



# Red Hat Asia-Pacific Pty. Ltd.'s Modern Slavery Statement 2021

## Introduction

This is the modern slavery statement (hereinafter "Statement") for Red Hat Asia-Pacific Pty. Ltd., ACN 090 438 485, and is made in accordance with the Australian Modern Slavery Act 2018 (Cth) (hereinafter "Act"). This Statement constitutes Red Hat Asia-Pacific Pty. Ltd.'s modern slavery and human trafficking statement for its financial year ending 31 December 2021 (hereinafter referred to as the "current reporting period").

As a global company, respect for human rights is an integral part of the corporate social responsibility commitments of Red Hat, Inc. and its subsidiaries, including Red Hat Asia-Pacific Pty. Ltd. (hereinafter "Red Hat" or "the Company"). Red Hat strongly opposes illegal human trafficking and forced labor (and all other forms of modern slavery) in any form. Accordingly, Red Hat strives to operate in accordance with the highest standards of conduct, ethics, and fair treatment and it is committed to improving its practices for identifying and minimizing the risk of modern slavery in its operations and supply chain.

## Structure, Operations, and Supply Chain

Red Hat Asia-Pacific Pty. Ltd., established in 1999, has approximately 491 employees across Australia, with offices located in Brisbane, Canberra, Melbourne, Perth, and Sydney. Red Hat Asia-Pacific Pty. Ltd. is a wholly owned subsidiary of Red Hat, which is headquartered in the United States. In turn, Red Hat is wholly owned by International Business Machines Corporation ("IBM"), which is also headquartered in the United States. Red Hat Asia-Pacific Pty. Ltd. does not own or control any subsidiaries.

Red Hat is the world's leading provider of enterprise open source solutions, using a community-powered approach to deliver high-performing Linux, cloud, container, and Kubernetes technologies. Red Hat helps customers standardize across environments, develop cloud-native applications, and integrate, automate, secure, and manage complex environments with award-winning support, training, and consulting services. By operating transparently and responsibly, Red Hat's mission is to be the catalyst in communities of customers, contributors, and partners creating better technology the open source way.

Red Hat Asia-Pacific Pty. Ltd. sells Red Hat support and maintenance services for Red Hat branded open source solutions in Australia. As a services business that does not manufacture any tangible goods, Red Hat Asia-Pacific Pty. Ltd.'s supply chain is limited and consists of goods and services procured to operate our business and enable our employees and ecosystem of partners to deliver our open source solutions to customers. As a result, Red Hat Asia-Pacific Pty. Ltd. procures goods and services from a diverse range of suppliers across several categories.



## Risks of Modern Slavery Practices in Our Operations and Supply Chain

### Operations

We consider Red Hat Asia-Pacific Pty. Ltd.'s risk of modern slavery in its operations to be relatively low, given our hiring practices and the contractual, policy, and statutory protections provided to employees. Red Hat Asia-Pacific Pty. Ltd. only hires employees who live and are authorised to work in Australia in accordance with applicable labour employment laws. Red Hat Asia-Pacific Pty. Ltd.'s Enterprise Agreement, dated 2014, applies to all of the Company's employees and ensures that no full time employee is paid less than \$40,000 AUD annually and no casual employee is paid less than the national minimum wage. In addition to conditions provided by the Enterprise Agreement, we also have internal policies offering enhanced benefits including: additional overtime and on-call payments, home office stipends, car and communication allowances, and tuition reimbursements. During the COVID-19 pandemic, Red Hat also introduced a number of support measures for employees. These measures included flexible working from home arrangements, quarterly paid "recharge" vacation days for all employees, stipends and reimbursements for home office purchases, and various webinars and online resources related to mental health and wellbeing. Employee salaries and benefits were maintained, and in some cases increased, during this time.

Red Hat Asia-Pacific Pty. Ltd. employs skilled professionals in the functional areas of clerical, engineering, global support services, and sales. Given that the majority of our employees are skilled professionals, we believe that the risk of modern slavery practices and the vulnerability of our workforce is relatively low. Despite this diminished risk, we are committed to respecting human rights in our workplace and have a number of global policies and processes in place to promote a safe, diverse, and inclusive workplace, including, but not limited to, Red Hat's Global Policy Prohibiting Discrimination, Harassment, Bullying, Favoritism, and Retaliation. Additionally, Red Hat's global diversity, equity, and inclusion statement outlines the Company's commitment to diversity, equity, and inclusion for all employees, as well as for the Company's global communities of partners, customers, and open source contributors. Red Hat expects relationships with its customers, partners, and open source communities to exist in an environment based on mutual respect and professionalism. Red Hat's global diversity, equity, and inclusion statement is publicly available [here](#).

