Etex Australia

Modern Slavery Statement 2021

etex
inspiring ways of living

A message from our Managing Director

At Etex, we seek to inspire ways of living. We are committed to building our future on products and services that support the transition towards a sustainable society and economy. Our values – Connect and Care, Passion for Excellence, Pioneer to Lead – guide our behavior in driving growth, achieving excellence, boosting personal development, and improving social responsibility. We acknowledge the global presence of our supply chain and will take continual actions to combat modern slavery of any form and ensure that our business has a positive contribution to society. Throughout FY 2021, our team has remained vigilant and diligently assessed suppliers to ensure a responsible global supply chain network for our business.

We are pleased to share our second Modern Slavery Report for the reporting period 1st January 2021 to 31st December 2021, which expresses our growing commitment to identify and mitigate the risks of modern slavery in our operations and supply chains. We look forward to continuing learning and sharing our knowledge to collectively protect human rights and freedom.

This Modern Slavery Statement has been reviewed and approved by the Managing Director of Etex Australia Pty Ltd.

Gavin Burton
Managing Director
Etex Australia Pty Ltd
June 2022

Changes to our organisation structure

During this reporting period, the transition of ownership to Etex Group was completed on 26th February 2021, with the company changing its name to Etex Australia Pty Ltd on 6th March 2021. Prior to that date the company was formerly known as Knauf Plasterboard Pty Ltd.

The ultimate parent is Etex NV, a company incorporated in Belgium. Etex NV, a multinational organisation and in addition to Etex Australia, owns separate legal entities in Australia called Promat Australia Pty Ltd and Equitone. For completeness, it should be noted that the other Australian activities of Etex are not covered in this report because they fall below the reportable threshold.

However, a number of Etex NV's international legal entities (including Etex Building Performance Limited) have published modern slavery reports to comply with their obligations under the UK Modern Slavery Act. These modern slavery statements are available on the UK's Modern Slavery Act Registry: Modern slavery statement registry - GOV.UK (modern-slavery-statement-registry.service.gov.uk).

Operations and supply chain

Operations

Etex Australia Pty Ltd is a manufacturer and distributor of lightweight construction solutions under the Siniat brand including plasterboard, compounds, and light weight metal framing systems. Our organisation has operated for 30 years in Australia, starting in the early 1990s as a new manufacturer to the Australian construction industry. Now employing over 300 people, our business operates three plasterboard manufacturing facilities in Matraville (Sydney, NSW), Altona (Melbourne, VIC), Bundaberg (QLD), and a metal roll forming production facility in Beenleigh (Brisbane, QLD).

Our manufacturing facilities are certified and independently audited to the stringent requirements of standards including ISO 9001:2015 Quality, ISO 14001:2015 Environment, and ISO 45001:2018 Health & Safety Management systems, therefore, ensuring high quality of our operations. Our products are distributed via a national distribution network comprising of company owned retail stores, independently owned and operated Plastamasta stores, and independent retailers.

Figure 1. Our Operations

Plasterboard

Our range of Siniat plasterboard products for internal wall and ceiling linings includes performance boards for fire, water, impact and sound resistance and high performance specialty multi-function boards.

Compounds and Accessories

We manufacture and distribute a range of Siniat compounds for the finishing of our internal wall and ceiling systems, as well as a range of associated accessories such as paper tape.

Metal

We design and manufacture a comprehensive range of Siniat metal framing components for use with our wall and ceiling systems.

Supply chain

The majority of our operations are supported by Australian suppliers while some of our direct suppliers are located overseas in New Zealand, United States, Canada, Singapore, South Korea, China, Hong Kong, Thailand, South Africa, and some European countries including, Germany, United Kingdom, Denmark, Netherlands, Ireland, France, Belgium, Luxembourg, Spain, Sweden, and Greece.

Figure 2. Geographic spread of our supply chain

Of our total spend for 2021 reporting period, 96.6% is locally procured in Australia, while only 3.4% spend towards overseas suppliers. Our largest spend categories are Overheads spending (43.9%) and procurement of Raw Materials (39.3%). Of the total Raw Materials spending, about 97% is with Australian suppliers for locally sourced gypsum and plasterboard liner paper. Other major spends categories include Energy, Merchandise sourced locally and from overseas, and overhead overseas spending.

