USA
Piping Systems</p> |
| | | <p>7 Japan
Hot Water</p> | <p>12 France
Tapware, Sanitaryware</p> | <p>16 Poland
Copper & Brass Fittings, Valves</p> | <p>20 Israel
Fittings</p> |
| | | <p>8 Taiwan
Tools, Hardware, Technology</p> | <p>13 Germany
Piping Systems, Tools, Tapware</p> | <p>17 Denmark
Valves</p> | |
| | | <p>9 Korea
Cast Iron</p> | | | |

Reece Group sources products and services for sale to our customers, and to support our day-to-day operations.

Products for sale

may include plumbing, bathroom, kitchen, heating and cooling and pipe products for residential, large volume home and civil projects.



Services for sale

may include technology, financial or learning platforms and services to support our trade customers.



Products to support group operations

may include IT equipment, electronics, and software to support Reece Group operations, fleet and retail store fit out requirements.



Services purchased to support operations

may include cleaning services or consulting services.



Supply Chain Risks

As a global business, sourcing and selling products across multiple countries we recognise and acknowledge modern slavery risks may exist in our supply chain.

Our business is large and complex, and it can be challenging to identify explicit instances of modern slavery, particularly beyond our direct suppliers.

While many of our Tier 1 suppliers are lower risk and manage their own operations effectively, we acknowledge that suppliers with more complex supply chains will inherently have greater risks.

We have undertaken a risk assessment in FY21 and recognise that the modern slavery risks with the highest probability in our supply chain might include:

- Deceptive recruitment of labour or services in areas of our supply chain reliant on low skill or migrant workers.
- Exploitation of migrant workers by direct or indirect suppliers reliant on labour hire, such as service providers in our facilities or manufacturing of sold products.
- The use of forced and/or bonded labour in deeper layers of our supply chain in high-risk geographies or product sectors.

MANAGING MODERN SLAVERY RISK

Governance

We have a formal governance structure with Board level oversight through the Audit and Risk Committee, which is responsible for managing and monitoring corporate compliance, including reporting for modern slavery.

The Supply Chain Transparency Working Group (the Working Group) is responsible for developing and implementing initiatives that address and minimise the risk of modern slavery. Members of the Working Group include representation from the procurement, brand and marketing, people experience, finance and communication teams.

Our Governance structure and this statement are supported by a policy set. The policies outlined are those most relevant to managing modern slavery risk.

List of Policies

- Corporate governance statement (Group)
- Code of conduct (ANZ)
- Equal opportunity and diversity policy (ANZ)
- Code of ethics (ANZ)
- Whistleblower policy (ANZ)
- Supplier code of conduct (ANZ)
- Supplier trading agreement (updated) (ANZ)
- Modern slavery declaration (Group)



Identifying Modern Slavery Risks

We are at the beginning of our journey to understand the potential risks of modern slavery in our supply chain.

Since publishing our first Modern Slavery statement, we have focused on continuing a risk assessment process throughout our supply chain. We are aiming to have made significant progress in a number of areas within two years of our first Modern Slavery report.

Outlined in this document are the steps we made in FY21.

Our Risk Assessment

The Working Group developed key criteria to assess the risk of modern slavery in Australia, New Zealand, and the US business. This risk matrix categorises suppliers (low, moderate, and high risk) and focuses our engagement with those we deem to be at greatest risk. For our first reporting period, the risk matrix was applied to the ANZ supply chain, with a focus on overseas product suppliers for sale.

Reece is in the process of completing its risk identification process for the US supply chain and this will progress in FY22.

The risk matrix considers:

Location

Some countries and regions have increased risk of modern slavery. This can relate to regional and intra-country political tension, regulation, development, and cultural norms.

Spend with Supplier

The more we spend with an individual supplier, the greater our influence over the way they conduct business and their treatment of employees.

Outsourcing

We purchase finished goods from our suppliers, so therefore have less visibility of where our suppliers have outsourced manufacture of the finished goods. We consider the portion of a product manufactured beyond our direct supplier as part of our risk assessment.

Updated Trading Agreement/ Modern Slavery Declaration

We have updated our Trading Agreement and introduced a Modern Slavery Declaration. Where a supplier agrees and signs these new agreements, we consider that supplier to have a lower risk and subject to periodic independent third-party audits. If a supplier is unable to sign these documents, we carefully consider continuing these partnerships.

