

# Modern Slavery Statement 2022

Fletcher Building (Australia) Pty Limited

Improving the world around us through  
smart thinking, simply delivered

# A message from our Chief Executive Officer of Fletcher Building (Australia) Pty Ltd



Dean Fradgley, Chief Executive Officer (2<sup>nd</sup> from the right)

This is Fletcher Building's third Modern Slavery Statement, which sets out our continuously improving efforts to identify, manage and mitigate Modern Slavery risks in our operations and supply chains.

In the past year we have established further improvements in our response to vulnerable workers and human rights abuse. With the continued changes in the macro-environment, including significant pressures and new challenges on international supply chains, our supply chain partners have continued to be crucial to the successful delivery of our business plans.

This has included ensuring that we have appropriate relationships, controls and visibility into our supply chain, which is not only essential from a human rights perspective, but equally to our success as a business.

We are committed to achieving the highest standards of ethical behaviour in the conduct of our business and activities and our supply partners must equally hold our social and governance values on this journey. We support and respect the protection of human rights and endeavour to make sure that Fletcher Building and our supply partners are not complicit in human rights abuses. To this end, we will not tolerate slavery or human trafficking or abusive or unfair treatment in any part of our own business, or in any of our supply chains.

Our policies and practices in relation to procurement, human resources and corporate responsibility, support this commitment. Over the course of the past year we have further refined our Modern Slavery Framework, commenced the review of our procurement governance documents, appointed a third party supplier to conduct a monthly desktop audit of our high risk suppliers and commenced training of some of our front line employees who engage with suppliers on Modern Slavery, as we move to a 'business led' approach.

We have continued to listen to feedback and are constantly improving our processes, and in the coming period we will continue to evolve and digitise our processes. We will make further investments in training, guidance and Modern Slavery processes for our employees as we continue our journey from a 'procurement led' model to a 'business led' approach to Modern Slavery governance. Our ongoing commitment is to continue to engage more stakeholders across our business as we all have a responsibility to eradicate the risks of Modern Slavery.

**Dean Fradgley**

Chief Executive Officer of Fletcher Building (Australia) Pty Ltd

Fletcher Building  
Group Revenue FY21

**\$8,498m\***

Australian  
Revenue FY21

**\$2,783m\***

Business locations  
across Australia

**300+**

Suppliers to  
Australian businesses

**10,000+**

High risk  
suppliers<sup>1</sup>

**870**

Employees in  
Australia, New Zealand  
and the South Pacific

**14,700**

Employees  
in Australia

**4,378**

<sup>1</sup>As identified by reference to the criteria set out in our Modern Slavery Framework.

\*From FY22 Annual Report. All references to currency in this Modern Slavery Statement use the Fletcher Building Group currency which is New Zealand dollars.

This statement is made and published on behalf of Fletcher Building (Australia) Pty Limited and its subsidiaries pursuant to s.14 of the Modern Slavery Act 2018 (Cth) (Aust) (the Act). References to "Fletcher Building", "we", "us", "our" are to these bodies, together with the related entities that carry on the Fletcher Building business inside Australia.

# Overview

**Our impact spans the full construction value chain. We are driven through efforts to create a better more sustainable world. We want to be smart and innovative in all we do, making our customers' lives easier in the process.**

Dual-listed on the ASX and NZX, Fletcher Building operates through six divisions – Building Products, Distribution, Concrete, Residential and Development, Construction, and Australia. Fletcher Building (Australia) Pty Limited (“Fletcher Building Australia”) is Fletcher Building’s holding company for its Australian Businesses.

Our Australian Businesses manufacture and distribute high-quality building materials for a broad range of industries, employing people at manufacturing, distribution and sales sites across Australia.

We manufacture products used to build homes, buildings and infrastructure, including insulation, laminate surfaces, plumbing supplies, steel roofing, and plastic piping. The Australian operations span more than 300 operating sites across the country and employs approximately 4,378 people.