Figure 3. Local vs Overseas supply chain spend

Overseas, 3.40%

Local, 96.60%

Figure 4. Supply chain by spend category and origin

■ Overseas
■ Local

	Raw Materials	Energy	Merchandise	Overheads
Overseas	1.40%		0.60%	1.50%
Local	37.90%	7.30%	8.90%	42.40%

Raw Materials
Includes Gypsum, plasterboard liner paper, steel, additives, fly ash, vermiculite, packaging material and water sourced from local and overseas suppliers.

Energy
Electricity and gas sourced locally.

Merchandise
Finished goods such as boards, compounds, cornice, metal accessories, access panels and insulation sourced locally and overseas.

Overheads
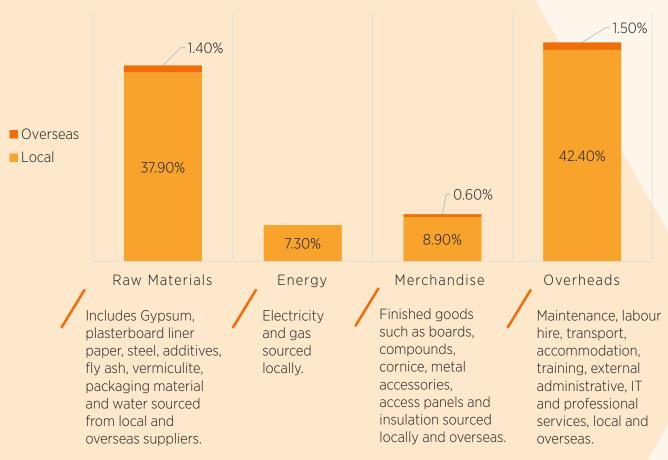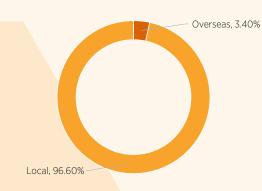Maintenance, labour hire, transport, accommodation, training, external administrative, IT and professional services, local and overseas.

Identifying modern slavery risks

We have continued to take steps to identify the potential risks areas for modern slavery practices in our operations and supply chains, to support our risk management approach.

In our operations

We have reviewed our risk assessment for any changes in supply chain from the previous reporting period. With the proportion of local procurement of material having increased from 93% in FY20 to 96.6% in FY21, we believe the risk of modern slavery in our Australian operations continues to be very low.

We have predominantly high skilled labour requirements in our workforce, as well as only using labour hire companies who are appropriately qualified, such as the Queensland Labour Hire Licensing requirements. There are strong human resources controls in place for the review of employees' wages and salary, and we ensure that employees are aware of and comprehend our company guidelines and policies. This includes an anti-bribery and corruption, and competition law, and Etex's Code of Conduct. The Code of Conduct acknowledges our responsibility to respect human rights in our operations, and support protecting internationally proclaimed human rights. We strongly condemn any form of discrimination and human human rights violation and encourage our employees to report any misconduct or wrong doings through our whistleblowing policy.

Worker engagement and participation is emphasised throughout our operations via consultation processes which include team meetings, EHS committees, consultative committees, as well as communication via structured company-wide communications meetings and regular surveys conducted internally and via third parties such as Gallup. Engagement is an internal indicator across functional teams and participation a requirement of management systems under ISO 45001 Health & Safety. In addition, regular training is conducted on educating employees and managers on respect in the workplace which covers EEO and harassment.

Our organisation also has a strong focus on wellbeing and mental health, with a confidential Employee Assistance Program (EAP) in place providing free, confidential support and counselling to all employees with any personal or work-related challenges. In 2022, Etex Group has launched a global EAP provider LifeWorks, which is being rolled out to all teammates. We are also strongly focused on employee health and wellbeing as part of our COVID Safe plans, to ensure we look after all our employees, whether on site or working remotely.

In our supply chain

We have reviewed our initial mapping of our suppliers to identify any changes in the potential risk areas of modern slavery practices in our global supply chains. During this reporting period, we mainly focused on our Tier 1 suppliers across four key spend categories: Raw Materials, Energy, Merchandise and Overheads.

