

James Hardie Australia Modern Slavery Statement



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 2021 (“**FY2021**”), to identify, address and minimise the risk of modern slavery in our business and supply chain.

This is our second Modern Slavery Statement.

MODERN SLAVERY STATEMENT, 2021



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Our Approach and Progress to Date

Building on the actions taken in FY2020, and as per the plans set out in our FY2020 modern slavery statement, during FY2021 we focused our efforts in two key areas:

1. Developing Awareness and Understanding

We continued to develop awareness (inside and outside our business) of modern slavery and we took steps to understand/better understand what our suppliers are doing to identify, address and minimise the risk of modern slavery in their business and supply chain.

2. High-risk Suppliers

We identified suppliers which operate in regions/industries which are at high risk of modern slavery and took steps to deepen our engagement with them to understand how they are addressing the modern slavery risks they face.

Further details about what we've done in relation to these two areas are provided below.

Developing Awareness and Understanding

Over the course of FY2021, we have taken the following steps to increase awareness of modern slavery and minimise the risk of modern slavery in our supply chain:

Modern Slavery in Contracts

- We amended our Australian procurement policy to ensure it expressly and clearly specifies the preferred use of James Hardie Australia precedent agreements in any supplier engagement, so as to endeavour to ensure that, to the extent possible, clauses relating to modern slavery are included within all agreements between James Hardie Australia and its suppliers (where third party paper is preferred, we endeavour to have precedent clauses relating to modern slavery incorporated into the third-party paper).

JH Global Supplier Code of Conduct

- We published our JH Global Supplier Code of Conduct (which sets out our expectations in relation to modern slavery) and our FY2020 Modern Slavery Statement on our website www.jameshardie.com.au for all stakeholders to access; and
- We created a requirement for every new supplier, and any renewing supplier, to review, acknowledge and accept the JH Global Supplier Code of Conduct as precondition to being engaged as a supplier of James Hardie Australia.



Internal Audit of Recruitment Services

- We completed a national internal audit of our recruitment services suppliers (for permanent and fixed-term hires) and placed the renewed and new suppliers on our Preferred Supplier Agreement inclusive of precedent modern slavery clauses.

Supplier Self-assessment Questionnaire (“SAQ”)

- We sent a SAQ to all high-risk and moderate-risk suppliers at the end of FY2020.
- We engaged directly with multiple high-risk and moderate-risk suppliers to discuss questions raised in relation to the SAQ and, in relation to modern slavery generally.
- We re-sent the SAQ to any non-responsive suppliers and are currently considering appropriate action in relation to any suppliers which, on second request, have failed to respond.
- We reviewed all responses received to better understand our suppliers' approach to addressing the risk of modern slavery in their businesses and supply-chains and to identify what if any further action in this area may be taken by us to better assess, address and mitigate the risk.

High-Risk Suppliers

Alongside the action taken above in relation to high-risk suppliers, we identified and began discussions to engage a third-party auditor, Intertek Group plc, to undertake physical onsite Workplace Conditions Assessment of high-risk overseas suppliers and provide us with a report. In FY2022, Intertek will commence auditing our high-risk overseas suppliers, COVID restrictions permitting.

¹ RCI Holdings Pty Ltd (ABN 55 101 671 121)

² James Hardie Australia Pty Ltd (ABN 12 084 635 558)

³ For detail on our corporate structure and operations, please refer to page 6

Assessment and Mitigation of Modern Slavery Risks

In FY2020, we engaged the services of FRDM a risk intelligence software platform to send out our supplier self-assessment questionnaire.

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. Following the initial analysis of our supply chain, we used FRDM to send out the SAQs, mentioned above, to all of our high-risk and moderate-risk suppliers.

In FY2021, FRDM received the SAQ responses and the results received were used by FRDM to provide an up to date risk assessment of our supply-chain.