The Australian Businesses include Laminex, Iplex Pipelines, Fletcher Insulation, Tradelink, Oliveri Solutions, and Stramit and those entities listed on page 12 (our Businesses).

Since the last reporting period, Fletcher Building has continued to work diligently to better understand the modern slavery risks in its operations and supply chain. Senior representatives from Fletcher Building Australia have actively engaged and consulted with all of our Australia Businesses via regular procurement and legal meetings, where the Modern Slavery Framework and the methodology for identification of risks in our business were actively discussed and practices reviewed.

Member of  
**Dow Jones  
Sustainability Indices**

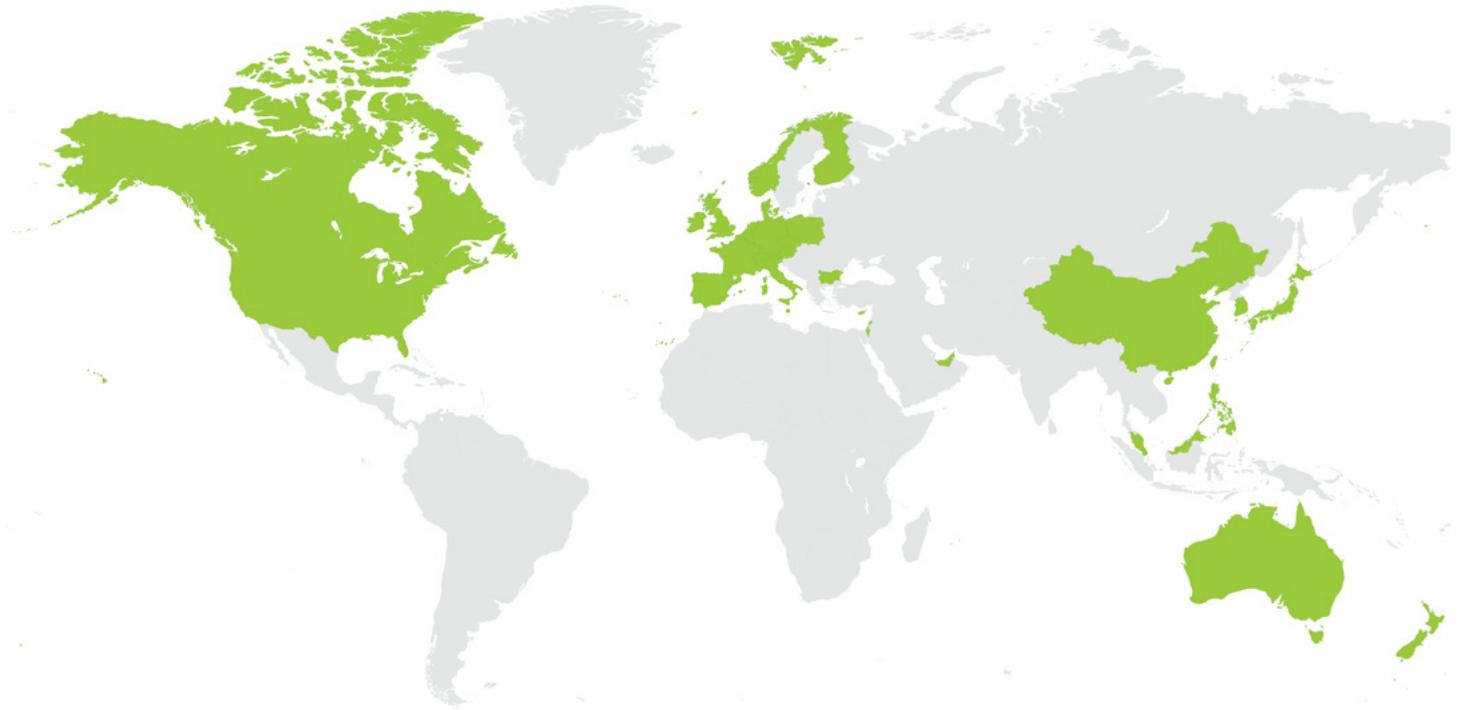
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Fletcher Building has a comprehensive sustainability strategy, encompassing our operations and supply chain, and this includes a focus on human rights. In 2022 we were members of the Asia-Pacific Dow Jones Sustainability Index, and of organisations including Champions for Change, the New Zealand Sustainable Business Council and Supply Nation in Australia that focus on improving diversity and representation within businesses and their supply chain.