Suppliers were evaluated for their potential risk of modern slavery, from low risk to high risk, based on their geographic locations by referring to the risk index published in the Global Slavery Index (GSI 2018) by the Minderoo Foundation. The GSI considers five criteria for modern slavery vulnerability assessment – governance issues, lack of basic needs, inequality, disenfranchised groups and effects of conflict. We also mapped risk by the categories of goods and services and their associated sectors, from the geographically high risk suppliers that are likely to have modern slavery risks as per the GSI.

Suppliers who were in geographic regions of risk as well as an industry sector of risk, were defined as "Category A" suppliers. These Category A suppliers provide raw materials and finished goods, belong to the mining and manufacturing sectors which are identified to have potential risks of modern slavery practices as per the GSI 2018 report.
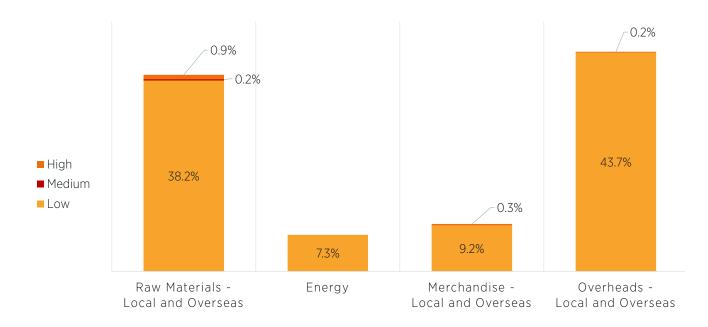
Further assessment of these identified geographically high-risk suppliers (Category A) was undertaken by reviewing company history, credible assessment reports, certifications and human rights policies to gauge the extent of potential modern slavery risks in these companies. Only 0.9% of our total spend falls into this category with one supplier located in South Africa, and two suppliers in China identified as potentially high-risk suppliers that could have risks of modern slavery practices.

Low visibility areas of the supply chain

Apart from the potential modern slavery risk areas identified in our global supply chains, we acknowledge that the procurement of consumable goods from Australian suppliers such as apparel, IT equipment, and office supplies may have been manufactured in geographically high risk countries or belong to high risk sectors. We also recognise that certain service sectors such as the cleaning industry can have low visibility and may recruit migrant workers who are more vulnerable to exploitation. We are working with our suppliers and contractors on strategies to mitigate such risks.

Figure 5. Risk categorisation for total spend

Figure 6. Risk Assessment Summary

	Geographical risk	Internal risk category
Australia (96.6% spend)	low	Category C
New Zealand, United States, Canada, Singapore, Germany, United Kingdom, Denmark, Netherlands, Ireland, France, Belgium, Luxembourg, Spain, Sweden	low	Category C
Greece, South Korea, Hong Kong	medium	Category B
China, Thailand, South Africa	high	Category A

Further assessment of Category A

Suppliers	Sectors
China (2 suppliers) and South Africa (1 supplier)	Manufacturing and Mining

Key actions taken to address Modern Slavery Risks

We have a cross-functional team comprising of teammates from Sustainability, Finance, and Procurement who work together to undertake measures to better understand and address the risks of modern slavery in our operations and supply chains. Key actions for the 2021 reporting period were:

Risk assessment
We have performed a risk assessment of our key suppliers in FY21 to identify any potential modern slavery risks in our global supply chains. Potential high-risk suppliers are classified as Category A Suppliers, i.e., suppliers with sizeable exposures based on spend amount with potentially high geographic and sector risks. Furthermore, we performed a detailed assessment of our Category A suppliers by performing reviews of company policies, related newspaper articles, and database searches to have a better understanding of the extent of modern slavery risks in their operations and supply chains.

Supplier questionaire
We have provided questionnaires to our identified Category A suppliers to further gain insight into the potential risks of modern slavery in their operations and supply chains, keeping in mind to respect their privacy while seeking information. We have established a streamlined process to actively engage with our suppliers to communicate our expectations and work collaboratively to mitigate the risks of modern slavery in our businesses.