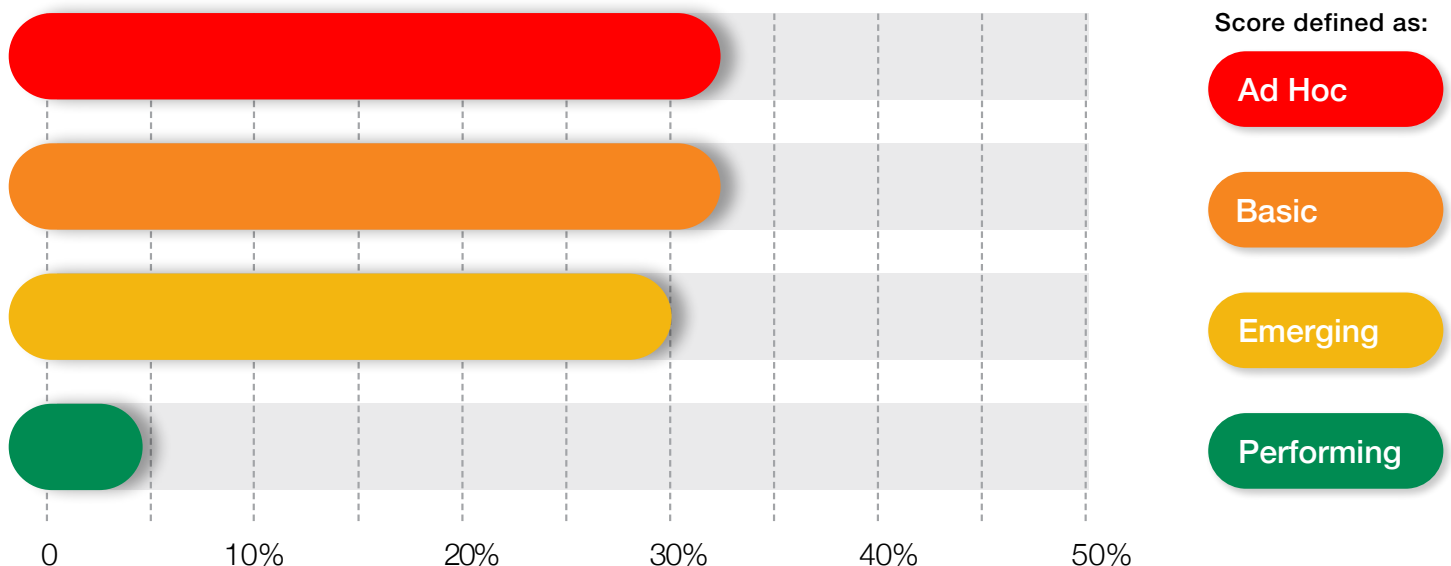
In terms of the FRDM system, FRDM's SAQ methodology applies an evidence-based approach to collate insights

and assess the maturity of each supplier's modern slavery policy commitments, processes and governance controls across five key impact areas:

- Governance and Policy Commitments
- Operationalising Respect and Human Rights Due Diligence
- Operational Grievance and Remedy Mechanisms
- Human Rights Practices
- Auditing History

The SAQ responses are auto assessed against pre-set scores and weighted criteria, to produce outputs. The assessment outputs, and any supplementary documents provided, are nested in our database under the supplier's profile for review and corrective action updates. The results of the FRDM assessment are set out below.

Results



Suppliers with an 'Ad Hoc' score are perceived as having a greater risk of modern slavery in their business and or supply chain, based on the results of the SAQ, they have been identified as having in place no formal controls, policies or commitment to modern slavery within their own business and may therefore, be more likely to be less aware of the risk of modern slavery in their supply chain and therefore, they are less likely, or less likely to be able, to identify its existence if present.

We recognize that the Act does not require small to medium enterprises to complete an annual modern slavery statement. Moreover, we recognize and understand that small to medium enterprises do not necessarily have the resources available to invest in the kind of compliance processes, systems and people which a larger organization might. Accordingly, it is, to an extent, to be expected that a certain percentage of respondents to the SAQ will fall into the Ad Hoc category. FRDM confirms that the Ad Hoc classification is commonly the largest of the four classifications. The findings of FRDM, consistent with

our results, clearly identify the need for further education on modern slavery and underline the importance and relevance of the steps we have taken to date to raise the profile of this issue through our 'developing of awareness and understanding' actions.

Our immediate focus moving forward will be on those high-risk suppliers who have been classified as having Ad Hoc systems in place.