## Overview (continued)

### Our operations and supply chain

Our Businesses have relationships with a large number of suppliers, both nationally and internationally. Over 90% of our largest suppliers are based in Australia, with the remainder of our products, raw materials and services sourced from a range of countries as shown by the diagram below.



We have diversified Businesses which have a wide range of products and services supporting our operations, including:



#### Finished goods:

These goods include taps, sinks and a range of other items are sold to our end customers.



#### Services:

A range of service providers enable our operations across Australia.



#### Technology providers:

IT hardware and software service providers which support our operations.



#### Raw materials:

Are used in our manufacturing processes to produce a wide range of goods which are sold to our customers.



#### Site, office and home locations:

Our physical locations for manufacturing, distribution, retail, back-office administration and private homes.



#### Our workforce:

Our workforce contains a mix of employees and labour-hire workers.

# Our modern slavery risk assessment

## Identification of modern slavery risks

Fletcher Building has implemented a risk-based approach to Modern Slavery risks to ensure that Fletcher Building Australia takes appropriate action to address the risk of Modern Slavery existing within our Business' supply chains. In this reporting period, we re-evaluated our methodology for risk identification in line with our commitment to continuous improvement. This review prompted changes to how we identify high-risk suppliers in our supply chain including broadening the location criteria and including different product areas within scope.

## Our methodology for identification of Modern Slavery risks includes these key factors:

### Spend with supplier:

The greater our spend with a supplier, the greater the level of understanding of each of our Businesses, resources and capacity to work together to ensure our standards are achieved and may reduce the risk of Modern Slavery.

### Supplier location:

Various regional influences such as cultural, political, regulatory or developmental status in some countries or regions may increase risks related to Modern Slavery. These geographical locations are reviewed annually to ensure they are reflective of current global conditions.

### History of Modern Slavery related risks:

Suppliers in industries which are predisposed to low cost labour or have a history of unethical behaviour are monitored by our Dow Jones reporting tool and reported to our procurement team.

### Direct or indirect supply:

The type of goods or service procured will impact the chain of supply relating to that product or service with some goods having tiers of suppliers (indirect) and others being directly procured by Fletcher Building Businesses. Our visibility into each supplier reduces the more indirect the level of procurement.

Generally speaking, finished goods will have a longer supply chain (more indirect) which will be further removed from Fletcher Building and have less transparency than raw materials or services supplied directly to us, where we will have more control and visibility with direct relationships.

### Ability to audit:

Suppliers which are audited either by Fletcher Building representatives or by third parties on behalf of Fletcher Building (and successfully pass our criteria) have a reduced risk to our Businesses.

### Product Category:

We have identified certain product and services categories as being high risk, notwithstanding a high spend threshold, including garments, building and maintenance services, cleaning services, travel and security and these now form part of our risk framework in 2022.

## Our risk assessment and associated actions for our Businesses are outlined below:

### Workforce (including labour hire) risk:

i.e. any person in Fletcher Building's workforce, whether employees or temporary labour hire workers, are subject to conditions which might be considered to constitute Modern Slavery. As we identified last year that the risk was higher for labour hire workers, this year we further reviewed our labour hire providers, in particular their licensing protocols and confirmed such licencing requirements were aligned with our modern slavery policies.

## Our modern slavery risk assessment (continued)

“ We support and respect the protection of human rights and endeavour to make sure that Fletcher Building and our supply partners are not complicit in human rights abuses. To this end, we will not tolerate slavery or human trafficking or abusive or unfair treatment in any part of our own business, or in any of our supply chains. ”

Dean Fradgley, Chief Executive Officer, Fletcher Building (Australia) Pty Limited.

