

James Hardie Australia

Modern Slavery Statement



Modern Slavery Statement, 2024

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Introduction

Pursuant to the requirements of the Modern Slavery Act 2018 (Cth.) (“Act”), this joint statement of RCI Holdings¹ and James Hardie Australia² sets out the actions taken by James Hardie Australia in the financial year ending 31 March 2024 (“FY2024”), to identify, address and minimize the risk of modern slavery in our business and supply chain. This is our fifth Modern Slavery Statement.



Our Structure and who we are

As stated in our previous statements, James Hardie Australia manufactures, distributes and markets high-quality fibre cement building products. Our products include a variety of patterned profiles and surface finishes for a range of applications, including cladding, trim, soffit lining, internal linings, walls, facades, floors, and tile underlay. Building on a 135-year legacy, we are relentless in pursuing our purpose of Building a better future for all.TM

James Hardie Australia employs a diverse workforce, of over 600 full time employees. We believe that a skilled and diverse workforce encompasses different viewpoints, skills, attributes, and life

experiences. The unique strengths of each employee contribute collectively to our culture and operating performance. We want to attract, develop, engage, and retain our workforce through a culture that promotes inclusion, innovation, social justice, performance, and growth. Our company culture is built on providing a foundation of “Zero Harm”, creating a positive impact in communities and delivering environmentally responsible and innovative solutions to customers.

1. RCI Holdings Pty Ltd (ABN 55 101 671 121) (Holding Company)
2. James Hardie Australia Pty Ltd (ABN 12 084 634 558)



Sustainability

We are committed to our sustainability journey and proactively managing our environmental and social impacts. Meeting the challenges of a changing world and Building a better future for all™ means we continue to focus on four key pillars of Planet, Innovation, Communities and Zero Harm. In FY24, James Hardie made significant progress on our ESG priorities and raised our level of ambition. For further information see our [JH Group Sustainability Report FY2024](#). In FY24, we worked on those goals through deeply embedding sustainability into our company culture.



Planet

We are proactively managing our impact on the environment with a prioritization on circularity and reducing greenhouse gas emissions.



Zero Harm

With our Zero Harm culture, we seek to ensure the safety of our products, employees, partners, customers and communities.

Innovation

We are committed to transforming new technologies into high-quality and sustainable products, solutions and building practices.



Communities

We are building and sustaining an inclusive culture within our business and supporting the communities where we live and work.



Assessment and Mitigation

We continue to raise awareness, as we work together to eliminate Modern Slavery risks in our operations and supply chains. In FY2024 our efforts were focused on understanding our supply chain by:

- Continuing to initiate Intertek Workplace Conditions Assessments for high-risk vendors based outside Australia.
- Reviewing the results of completed Intertek Workplace Conditions Assessments to identify risks and any corrective actions required.
- Leveraging the standard and new risk indicators in the FRDM database including:
 - Adding Sanctions & Trading Partner modules
 - Reviewing modern slavery media alerts against suppliers and the countries in which they operate
- Continuing to create awareness with internal stakeholders.

In FY23 we targeted high risk flagged suppliers based outside Australia and we continued this approach in FY24. We sent out communication to suppliers to explain the introduction of the Australian Modern Slavery Act 2018 and the requirement for businesses to address risks of modern slavery in their operations and supply chains. Our third-party auditor, Intertek Group plc, have continued to manage and conduct the onsite audits. Results in the following section.

The Intertek Workplace Conditions Assessment (WCA) covers all elements of our Supplier Code of Conduct and allows us and the supplier to gain a better understanding of their own operation working conditions – and ways to improve. The WCA tool is in accordance with widely accepted industry standards. WCA offers a mechanism for facilitating continuous improvement through targeted training and remediation processes.