Supply Chain Risks and Ongoing Due Diligence



Throughout FY2021, COVID-19 has had an impact on all businesses across the world. Understandably, simply surviving the global pandemic has taken priority for many businesses. This of course, presents a heightened risk of modern slavery since, supply chain disruptions resulting in cost push inflation as well as short-supply, combined with curtailed or restricted demand in many circumstances will place many businesses under extreme cash-flow and profit and loss pressure. This of course will result in some businesses doing the wrong thing or cutting back on initiatives which are not seen as essential to survival.

Mindful of the above, we have been keen to undertake site visits of our high-risk suppliers, particularly those in high-risk overseas regions. Unfortunately however, due to COVID restrictions, we have been unable to physically visit

and audit our high-risk overseas suppliers. Having regard to the above, we sought another way to manage these audits.

Following discussions in FY2021, we have engaged Intertek, a global third-party auditor, to complete Workplace Conditions Assessments of our high-risk overseas suppliers. Intertek will present us with reports which will set out the findings of site-based audits which evaluate the facility workplace conditions of the supplier and benchmark those conditions against sector, country and global averages. The assessment will include; Labour Issues, Wage & Hours, Health & Safety, Management Systems, Environment, and Business Integrity.

We plan to have these audits undertaken in FY2022 and assess the outcomes in our next Modern Slavery Statement.

Throughout FY2021 we have had minimal changes to our raw materials supply chain, as we tend to maintain well established relationships with our existing reliable suppliers. However, we realise the importance of updating our supplier list to ensure new incoming suppliers from FY21 are being added to our FRDM supplier database, in order to accurately monitor risks of modern slavery. The diagram below is a FRDM database overview summary of risk levels using up to date data. The majority of suppliers being monitored are based in Australia.

High-Risk Supplier Analysis

Focusing on our material spend high-risk suppliers*:

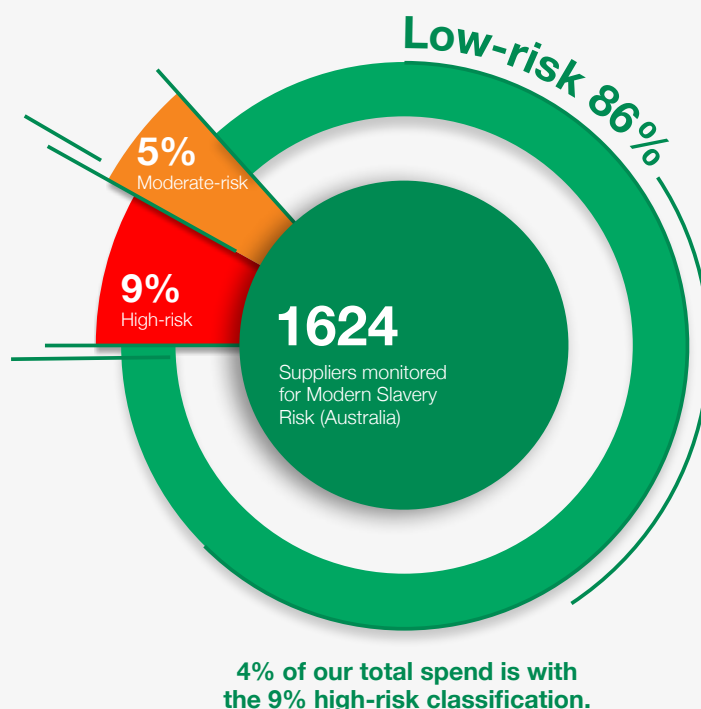
Region: over 91% were located in Australia (classified as a low-risk region)

Industry: 28% were identified as operating in the following high-risk industries:

- Electronic Computer Manufacturing
- Computer & Peripheral Equipment Manufacturing
- Motor & Generator Manufacturing
- Radio, Television & Wireless Communications Communication Equipment
- Fluid Power Valve & Hose Fitting
- Commercial, Industrial Machinery & Equipment
- All Other Telecommunications

Finished Goods: 98% of the finished goods purchases by JHA were identified as low-risk

Inputs: all of them had one or more inputs, into one or more of the finished goods purchased by JHA, which were classified as high-risk.