### Supply chain risk:

i.e. suppliers of goods and support services for our production and distribution sites and/or office locations may subject their staff and contract workers to conditions which might be considered to constitute Modern Slavery.

### Our risk assessment concluded<sup>1</sup>

#### Suppliers of goods:

i.e. the suppliers of raw materials and finished goods used in our supply chain such as raw materials (e.g. resins, steel), finished goods for resale (e.g. sinks, taps), consumables and hired assets (e.g. forklifts, trucks), present for the most part a low risk as the vast majority are sourced from within Australia. In accordance with our risk methodology, those suppliers which manufacture overseas (e.g. Asia), have a history of Modern Slavery related risks, or those that have longer, indirect supply chains present a higher risk. To date no material risks or breaches have required remediation.

#### Service providers:

i.e. the suppliers of services to enable our sites and office locations to operate such as catering, security and cleaning, as well as freight and travel service providers, in some instances present a risk and have been monitored closely with all suppliers falling into our risk framework being assessed by our reporting tool. To date, no material risks or breaches have required remediation.

#### Site, office and home locations:

i.e. the manufacturing, distribution and retail sites together with the offices and private homes we work from present a low-risk as they are all located within Australia.

#### Technology providers:

i.e. IT hardware and software and print services that support our business is generally considered low risk given the maturity of the industry, strong supplier reputations and professional nature of the services rendered.

<sup>1</sup> Risk assessment based upon our 2020 analysis which continues to be used as the basis of our Modern Slavery Framework.

## Our modern slavery risk assessment (continued)



The most relevant of the policies and procedures that we have in place, and the steps that we have taken to mitigate against any risks of Modern Slavery, include:

**Our Supplier Code of Conduct** which sets out the conduct that we expect of our contractors and suppliers, and explicitly states that we will not tolerate slavery or human trafficking;

**Our Human Rights Policy** outlines how Fletcher Building will uphold and monitor human rights within our business operations;

**Our Sustainability Policy** which, among other things, confirms our commitment to uphold human rights within our business and across our supply chain;

**Our Supplier Procurement Processes** which includes all suppliers having to fill out a supplier questionnaire prior to entering formal written agreements with Fletcher Building and being onboarded as a supplier. Suppliers who refuse to complete or where answers are non-compliant are escalated to our Australian Modern Slavery Steering Group. We have updated our purchasing agreements to require compliance with our Supplier Code of Conduct.

**Our Terms and Conditions of Purchase of Goods or Services** which aims to ensure that all goods and services acquired on behalf of Fletcher Building are acquired in line with procurement best practice, at the lowest acceptable risk profile and with proper consideration of the social, environmental and ethical impacts of such activity;

**Our Global Whistleblowing Protection Service** which includes a free phone service known as 'FBuCall' which can be used by any Fletcher Building personnel, customer, supplier or other individual to report suspected unacceptable, unethical or illegal behaviour. This service is operated by external providers who act as an independent third party to ensure, amongst other things, that the calls are kept anonymous where requested by the user.

**Employee Code of Conduct** sets out the behaviours and conduct that we expect of our employees and temporary workers across our Businesses.

# Our governance, policies and procedures

We have a zero-tolerance approach towards Modern Slavery and all forms of discriminatory or exploitative behaviour and treatment.

## Risk Management Governance

Fletcher Building’s risk management framework is aligned with ISO31000: 2018 Risk Management - Principles and Guidelines Standard. The purpose of the risk management framework is to ensure that key risks are identified, assessed, controlled, monitored and reported, so that the Group can achieve its objectives and protect its staff, customers and reputation. The framework provides a consistent structure for: risk management, business processes, corporate knowledge and technology, and alignment with Group strategy.

The Group’s risk management framework is based on the three lines of defence model, as shown in Figure 1 below. As part of its risk management responsibilities, the Audit and Risk Committee (ARC) receives regular reports of existing and emerging key risks, and reviews the adequacy of internal controls to identify, monitor and manage Fletcher Building’s material strategic, financial, operational and emerging risks.