Audits (product suppliers)

Supplier manufacturers of finished goods are audited either by an independent third party or a Reece representative. Suppliers who pass the bi-annual audit are deemed to be lower risk than those that have not been recently audited.

Industry reputation (business support suppliers)

Suppliers in industries dependent on low-cost labour are considered higher risk. In these cases, we require evidence of fair remuneration for their workforce.

MANAGING MODERN SLAVERY RISK

Mitigating Modern Slavery Risks

Working with our suppliers

Our ANZ approach

Product supplier partners (for sale)

During FY21, the Working Group continued to focus on identifying and addressing modern slavery risks with our Tier 1 overseas product supplier partners.

Our actions included:

- Providing Trading Agreements and Terms & Conditions to suppliers, outlining our expectations regarding modern slavery and repercussions for non-compliance.
- Modern Slavery Declaration for suppliers in the event they had not signed a new Trading Agreement as an alternate form of confirming compliance.

As of 30 June 2021, 98% of our Tier 1 suppliers* based overseas and 71% of our Tier 1 suppliers* based in Australia and New Zealand had signed Updated Trading Agreements or signed the Modern Slavery Declaration.

Overseas product suppliers (for sale) are screened to ensure they meet our high expectations and are assessed for safety, quality and modern slavery risk, using the risk matrix as a framework. Audits of overseas product suppliers (for sale) focus on social responsibility, including workplace safety, environment laws and relevant government laws regarding employment, including child labour and freedom of association. These audits are outsourced to an independent third party or conducted by a Reece representative.

These audits are conducted proactively every two years for Tier 1 overseas product suppliers to assist with identifying any potential modern slavery risks at supplier manufacturing facilities.

When conducting an audit, failure to meet certain expectations will result in a warning, and we work collaboratively with the supplier to remediate identified issues and improve results. Failure to remediate within specific timeframes will result in termination of the supplier relationship.

Where Reece have identified remediation actions for suppliers, suppliers have responded quickly to continue to meet our supplier trading agreement and code of conduct.

Product and services to support ANZ operations

Our actions included:

- Undertook risk assessment for our top-spend Tier 1 supply partners.
- Sharing updated Trading Agreements and Terms and Conditions of supply with suppliers of Product and services to support ANZ operations where we have the greatest spend, with 58% compliance.

Assessing risk and seeking assurance from domestic product and service suppliers for ANZ is a focus from FY21 onwards.

Our US approach

Our US business was acquired by Reece in 2018 and we remain in the early stages.

In FY21, the Working Group continued collaborating with the US leadership team to gain an understanding of our supply chain to assess for indicators of risk of modern slavery. Our actions included:

- Identifying all product and service suppliers (for sale to customers).
- Identifying all products and service suppliers that support US operations.
- Introducing responsible sourcing and modern slavery clauses to all new overseas supplier agreements.

Impact of COVID-19

We acknowledge COVID-19 has increased existing vulnerabilities and created new ones, and has the ability to increase the risk of modern slavery practices in our supply chain.

Due to COVID-19, our third-party auditors were not able to visit our overseas product and service suppliers (for sale) and group operations. Reece representatives have not been able to physically visit our supplier factories, however this will resume in FY22 aligned to COVID safe practices and travel restrictions.

The impact of COVID-19 has also limited our ability to progress our modern slavery agenda across our US business in FY21, particularly as that business saw a higher level of disruption from COVID-19 cases.