It is important to note that the 'high-risk' classification is a theoretical risk, rather than confirmed risk, which is based on a desktop analysis of things such as region, industry, product type, and inputs. Accordingly, further analysis and investigation is required in order to better understand actual risk in the operation or supply-chain of any of our suppliers classified by the FRDM analysis as high-risk suppliers. The information set above is however, very helpful in directing our focus.

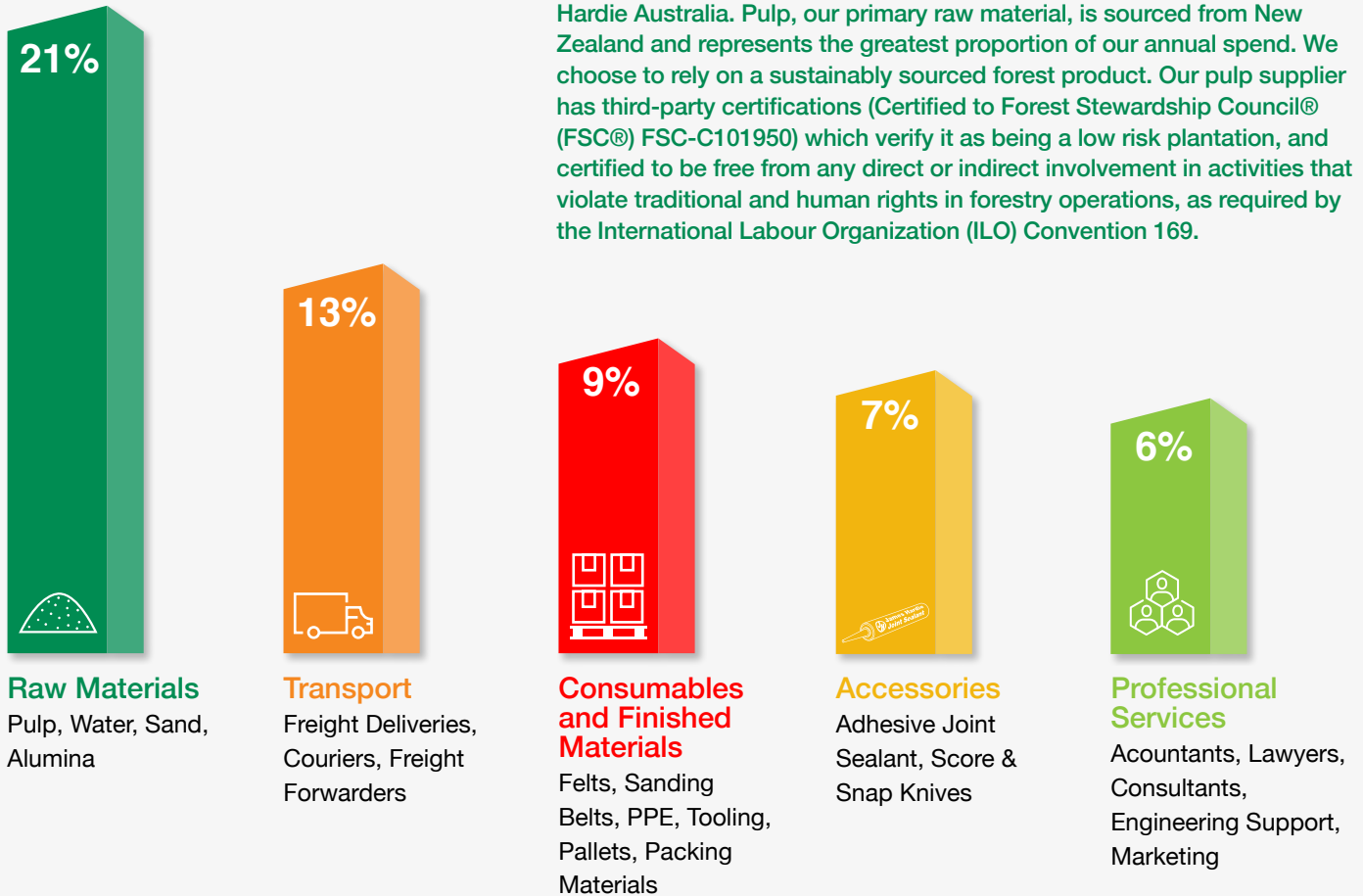
As set out above, analysis of the material spend high-risk suppliers identified above, evidences that over 91% were located in Australia (classified as a low-risk region), ~72% were not operating in a high-risk region and, 98% of the finished goods purchased from them were identified as being low-risk. However, one common factor in most, if

not all, of those classified as material high-risk suppliers was that one or more of the inputs, into one or more of the finished goods supplied by the suppliers and purchased by JHA, were classified as high-risk.