The onsite audit consists of Five (5) Modules covering:

- Labour (Child/Forced Labour, Discrimination, Discipline, Harassment, Freedom of Association, Contracts)

- Wages and Hours (Wages and Benefits; Working Hours)
- Health and Safety (Work Facility, Emergency Preparedness, Occupational Injury, Machine Safety, Safety Hazards, Chemical and Hazardous Material, Dormitory, Canteen)
- Management Systems (Documentation, Records, Participation, Audits and Corrective Action Process)
- Environment (Legal Compliance, Management Systems, Waste and Air Emissions)

Audit Results

We have reviewed the findings of the FY24 completed audits, primarily focusing on results of the Labour and Wages and Hours modules. These suppliers have not previously participated in Workplace Conditions Assessment audits.

Additionally, those suppliers identified through the FY23 supplier audits as having major or moderate issues, had agreed to a Corrective Action Plan to rectify their issues. We have re-audited these suppliers in FY2024. The Re-audit results will be compared to the original audit results in order to identify improvements.

Through this process, we found zero instances or indicators of forced labour in the audited facilities. We made the decision to exit one supplier because of their lack of cooperation with our program. More details are below.

FRDM is a third-party service provider specializing in modern slavery risk analysis. FRDM's methodology and proprietary algorithms are designed to quantify the risks of human rights abuses across a complete supply chain providing end-to-end risk optics from raw material and primary inputs, to finished products/services, product industries, geographies, and suppliers.



Audit 1

Supplier is based in Germany – they manufacture/provide technical fabric made of plastic and metal.

Overall Labour Score – 100%



Labour Summary: The company develops and produces technical fabrics made of metal wire and plastic as well as spiral braiding. In this market segment, the company is considered the dominant market leader. Currently, the company is undergoing a transformation process with a focus on digitalization, international networking, and sustainability.

Overall Wages & Hours Score - 100%



100% compliance score for each of the following areas: Working Hours / Wages and Benefits.

Wages and Hours Summary: The company is bound in the collective agreement of the IGM / metal and electrical industry. Remuneration is demand-orientated and based on the ERA remuneration framework agreement. The working hours comply with the legal requirements.

Findings: No evidence of modern slavery. The overall facility score was 89% and is compared to the Average Country score: 88%, Average Global Score: 82% and Average Industry Score: 82% for this supplier's industry.

Audit 2

The supplier is based in North America - they manufacture vacuum products.

Overall Labour Score – 75%



Labour: 100% compliance score for each of the following areas: Forced Labour / Discrimination / Freedom of Association / Employment Contracts / Discipline, Harassment or Abuse and 75% for Child Labour - Auditor was unable to verify proof of age documentation. Facility management had concerns sharing any personnel information due to confidentiality, privacy and sensitivity of the requested documents.

Labour Summary: No migrant labour, apprentices, prison labour, child labour, young workers forced labour or home workers at the facility. The facility does utilize agency for some local employees. All employees are local. The facility does not have any sub-contractors. There are no unions or worker committees and there is not a legal requirement for any to be in place.

Overall Wages & Hours Score



No score recorded. Auditor unable to verify due to privacy concerns.

Wages and Hours Summary: Suppliers Comment, "Data privacy is part of our groups code of conduct. We are General Data Protection Regulation (GDPR) compliant. We also follow US data privacy regulations strictly. To ensure we are aligned to our code of conduct, we are unable to share employee's private information stored in the employee folder".

Findings: No evidence of modern slavery. The overall facility score was 71% and is compared to the Average Country score: 91%, Average Global Score: 82% and Average Industry Score: 78% for this supplier's industry.

Audit 3

The supplier is based in Mexico - they manufacture textile fabrics and products.

Overall Labour Score – 97%



Labour: 100% compliance score for each of the following areas: Forced Labour / Discrimination / Freedom of Association / Employment Contracts / Discipline, Harassment or Abuse. 97% for Child Labour.

Labour Summary: Employees receive contracts, these contracts are for an undetermined or determined period of time depending on the projects or needs of the company, a copy of the contracts is provided to employees and evidence is kept in employee's files. Employees are hired directly by the facility, no agencies are used, fees could not be determined, as no payroll was shown for review. Files show that only copies of personal documents are kept by human resources. No child labour onsite, employees stated there is no kind of discrimination, there is a union onsite and 100% of the production workers are unionized, they confirmed that there is a Collective Bargaining Agreement in place and they are aware of any changes applied. Their freedom of association is not restricted. Hiring procedure does not mention discrimination aspects.