In this reporting period, the Modern Slavery Group commenced additional reporting to the Safety, Health, Environment and Sustainability Committee (SHES) on responsible procurement process and practices and Fletcher Building’s approach to management of human rights including modern slavery aspects.

### 1<sup>st</sup> Line of Defence:

Responsibility for operational risk management sits with the managers in the individual business units and the divisional chief executives which our risk management and assurance processes support through our Group functions.

### 2<sup>nd</sup> Line of Defence:

The Australian Modern Slavery Steering Group (which includes members from across Supply Chain, Finance and Legal) is responsible for developing and implementing initiatives that address and minimise the risk of Modern Slavery in our Businesses via a set of policies and procedures.

### 3<sup>rd</sup> line of Defence:

Risk management and assurance processes are overseen by the ARC and the Executive Committee. A dedicated Internal Audit team takes a risk-based approach to auditing key business activities and reports directly to the ARC.

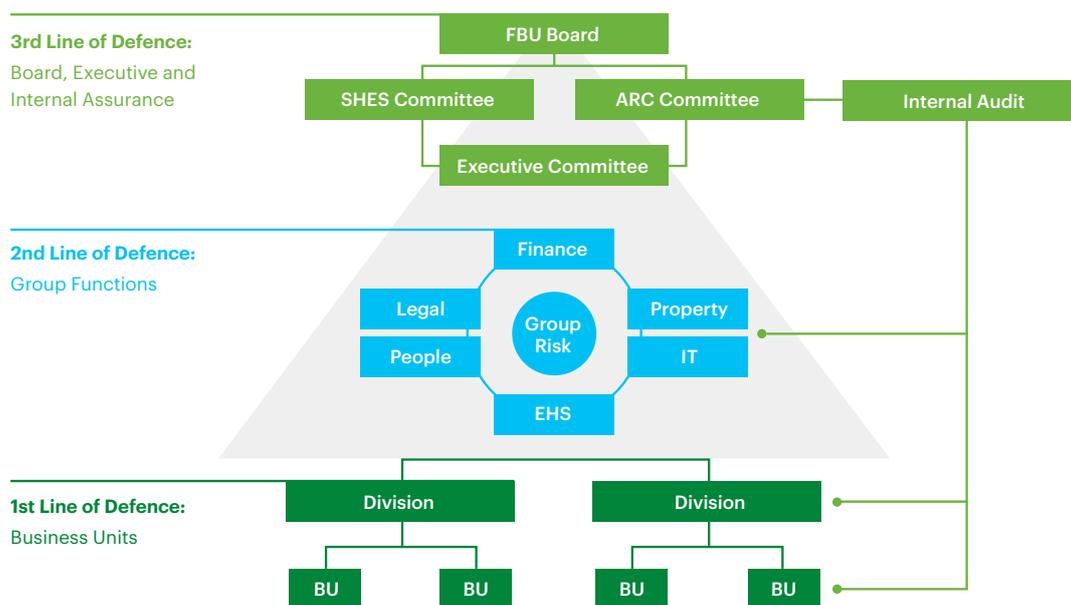


Figure 1

# Our actions

We recognise that the greatest risk of Modern Slavery is in our supply chain.

From a modern slavery perspective, we have taken the following action to embed our policies and procedures:

## Modern Slavery Framework:

Our embedded scalable framework identifies, tracks, escalates and seeks to remediate Modern Slavery risks across our Businesses. Whilst this framework is currently being led by our group (central) procurement function, we are in the process of decentralising this to be led from each of our business areas as we recognise that each business area has better control and oversight over their particular supply chain risks. Any potential breaches identified are then referred to the Australian Modern Slavery Steering Group for assessment and action. In 2022, we reviewed this framework and made improvements including in respect of our internal process, implementation and how we identify risks in our supply chain.

## Modern Slavery resources:

**Risk assessment tool:** A risk assessment tool is used to support our review of supplier compliance with the Act by providing both historical and current information based upon tailored filters relevant to our Businesses.