### Supply Chain

For the current reporting period, Red Hat Asia-Pacific Pty. Ltd. completed a more in-depth assessment of our modern slavery risk exposure through a risk scoping exercise on our first-tier suppliers. The exercise, which relied upon a number of open data sources, involved the analysis of our direct suppliers, their industries, the regions in which they operate, and their efforts to combat their risks of modern slavery. As a result of this exercise, Red Hat Asia Pacific Pty. Ltd. identified key industries and sectors in which our suppliers operate that carry an elevated inherent risk of modern slavery, either in their supply chains or in their operations. These industries largely relate to suppliers of technology hardware, cleaning,



maintenance services, construction and building works, hospitality/events and food, and office supplies and services. The inherent risks of modern slavery we have identified relate to a subset of the eight types of modern slavery as defined in the Act including: slavery, servitude, forced labour, debt bondage, child labour, and deceptive recruiting.

In order to better understand our modern slavery risk exposure within our first-tier suppliers, the risk scoping exercise also included desktop due diligence on Red Hat Asia Pacific Pty. Ltd.'s top ten suppliers in terms of spend (representing over 50% of total supplier spend for the reporting period). These top ten suppliers are representative of the higher-risk industries and sectors identified above and provide key insights into the potential risks for modern slavery occurring in our supply chains. Of our top ten suppliers, nine were located in Australia, which minimises our modern slavery risk exposure due to Australia's robust labour and modern slavery regulations. Of the nine suppliers located in Australia, three are "reporting entities" under the Act and have published modern slavery statements providing us with insight into their modern slavery risk factors and the methods undertaken to either mitigate or remediate their risk.

Overall, based upon these exercises, we believe Red Hat Asia-Pacific Pty. Ltd.'s exposure to modern slavery in the first tier of our supply chain is relatively low. However, given the nature of the industries in which our first tier suppliers operate, we recognize that there is a higher level of inherent risk in our indirect suppliers further down our supply chain. We believe that further identification and analysis of these inherent risks can help inform our ongoing commitment to identifying and combating modern slavery in our operations and supply chain. The industries and sectors in which our first-tier suppliers operate that carry an elevated inherent risk of modern slavery are:

- Technology Hardware. The procurement of computer and technology hardware is an integral element of our operations and forms a significant portion of our supplier spend. We recognize that, generally, technology hardware as a product and sector attracts the risk of modern slavery throughout the supply chain in a number of ways, such as the exploitation of unskilled workers in the procurement of raw materials and the manufacture and assembly of technology hardware components in countries where there is reportedly a higher risk of labour exploitation, according to international NGOs.
- Real Estate/Property Management. Red Hat Asia Pacific Pty. Ltd. engages primarily with three key suppliers operating within the real estate and property management space. Two noted areas of potential elevated risk deriving from this industry include both security/maintenance services-related risks and construction/building risks. Security and maintenance services indirectly procured by building management to maintain facilities tend to have an elevated inherent modern slavery risk due to the higher prevalence of unskilled, temporary, or seasonal labour as part of their operations. Likewise, the construction and building work industry also carries higher inherent risks given that many vendors are more likely to employ contractors and sub-contractors through short-term contracts and outsourcing, where there is less oversight over workers, which often includes foreign, temporary, or unskilled workers. Despite these potential

risks further down our supply chain tiers, we believe our risk is further mitigated by the fact that three of our key suppliers operating within this industry are members of the Property Council of Australia, which has taken proactive steps as an industry body to effectively address modern slavery risks in the supply chains of its members. These key suppliers are also "reporting entities" under the Act and have published their modern slavery statements providing us with insight into their steps to identify, analyse, and mitigate modern slavery risk in their operations and supply chains.

- Hospitality/Events and Food. Food service providers attract a greater risk of modern slavery through the sourcing of meat and produce from farms and the employment of staff that is usually unskilled, temporary, or seasonal in nature. The farming industry widely uses seasonal, casual workers that have historically also been foreign or migrant workers. The nature of their employment and the low barriers to entry indicate a higher potential for exploitation. As part of our office services and marketing expenses, Red Hat Asia Pacific Pty. Ltd. engages with suppliers operating in the hospitality and food service space as well as reimburses some of our employees for purchases thereof. These reimbursed purchases are scrutinised as part of our standard expense reimbursement process.
- Office Supplies and Services. The supply of office supplies and services are integral for our day-to-day operations and forms a significant part of our total supplier spend. Office supplies require the supply of a large volume of low margin goods. These goods require significant raw materials for their manufacture, the procurement of which has been largely associated with regions that have been reported as involving labour exploitation by international organisations or NGOs. Paper mills, lumber yards, and the manufacturing process for these high volume goods attract a large number of low-skill, low-wage workers in regions that carry an elevated risk of forced labour and debt bondage.