Overall Wages & Hours Score



No score recorded.

Wages and Hours Summary: Working hours section could not be verified by the auditor. The facility indicated that due to confidentiality purposes, the attendance and payroll records could not be provided to the auditor for review.

Findings: No evidence of modern slavery. The overall facility score was 76% and is compared to the Average Country score: 74%, Average Global Score: 82% and Average Industry Score: 85% for this supplier's industry.

Audit 4

The supplier is based in New Zealand - they provide kraft pulp products.

Overall Labour Score – 91%



Labour: 100% compliance score for each of the following areas: Forced Labour / Discrimination / Freedom of Association / Employment Contracts / Discipline, Harassment or Abuse and 38% for Child Labour - Auditor was unable to verify proof of age documentation. The facility reviews documentation but has incomplete copies on file for legal proof of age.

Labour Summary: There is a stable worker population as verified via documentation and worker interviews, with many people being employed for 20 plus years. There is 100% union membership for all fulltime employees, and this influences the longevity of the workforce and its commitment to good management/worker relationships. There is no casual labour used due to the strict protocols for health and safety associated with the plants. There are no perceived weaknesses as the labour engagement is seen to be positive with workers responding favorably to the regular working hours and job security provided onsite.

Overall Wages & Hours Score - 100%



100% compliance score for each of the following areas: Working Hours / Wages and Benefits.

Wages and Hours Summary: Wages are negotiated as part of the collective Bargaining Agreement with the industry union, with 100% union membership of all full-time employees on site, as verified during the audit. Plants have annualized hours which guarantees the weekly wage regardless of the hours worked with the expectation that an annual quota of hours is completed by the end of the calendar year. This is tracked month on month to ensure that the hours are on track to be met by the year end. There are several allowances – laundry, travel, and meal allowances which are given as additional non-taxable allowances over and above the standard hours wage for every employee in production/plants along with step up and technical allowances paid per shift. The company has an attractive health and life insurance policy which can be extended to family members as optional. Working hours overtime attracts a premium rate over the standard hours. Working hours rosters were seen to be acceptable with workers stating the 4-day roster allows a good work/life balance.

Findings: No evidence of modern slavery. The overall facility score was 79% and is compared to the Average Country score: 95%, Average Global Score: 82% and Average Industry Score: 85% for this supplier's industry.

Re-Audited Suppliers

The supplier is based in China – they manufacture/provide Rock wool.

First audited in December 2022 – The Workplace Conditions Assessment report covered compliance and scores within the following areas: **Labor - 100%, Wages & Hours - 62%**

Findings in December 2022; No evidence of modern slavery. **The overall facility score was 83%.**

Re-audit Findings – October 2023:

No changes to original findings for Working Hours – 2 moderate issues and for sub-section Wages and Benefits – 1 moderate issue. Auditor found improvements to the assessment of Health & Safety and Management Systems, which improved the overall facility score from 83%, to be 87% and is compared to the Average Country Score 81%, Average Global Score 82%, Average Industry Score 82%.

The supplier is based in India – they provide Online Digital Marketing Services.

First audited in January 2023. Workplace Conditions Assessment report covered compliance and scores within the following areas: **Labor - 100%, Wages & Hours - 16%** findings for sub-section Working Hours has identified: 2 major issues, 10 moderate issues, 1 minor issue.

Findings in January 2023; No factual evidence of modern slavery. As the Auditor was unable to verify required records, we needed to allow the supplier the recommended improvement timeline, to make the necessary improvements before Auditor can follow-up. **The overall facility score was 42%**

Re-audit Findings – October 2023:

Improvement to all issues raised in 1st audit under sub-section Working Hours. Wages & Hours score is now 100%, which has also improved the **overall facility score from 42% to be 66%** and is compared to the Average Country Score 73%, Average Global Score 82%, Average Industry Score 78%.

The supplier is based in China – they manufacture/provide Hardware Products.