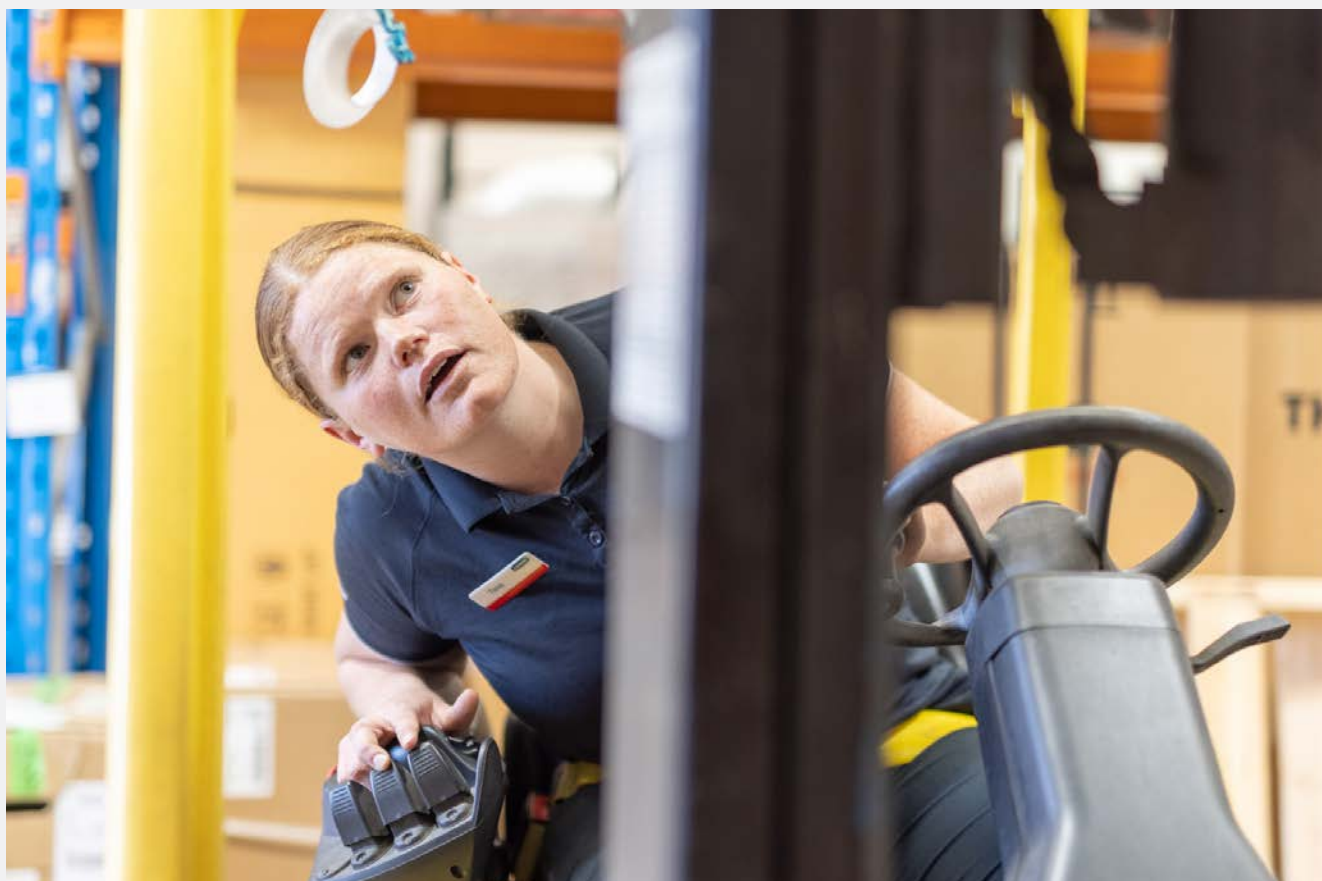
While overall impacts of COVID-19 remain, we are continually looking at ways to implement effective risk assessment.

BEING ACCOUNTABLE TO OUR ACTIONS

The Working Group will continue to report on progress against action to the Senior Leadership team, Audit and Risk Committee and Reece Limited Board.

Additionally, we will develop a measurement framework to be implemented in FY23 to assess the effectiveness of our actions, including:

1. Formalising a process to regularly review our progress against actions set out in our Modern Slavery action plan
2. Assessing the impact of modern slavery training and awareness-raising activities for both employees and suppliers
3. Measuring outcomes of our auditing process
4. The number of suppliers we engage with that are deemed moderate to high risk
5. Engagement with policies and procedures, such as whistleblower reports, and monitoring the resolution of any cases.



OUR WAY FORWARD

We're continuing to build a sustainable and fair supply chain.