### **Actions Taken to Assess and Address Modern Slavery Risks**

Red Hat maintains a global internal controls system, including many global policies and procedures, designed to create a unified approach to compliance with applicable laws and regulations in the places in which Red Hat does business around the world.

The following section provides an overview of actions taken by Red Hat, and accordingly Red Hat Asia-Pacific Pty. Ltd, that enables Red Hat to assess and address risks, including the risk of modern slavery in our operations and supply chain.

#### **Modern Slavery Working Group**

During the current reporting period, Red Hat established and implemented a Modern Slavery Working Group ("Working Group") that meets regularly to identify, consider, and discuss other ways to improve Red Hat's policies and processes in order to combat the risks of modern slavery. The Working Group



draws upon global expertise across Red Hat and its subsidiaries, and includes a number of stakeholders from a variety of functions across the Company.

### **Global Policies and Standards**

- Red Hat Procurement Supplier Code of Conduct (“Supplier Code”). To ensure the integrity of supplier relationships across the globe, as part of Red Hat’s standard procurement process, Red Hat suppliers are required to operate in accordance with Red Hat’s Supplier Code and to apply this Supplier Code in all dealings with Red Hat. The Supplier Code applies to third parties supplying goods or services to or on behalf of Red Hat, including staffing agencies and independent contractors, as well as their agents and subcontractors, and it incorporates Red Hat’s commitments regarding health and safety, labor and human rights, ethics, and other responsible business practices. In 2019, Red Hat revised its Supplier Code in order to more clearly set forth minimum expectations for suppliers and third-party labor providers related to their ethical practices, including addressing modern slavery and human trafficking risks in their business. A supplier’s violation of the requirements of the Supplier Code may result in the immediate suspension or termination of the supplier relationship. The Supplier Code is publicly available [here](#).
- Code of Business Conduct and Ethics (“Code of Conduct”). The Red Hat Code of Conduct is the cornerstone of Red Hat’s compliance program and provides all employees with a clear understanding of the high standards for ethical conduct by which Red Hat conducts business globally. Red Hat requires that all employees of Red Hat, and its subsidiaries (including Red Hat Asia-Pacific Pty. Ltd.), comply with its Code of Conduct, other Red Hat Policies, and all laws, rules, and regulations applicable to Red Hat wherever it does business. The Code of Conduct also requires employees, officers, and directors of Red Hat to deal honestly, ethically and fairly with its suppliers, customers, competitors, and employees, and to ask questions, seek guidance, report suspected violations, and express any concerns regarding compliance with it. During the current reporting period, Red Hat further revised its Code of Conduct to include a section outlining its commitment and expectations regarding human rights, including Red Hat’s expectation that employees help identify and prevent modern slavery in their Red Hat work and immediately report any concerns. All Red Hat employees must certify that they understand and will follow the ethical principles and compliance rules outlined in the Code of Conduct upon hire, followed by annual re-certification each subsequent year.
- Employee Training. Red Hat’s Annual Compliance and Ethics Training program is also a part of Red Hat’s bedrock commitment to maintaining a culture of compliance and ethical business practices in accordance with our Code of Conduct. Each year, Red Hat employees around the globe are required to complete training on a variety of ethics and compliance topics. During the current reporting period, Red Hat’s Annual Compliance and Ethics Training included a section for all employees focused on creating more awareness of human rights and modern slavery,



including how to report potential concerns. Further, during the reporting period, Red Hat required additional tailored training for certain procurement employees across the globe to ensure that they are positioned to recognize and tackle risks of modern slavery in Red Hat's operations and supply chains.

- Red Hat Business Partner Code of Conduct ("Partner Code"). Red Hat relies on partners to help maintain the trust of Red Hat's customers and broader community and, therefore, Red Hat only works with entities who it believes are honest and ethical, and who commit to doing business ethically. The Partner Code applies to all Red Hat partners and their officers, directors, employees, independent contractors, and agents. Red Hat expects all partners to adhere to this Partner Code when conducting business with Red Hat and its customers, potential customers, and other partners. If Red Hat believes that a partner has failed or may fail to comply with this Partner Code, Red Hat may immediately suspend or terminate its relationship with the partner. The Partner Code is publicly available [here](#).