Accordingly, alongside the obvious target of digging deeper into those suppliers classified as high-risk arising out of the region or industry in which they operate, the above analysis tells us that, in order to better understand risk, and indeed whether the risk classification is appropriate for certain suppliers, we will likely need to investigate the purchasing patterns of our material high-risk suppliers (irrespective of region or industry) in order to better understand the source of the risk classification and the actual risk.

*142 high-risk suppliers were identified by FRDM - 60 of these suppliers had very small expenditure. Analysis is based on 82 *material spend high-risk suppliers*.

Top 5 spend categories:



Raw Materials continue to represent the largest spend category for James Hardie Australia. Pulp, our primary raw material, is sourced from New Zealand and represents the greatest proportion of our annual spend. We choose to rely on a sustainably sourced forest product. Our pulp supplier has third-party certifications (Certified to Forest Stewardship Council® (FSC®) FSC-C101950) which verify it as being a low risk plantation, and certified to be free from any direct or indirect involvement in activities that violate traditional and human rights in forestry operations, as required by the International Labour Organization (ILO) Convention 169.

In FY2021 we continued to focus on the area of greatest risk, with our efforts devoted to our supply chain by:

- Auditing supplier compliance records – no physical audits occurred in FY2021 due to COVID travel restrictions and social distancing.
- Providing updated supplier data to our risk intelligence software provider FRDM.
- Engaging with suppliers who have not responded to our SAQ.

In addition to FRDM's end-to-end risk analysis, FRDM also provides online access to any 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.

Example of an Alert: A media report, "US Customs has found forced labour practices in Top Glove Corporation Berhad (TPGC.KL) production of disposable gloves and directed its ports to seize goods from the manufacturer". A Malaysian rubber glove manufacturer, this company owns and operates 47 manufacturing facilities in Malaysia, Thailand, China, and Vietnam. They manufacture gloves under 8 different brand names.

Action taken: As we do not directly use the supplier that is the subject of the above alert for the supply of disposable gloves or otherwise, there did not appear to be an immediate issue. However, further assessment was needed to ensure our supplier of disposable gloves doesn't procure disposable gloves from the referred to supplier under any of the 8 referred to brand names. After contacting our supplier to investigate, our supplier confirmed that the disposable gloves we procure from our supplier are manufactured using intellectual property owned by our supplier or its group affiliates and the manufacturing partners, with whom it chooses to partner to manufacture the disposable gloves, go through an extensive vetting process to ensure they are leading the way towards sustainable practices and have been made ethically.

FRDM donates 5% of James Hardie Australia's subscription fees to charities working to end child labour:

"As over 11% of all children in the world work somewhere in global supply chains, working together and supporting charities on this issue is incredibly important".

Our Structure and Operations

RCIH Holdings Pty Ltd (“**RCIH**”) is a holding company (i.e. it does not operate any ‘businesses’ itself). RCIH holds all of the shares in several James Hardie Group⁴ subsidiaries including but not limited to James Hardie Australia. James Hardie Australia is the main operating entity for the James Hardie Group in Australia.

RCIH does not employ any persons, nor does it produce or procure goods or services from anyone outside the James Hardie Group. As a result, RCIH does not itself have any modern slavery matters upon which to report. Alongside James Hardie Australia, James Hardie Systems Pty Ltd (JHS) was the only other operating subsidiary of RCIH in FY2021. The business operation of JHS was wound down in FY2021 and the company is no longer operating a business. Accordingly, the only supply-chain upon which to report in this FY2021 joint statement is that of James Hardie Australia.

James Hardie Australia manufactures and distributes high-quality fibre cement building products and accessories nationally and internationally from its manufacturing plants located in New South Wales and Queensland. Our products are used in new residential construction, manufactured housing, renovations and extensions, as well as a variety of commercial and industrial applications. James Hardie Australia employs over 540 employees.