Over the next 24 months we will focus on achieving the initiatives and deliverables set out in our first Modern Slavery statement:

1. Refresh the whistleblower policy for the Group
2. Internal training on modern slavery risks for procurement and those directly responsible for purchasing
3. Completing a risk matrix assessment of our ANZ and US supply chain
4. Updating standard agreements across the Group and obtaining Modern Slavery Declarations for suppliers if they have not signed a new Trading Agreement
5. Updating our Supplier Expectation Guide and Supplier Code of Conduct to ensure Modern Slavery risks are addressed
6. Conduct an internal audit of the supplier screening process
7. Establish a reporting framework to review and assess the effectiveness of our actions to address modern slavery risks and set up a framework for continuous improvement in this area



APPENDIX 1

Controlled entities of Reece Limited

Reece Limited is the ultimate parent of the Group and is incorporated in Australia. The registered office of Reece Limited is 118 Burwood Highway, Burwood, Victoria, 3125. Telephone (03) 9274 0000.

Below is a list of controlled entities from the date the Group obtains control. Control exists where the Group has the power to govern the financial and operating policies of the entity to obtain benefits from its activities.

Name of entity		Country of Incorporation	Ownership Percentage 2021
			%
Reece Limited (ultimate parent)	A.B.N. 49 004 313 133	Australia	
1. Reece Australia Pty Ltd	A.B.N. 84 004 097 090	Australia	100%
2. Plumbing World Pty Ltd	A.B.N. 99 004 910 829	Australia	100%
3. Reece Project Supply Pty Ltd	A.B.N. 54 100 065 307	Australia	100%
4. Reece International Pty Ltd	A.B.N. 11 100 278 171	Australia	100%
5. Reece New Zealand Limited	Company number 1530569	New Zealand	100%
6. Actrol Parts Holdings Pty Ltd	A.B.N. 98 142 644 488	Australia	100%
7. Actrol Parts Finance Pty Ltd	A.B.N. 21 142 653 889	Australia	100%
8. Actrol Parts Pty Ltd	A.B.N. 93 142 654 564	Australia	100%
9. A.C. Components Pty Ltd	A.B.N. 69 134 588 935	Australia	100%
10. Metalflex Pty Ltd	A.B.N. 18 007 133 057	Australia	100%
11. Metalflex Regional Pty Ltd	A.B.N. 50 142 651 509	Australia	100%
12. Metalflex (S.A.) Pty Ltd	A.B.N. 88 084 260 837	Australia	100%
13. Metalflex (W.A.) Pty Ltd	A.B.N. 98 105 291 263	Australia	100%
14. Air Plus Pty Ltd	A.B.N. 33 135 270 718	Australia	100%
15. The Creative Plane Pty Ltd	A.B.N. 50 092 585 058	Australia	100%
16. Viadux Holdco Pty Ltd	A.B.N. 51 603 303 368	Australia	100%
17. Viadux Bidco Pty Ltd	A.B.N. 42 603 305 326	Australia	100%
18. Viadux Pty Ltd	A.B.N. 75 087 415 745	Australia	100%
19. Hamilton HoldCo, LLC	Company number 6843365	Delaware (United States)	100%
20. Hamilton BidCo, Inc	Company number 6843426	Delaware (United States)	100%
21. Patriot Supply Holdings, LLC	Company number 45-4808005	Delaware (United States)	100%
22. Patriot Supply Intermediate, Inc	Company number 5054616	Delaware (United States)	100%
23. MORSCO, Inc	Company number 75-0450550	Delaware (United States)	100%
24. MORSCO Supply, LLC	Company number 75-2588495	Texas (United States)	100%
25. Fortline, LLC	Company number 56-2136499	North Carolina (United States)	100%
26. Fortline, Inc	Company number 57-0819190	South Carolina (United States)	100%
27. Todd Pipe Holdings, Inc	Company number 82-5080186	California (United States)	100%
28. Todd Pipe & Supply, LLC	Company number 27-0938208	California (United States)	100%
29. LegendMRO, LLC	Company number 47-3650938	California (United States)	100%

APPENDIX 2

Modern Slavery Act – Mandatory Criteria	Reference within Statement
Identify the Reporting Entity	We are Reece
Describe the reporting entity’s structure, operations and supply chains	We are Reece Our Supply Chain
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities the reporting entity owns or controls	Our Supply Chain
Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls to assess and address those risks, including due diligence and remediation processes	Managing Modern Slavery Risks
Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks	Being Accountable and Assessing Our Actions
Describe the process of consultation with any entities the reporting entity owns or controls	We are Reece – Entity Engagement
Any other relevant information	Managing Modern Slavery Risks – Impact of COVID-19 The Way Forward



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