First audited in December 2022. The Workplace Conditions Assessment report covered compliance and scores within the following areas: **Labor - 63%, Wages & Hours - 9%**

Findings in December 2022; No factual evidence of modern slavery. As the Auditor was unable to verify required records, we needed to allow the supplier the recommended improvement timeline, to make the necessary improvements before Auditor can follow-up. **The overall facility score was 34%**

Re-audit Findings – October 2023:

Improvements to issues under Labour, sub-sections Child Labour, and Discrimination. Labour score is now 68%. No improvements noted for Wages & Hours score. Overall facility score increase from 34% to 37%.

It is evident that the overall facility scores, for all 3 re-audited facilities have increased. Auditors have worked through a Corrective Action Plan (CAP) with each supplier's facility representative, covering opportunity for improvements, with a proposed corrective plan to guide and assist each supplier with how to rectify any remaining issues.

Risk Review

In our last statement for FY2023, we discussed our attempts to audit an overseas supplier (Audit 6 in our FY23 Statement). The supplier is based in China, they manufacture/provide fine powder material products.

Auditor's findings - Access Denied.

The Auditor advised that management allowed for a brief review of attendance and payroll records. The Auditor graded the review as Non-Compliance of WCA Standards, but the supplier would not allow Auditor to record it as a Non-Compliance, and attempted to dictate what they wanted the Auditor to record as the results.

Our next step was to evaluate the potential risks of continuing to purchase from this supplier. Because this supplier was continuously uncooperative with the social compliance audit process, James Hardie Australia found an alternate supplier and have ceased purchasing from this supplier in FY24.