Our commitment, to the safety and well-being of our employees, and those of our partners, is front of mind in the business decisions we make. As we continue to navigate through this unprecedented pandemic, we remain focused on operating our manufacturing facilities in a safe and compliant way.



- ↑ Global Impact
- ↑ Community impact
- ↑ James Hardie
- ↑ Homeowner

James Hardie is committed to improving its sustainability performance and Building Sustainable Communities. This commitment is to: (i) the smallest of communities - the individual household, (ii) the James Hardie Community, (iii) the local communities in which we live and operate, and (iv) the largest of all communities, the global ecosystem. Our sustainability strategy, which was formalized in fiscal year 2021 focuses on four key pillars of Communities, Environment, Innovation and Zero Harm - [JH Group Sustainability Report FY2021](#).



COMMUNITIES

With a global mindset, we carefully manage our business impacts by employing, sourcing, delivering and giving locally.



ENVIRONMENT

With a global mindset, we carefully manage our business impacts by employing, sourcing, delivering and giving locally.



INNOVATION

With a global mindset, we carefully manage our business impacts by employing, sourcing, delivering and giving locally.



ZERO HARM

Our Zero Harm culture ensures the safety of our employees, customers, partners and communities



⁴James Hardie Industries plc and all its direct and indirect subsidiaries



Policies, Governance and Training

James Hardie is committed to the sustainable and ethical procurement of products and services and continuous improvement to minimize the environmental and social impacts associated with our network. The JH Global Supplier Code of Conduct outlines the minimum standards we require including health, safety, environment and labor, and including the express prohibition of the use of child and enslaved labor. James Hardie Australia manages our supplier relationships through our contractor and supplier management portal. In order to become an approved supplier of James Hardie Australia there are a number of compliance requirements that the supplier must meet or exceed. Once engaged by James Hardie Australia, we work closely with our suppliers, proportionate to risk, to manage the relationship. We encourage self-auditing by our suppliers on adherence to the JH Global Supplier Code of Conduct, along with working collectively to address and responsibly resolve any concerns identified modern slavery related or otherwise.

All James Hardie Group companies, including James Hardie Australia, are covered by the James Hardie Group's Global Code of Business Conduct (Code of Business Conduct) (<http://ir.jameshardie.com.au/jh/library.jsp>) and the Group's Ethics Hotline Policy. The Code of Business Conduct reinforces James Hardie's commitment to Zero

Harm and promotes ethical behaviour.

We encourage our employees to speak up if they see something that is questionable or appears to be in violation of the Code of Conduct either to their manager, a representative in our HR or Legal and Compliance departments or anonymously via our Ethics Hotline.

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 include 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.

Our online modern slavery training module covers matters including but not limited to, what modern slavery is, how to recognise different types of modern slavery and what to do if it is identified. Our business leaders and those employees who engage directly with our supply-chain have completed this module and modern slavery will form part of our compliance training.

⁴James Hardie Industries plc and all its direct and indirect subsidiaries

Modern Slavery - Future Commitments

Over the course of FY22, James Hardie Australia has and will:

- Initiate general audit of our highest-risk suppliers.
- Review the results of the Intertek workplace conditions assessments to identify risks and any corrective actions required.
- Further engagement with suppliers to clearly outline our supplier expectations, quantify risks before determining appropriate action.
- Continue to engage with Ad-Hoc score suppliers to develop awareness of Modern Slavery.
- Review and assess FRDM media alerts of suspected incidence of modern slavery and any changes to our high-risk supplier list.
- Continue to create awareness for internal stakeholders.
- Focusing on understanding further our supply chains including labour providers.

Assessing the Effectiveness of our Actions

We will assess the effectiveness of our actions in FY22 by measuring the:

1. modern slavery training completion rate;
2. response rate to our SAQ;
3. year-on-year change in the results of the SAQ review (i.e. % of suppliers classified as 'Ad Hoc', 'Performing' etc.);
4. number, and outcome, of actions necessary in response to FRDM media alerts received in relation to any suspected incidence, or incidence, of modern slavery; and
5. assessing the outcomes of our audits.

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



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