### **Global Due Diligence Actions**

- Supplier Certification. During the current reporting period, suppliers going through Red Hat's standard procurement process, must agree to comply with the Supplier Code, or make an equivalent commitment, at the outset of the relationship. A supplier's failure to sign and return the Supplier Code certification at onboarding may result in the supplier's disqualification from providing future goods or services to Red Hat or any of its subsidiaries (including Red Hat Asia-Pacific Pty. Ltd.). The Supplier Code expressly states that the supplier "shall comply with slavery, human trafficking and child (and minimum age) labor laws of the country or countries in which they conduct business, shall ensure that slavery, servitude, forced or compulsory labor (including prison labor) and human trafficking are not taking place in their supply chains, and shall deal honestly, ethically, and fairly in these relationships."
- Supplier and Business Partner Due Diligence. All Red Hat suppliers and partners are subject to various forms of due diligence, including the verification of information provided to Red Hat, as part of Red Hat's standard procurement and business partner vetting processes. Additional selective, risk-based due diligence exercises are also performed on certain Red Hat business partners and suppliers. These various measures allow Red Hat to make more informed decisions about who it does business with and in what capacity. These due diligence efforts include:
  - *Business Partner Vetting*. Red Hat's standard vetting process for partners includes an adverse media review that aims to identify potential concerns, including modern slavery and other human rights concerns.
  - *Continuous Monitoring*. Red Hat conducts continuous monitoring of Red Hat partners that aims to identify a variety of potential concerns, including modern slavery and other human rights concerns. During the current reporting period, Red Hat also began



exploring potential vendor options that will enable the Company to conduct continuous monitoring for Red Hat Suppliers as well.

- *Supplier Validation.* Red Hat launched a new global Supplier Validation Process during the current reporting period. As part of this Validation Process, on a risk-basis, certain new and existing Red Hat suppliers were asked to complete supplier questionnaires, which included a broad range of questions aimed at helping Red Hat identify and assess various risks including potential modern slavery risks, such as whether the supplier employs vulnerable workers (e.g., migrant workers or young workers). Following the initial global launch, Red Hat continues to review and adjust the Supplier Validation Process, with particular focus on suppliers that meet risk-based criteria.
- *Supplier Audits.* During the current reporting period, Red Hat and its parent company used various risk-based criteria to select certain Red Hat suppliers for broad audits.
- Employee Certification. As noted above, Red Hat employees are required to complete annual Compliance and Ethics Training, during which Red Hat requires employees to review and re-certify their commitment to the Code of Conduct.
- Reporting Mechanisms and Non-Retaliation Protections. In order to encourage and foster a culture of reporting, Red Hat maintains a number of policies and reporting channels enabling employees, suppliers, business partners, and the general public to report potential violations of our Code of Conduct, policies, or other standards, including illegal or unethical business practices. Red Hat policies also prohibit retaliation or other adverse action against those that raise concerns in accordance with these policies. Reporting channels include a global Compliance and Ethics Hotline, maintained by an independent, third-party provider, that is available 24 hours a day, seven days a week and allows for reporting on a confidential or anonymous basis. Red Hat also has a dedicated supplier concerns reporting channel (supplierconcerns@redhat.com), which is referenced in the Supplier Code. Red Hat continuously monitors these reporting mechanisms and has internal teams dedicated to investigating such concerns. During the current reporting period, Red Hat received no reports involving complaints of modern slavery risks or incidents via these reporting channels.

### **Assessment of Effectiveness**

Red Hat Asia Pacific Pty. Ltd. is monitoring the effectiveness of Red Hat's global policies, procedures, and processes to address the modern slavery risks in any part of our operations and supply chain. As noted in the preceding two sections, we have detailed our actions across four key performance areas: governance; due diligence; employee training & certification; and grievances and reporting. We currently utilize Red Hat's global Compliance and Ethics Hotline and other reporting channels as part of our monitoring efforts. Over the reporting period, we received zero reports of instances of modern slavery whether actual or suspected. In subsequent reporting periods, we will consider developing key



performance indicators (“KPIs”) to measure the effectiveness of our actions in the aforementioned areas.

Overall, Red Hat is taking a proactive and iterative approach to eradicating modern slavery risk in its operations and supply chains. The Company’s iterative approach allows it to continuously review and improve its human rights efforts, as well as best practices across different regions, to try to prevent modern slavery and human trafficking within both its operations and its supply chains in Australia and globally.

### **Consultation**

Red Hat Asia-Pacific Pty. Ltd. does not own or control any other entities and, therefore, additional consultation under the Australia Modern Slavery Act 2018 (Cth) is not required. However, in preparing this statement, Red Hat Asia-Pacific Pty. Ltd. undertook a consultative process across our business in order to create a holistic and fulsome approach to our modern slavery risk profile. A coordinated effort involved requests for information and discussions across the Legal, Procurement, Global Expense and Travel, and People teams to better understand where our modern slavery risk is incurred.

### **Board Approval**

This Modern Slavery Statement was reviewed and approved by the Board of Directors of Red Hat Asia-Pacific Pty. Ltd. on 27 June 2022 and is accordingly signed on behalf of the Board of Directors by the responsible member noted immediately below.

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**Amanda Louise Blanck Newby**

Director, Red Hat Asia-Pacific Pty. Ltd.