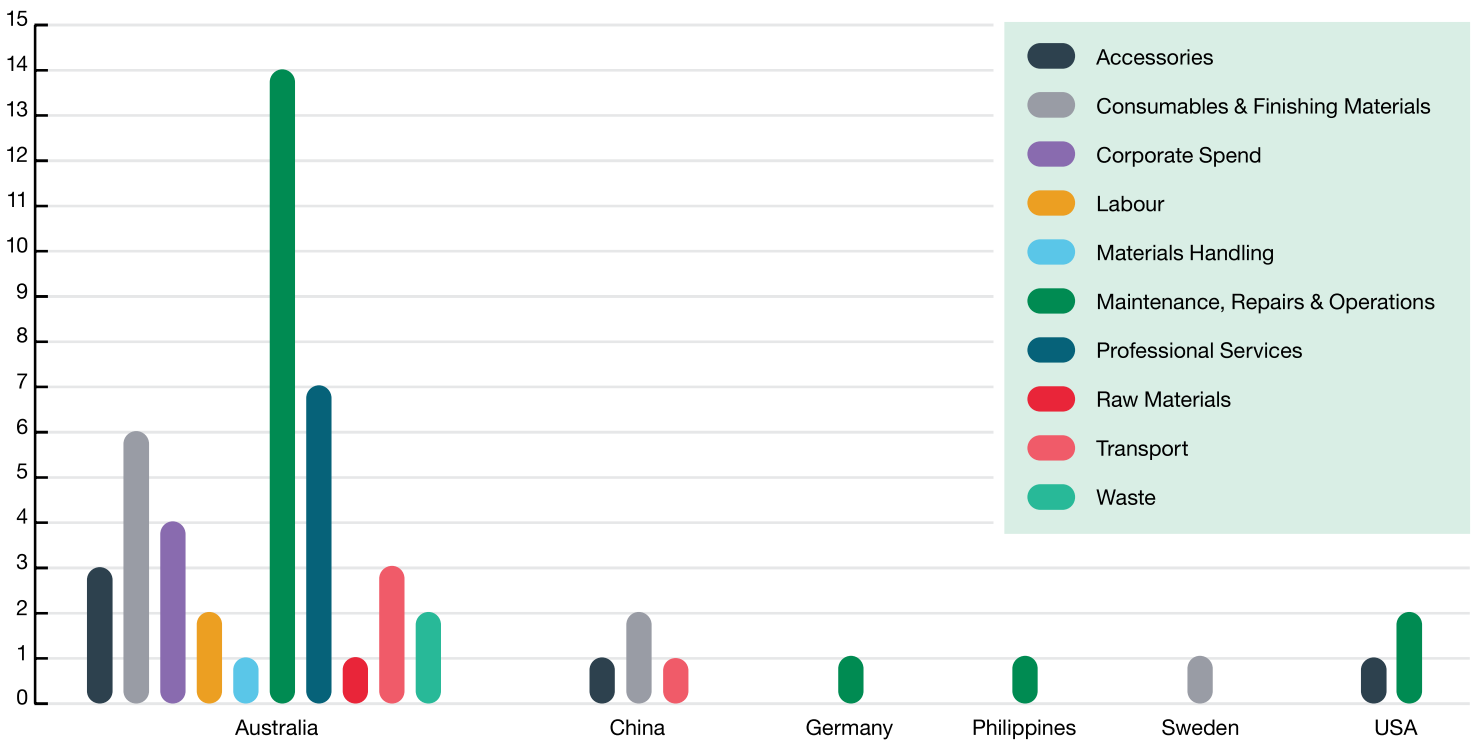
Supplier Analysis & Supply Chain Risks

In 2024 our company had 911 suppliers, located across 12 countries, with 82% of purchases being made from companies registered in Australia (classified as low-risk region), a further 11% being purchased from New Zealand, and the remaining 7% of purchases from various other countries.

own operations and/or their sub tier relationships or raw materials were deemed to be potentially high risk. Of these 53, 43 suppliers are based in Australia and the remaining 10 suppliers are based in other countries (see graph below). In the next 12 months, we plan to send out supplier Self-Assessment Questionnaire's (SAQ) to necessary high-risk suppliers. The responses to the SAQ's, will enable us, to better understand our supplier's approach, to addressing the risk of modern slavery in their businesses and supply chains.

Analysis via FRDM, our risk intelligence software, identified that 53 suppliers had a cumulative high-risk flag. This means that either their

High Risk Suppliers



For the 911 active suppliers in FY24, our highest spend industry continues to be raw materials. Pulp, is our primary raw material, sourced, from our long-term supplier based in New Zealand, a low-risk supplier. Our second highest spend is within the Freight Transportation Arrangement/ General Freight Trucking industry. Third highest spend

industry - Brick, Stone and Related Construction Material Merchant Wholesales/ Cement Manufacturing - primary supplier is a long-standing Australian supplier. Our 4th and 5th industries are also products and services sourced from suppliers based in Australia.

Top 5 Spend Industries

- 1**
 Pulp Mills | Paperboard Mills
- 2**
 Freight transportation Arrangement/ General Freight Trucking
- 3**
 Brick, Stone, and Related Construction Material Merchant Wholesales/ Cement Manufacturing
- 4**
 Employment Placement Agencies
- 5**
 Wood Container and Pallet Manufacturing

Due Diligence

Our Due Diligence, as per our previous modern slavery statement, is to continue to increase awareness and understanding of modern slavery. Our Australian procurement policy specifies that, where possible, all agreements with suppliers include clauses relating to modern slavery.

Our JH Global Supplier Code of Conduct is embedded into our supplier onboarding process. All suppliers are required to acknowledge and accept the code as a precondition to being engaged as a supplier of James Hardie Australia.

FRDM Alerts provide notifications of adverse media alerts which relate to suppliers, countries and industries which may feature in our supply chain. Media alerts monitor for Child Labour, Human Trafficking, Slavery, Indentured Servitude and Unfair Labour Practices. While alerts have been received throughout FY2024, none of the alerts received have related directly to any of our suppliers, nor have any such alerts necessitated any further investigation/action into any of our suppliers or their supply-chains.

In FY24 we added Sanctions & Trading Partner modules to our FRDM database. The Sanctions module monitors over a billion public records, to identify sanctioned entities in our supply chain. The sanctions module indicates a nil result – no tier 1 suppliers have been identified with sanctions. Trading Partners - FRDM also maps our supply chain using shipping manifests, customs documents and ownership records. FRDM utilizes some of the same data sources used by the US Customs and Border Protection and the US Department of Labor. By doing so, they ensure that the data James Hardie sees is the same data used in making regulatory decisions by governmental agencies.