Corrective action
We have established an approach to corrective action in cases where a supplier may be identified as potentially non-compliant. We have identified alternative suppliers for contingency allowing us to investigate suspected non-compliant suppliers without disrupting our supply chain. During this year's reporting period, when a likely high-risk supplier was identified, corrective action has been taken where we have moved to an alternative supplier while the situation is being investigated.

Corporate policies and procedures
Since being acquired by Etex, we have adopted and adhered to the Etex Way, Etex's Code of Business Conduct. It requires high standards of ethical behaviour in relation to human rights and defines minimum acceptable standards for legal and ethical compliance in our operations. Etex's ethical business conduct includes zero-tolerance towards bribery and corruption. The code is supplemented by an e-learning module that must be completed by all office workers at least once during each financial year.

Awareness
We continue to take steps to raise general awareness amongst teammates regarding the potential modern slavery risks in our business via communication meetings and updating inductions. We have also engaged in meaningful discussions with the procurement team to continue to integrate modern slavery considerations into our procurement process.

Supplier Onboarding
We have updated our contractual clause to be used for supplier onboarding to include modern slavery risks. We have clearly stated our expectations from our suppliers to ensure ethical business practices and make reasonable efforts to identify and mitigate human rights violations in their supply chain.

Stakeholder Engagement
Throughout FY21 our representatives have actively engaged with industry peers to learn and share knowledge. One of the key events was a talk by Daisy Gardener, Director of Human Rights at Australasian Centre for Corporate Responsibility (ACCR) organised by Moir Group, which discussed some of the issues collectively faced by reporting entities in identifying and addressing modern slavery risks. Recommendations to further strengthen the legislation were also explored.

Assessing effectiveness

During FY21 we have reviewed our risk management strategy to address modern slavery risks in our supply chain. We have engaged with internal stakeholders and industry peers to better understand the effectiveness of our actions and to continue to improve our approach in tackling modern slavery. The key steps included:

Risk assessment strategy

We regularly undertake a critical review of our risk assessment approach to identify scopes of improvement. This is done by continuing to learn from industry peers and engaging in discussions to ensure that we have an updated view on modern slavery risks.

Routine Risk Review

We review our existing suppliers to identify any emerging modern slavery risks. We have also set up a streamlined process for regular engagement with our suppliers and customers to receive and respond to their queries and feedback. The occupation health and safety management of our suppliers are also periodically reviewed as part of our GreenTag Product certification assessment.

Grievance Mechanisms

We monitor the whistleblowing channel and incident reports to identify if there have been any grievances relating to any form of modern slavery or human rights violations.

Annual Reporting

We will continue to assess the effectiveness of our due diligence processes, corrective actions, and relevant policies, and report through publishing our annual modern slavery statement.

Future actions

We are committed to ethical, legally compliant, and socially responsible business management. We expect our suppliers to share this commitment and make reasonable efforts to promote the compliance of their own suppliers and subcontractors. As a condition of doing business with Etex we expect all suppliers to operate in a manner that comply with the standard set in our Suppliers Code of Conduct. A revised Suppliers Code of Conduct has been published in 2022 with key focus on health and safety, human rights and labour practices, compliance and business ethics, and sustainability and environment. The code of Conduct will be issued to all key active suppliers as an integral part of our contractual relationship with suppliers. All Etex suppliers must adhere to internationally recognised standards of responsible business conduct and fully commit to the recommendations contained in the Code. Instances of non-conformance to the code by suppliers is reviewed by Etex.

As part of our commitments to sustainability, the corporate group of Etex has begun working with EcoVadis. EcoVadis is a sustainability ratings service provider that assesses a business's supply chain network across 21 sustainability criteria in four critical areas: environment, ethical business practices, sustainable procurement, and labor and human rights. This rating tool employs methodology that is founded on international standards including Global Reporting Initiative, the United Nations Global Compact, and the ISO 26000 – Guidance on Social Responsibility. In 2021, Etex Group itself has been assessed by EcoVadis, the results of which are to be published in the next Etex Sustainability Report.

Etex Australia will continue training our employees to build awareness of potential modern slavery risks in our operations and supply chains. We will perform cyclic vendor risk review and update our corrective action plans as part of our mitigation strategy. Overall, we aim to adopt best industry practices to improve our risk management approach through actively engaging with our peers.

Etex Australia Pty Ltd.

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