Our Human Resources team are committed to ensure that recruiters and temporary labour suppliers we work with, must acknowledge and agree they will not use child labour in the provision of their services. They must ensure there is no slavery, forced, bonded or involuntary labour, across their operations. Recruiters must be fully compliant with all applicable Modern Slavery Legislation and have the necessary documentation, systems and controls in place to ensure its continued compliance.

Training

In FY2024, using our inhouse online training platform, we continue to raise awareness of the risks of Modern Slavery. Training has been rolled out to all James Hardie Australia employees who may liaise with suppliers or engage suppliers on behalf of the business. In addition we have also included all sales staff who deal with our customers daily. Compulsory training covers, what Modern Slavery is, how to identify and report risks, human rights, and prevention of modern slavery.

On behalf of James Hardie Australia, FRDM has made a donation to Made In A Free World - a charitable organization working to reduce child labour.



Policies and Governance

James Hardie continues its commitment to the sustainable and ethical procurement of products and services and continuous improvement to minimize the environmental and social impacts associated with our network. Our revised James Hardie Global Supplier Code of Conduct outlines the minimum standards we require, including the express prohibition of the use of child and forced labour. We also specifically include that there should be no fees associated, with gaining employment or during the recruitment process. We have also included a list of conventions which are part of the foundation of our Code. Our approved suppliers must meet or exceed our compliance requirements and adhere to our Code.

In FY24 we began the journey of building off of the programme started by James Hardie Australia to create a Global Responsible Sourcing Program. This programme will continue to use FRDM and Intertek. In the FY24 report, there will be adjustments to how we approach the different risk indicators in order to be strategic in our positive impact on the workers within our supply chain and influence our suppliers.

All James Hardie Group companies, including James Hardie Australia, are covered by the James Hardie Group's Global Code of

Business Conduct and the Group's Ethics Hotline Policy. The Code of Business Conduct reinforces James Hardie's commitment to Zero Harm and promotes ethical behavior for our own employees.

The Ethics Hotline is managed by a third-party provider able to receive reports by phone or email. Details of any Ethics Hotline concerns reported are forwarded for review by a select group of senior James Hardie executives who determine an appropriate response, which often includes independent investigation.

In preparing this modern slavery statement, relevant directors and officers of the entities making the statement were consulted and provided with an opportunity to review the statement prior to its approval.



Modern Slavery - Future Commitments

Over the course of FY25, James Hardie Australia will:

- Deep dive into the FRDM risk variables and review to ensure approach to the varying tiers of the supply chain are strategic and impactful.
- Initiate Self-Assessment Questionnaire's (SAQ's) for necessary high-risk, and moderate-high risk vendors.
- Review the results of completed Intertek Workplace Conditions Assessments to identify risks and any corrective actions required.
- Review Sanctions and media alerts.
- Continue to create awareness for internal stakeholders.
- Review FRDM media alerts of suspected incidence of modern slavery.

Assessing the Effectiveness of our Actions

We will assess the effectiveness of our actions in FY25 by reviewing the:

- results of the completed Intertek Workplace Conditions Assessments
- review results of the completed SAQ's
- number, and outcome, of actions necessary in response to FRDM media alerts received in relation to any suspected incidence, or incidence, of modern slavery



This statement is submitted on behalf of James Hardie Australia Pty Ltd and RCI Holdings Pty Ltd, pursuant to section 14 of the Modern Slavery Act 2018. This Statement was prepared in consultation with, and approved by, the Board of Directors for James Hardie Australia Pty Ltd and RCI Holdings Pty Ltd.

Signed on behalf of RCI Holdings Pty Ltd by Bruce Potts - Director

Handwritten signature of Bruce Potts in blue ink.

Signed on behalf of James Hardie Australia Pty Ltd by John Arneil - Director

Handwritten signature of John Arneil in blue ink.

[John Arneil \(Sep 17, 2024 10:31 GMT+10\)](#)