**Supplier questionnaire:** The user-friendly questionnaire is used for (i) new suppliers and (ii) existing suppliers operating in high-risk industries / geographies or otherwise identified as higher risk to us that are renewing their agreement with us. The questionnaire requires suppliers to self-assess against the Fletcher Building Supplier Code of Conduct.

**Third parties:** We use trusted third parties to support our risk assessments via the provision of supplier information and the performance of independent reviews. In 2022, we have partnered further with Dow Jones to perform ongoing monitoring and auditing of the suppliers that fall within the high-risk category in our Modern Slavery Framework to ensure we have the most up to date information on our supply chain. Any information collected on these suppliers is then actioned in accordance with our Modern Slavery Framework.

**Training and best practice:** In 2022 we again updated our Modern Slavery assessment and awareness materials. We also identified the key people in procurement roles across each Australian Business and implemented online compulsory modern slavery training to increase awareness and understanding.

## Modern Slavery processes:

Our Modern Slavery risk assessment process for both existing and new suppliers ensures any identified risks are escalated quickly to key decision makers:

**New suppliers:** our supplier onboarding process includes a risk-based assessment of new suppliers and requires the completion of the supplier questionnaire.

**For existing suppliers:** we continue to identify those suppliers operating in high-risk industries, geographies or similar and required the completion of the supplier questionnaire.

## Contractual protections:

Our supplier contract terms include warranties that suppliers comply with all Fletcher Buildings required 'attributes' including applicable laws, regulations, and Fletcher Building's Supplier Code of Conduct in an ethically compliant manner including with our standard business practices terms. These terms cover (amongst other things) labour and workplace management, and address matters such as child forced and involuntary labour, fair pay and working conditions, training, learning and development opportunities.

## Supplier audits:

The content and scope of our supplier audits include reference to our Supplier Code of Conduct, workplace safety, labour laws and human rights compliance. In some instances, these audits are outsourced where location and/or greater Modern Slavery risks are identified. Where issues are identified, follow up audits are arranged to ensure that remediation measures are incorporated and, if not, escalated.

## Outcome of these measures in 2022:

Following review of each of these measures set out above, we identified a number of instances where our suppliers did not comply with our Supplier Questionnaire, giving rise in some instances to further investigations, follow up reviews and/or mitigation actions. Where necessary these instances were then escalated and resolved in accordance with our Modern Slavery Framework. Resolution of two of these instances resulted in the Business electing to not proceed with particular supplier relationships. In others, we worked with each Supplier to better understand their response to modern slavery to ensure that they did have a process in place to mitigate the effects of modern slavery in their supply chain.

## Impact of COVID-19

In FY22 we have continued to actively manage the risks arising from the COVID-19 pandemic. Through the year, the Group's crisis management framework has supported relevant Business Units and Divisions to respond to the dynamic operational environment created by COVID-19.

The impact of COVID-19 has inhibited our ability to meet face-to-face however we were able to meet virtually by the use of video conferencing technology to progress our actions required to address the risks of Modern Slavery.

The use of third-party contract providers (who were based locally) was also utilised where travel was not possible. We have worked hard to maintain our supplier relationships and, where required, have opened new and transparent lines of communication in respect to the risks of COVID-19 with our supply chain partners. We have also continued to support our suppliers and uphold our supplier contractual obligations.

Our Businesses continue to operate in full compliance with the government's COVID-19 response, changing laws and regulations, ensuring the continued health and wellbeing of our staff, contractors, partners and customers.

# Effectiveness of our actions to prevent modern slavery and future plans

We recognise that our efforts to identify and address the Modern Slavery risks in our supply chain is an ongoing and evolving process and we are committed to continue to build upon it.

Whilst we have to date not identified any material Modern Slavery risks in our Businesses we are committed to continuous improvement.

For the next reporting period, FY23, we are working towards implementing:

- broader modern slavery training by an external provider for key business stakeholders;
- an update to how our supplier questionnaire is utilised (including the possibility via an online platform) to increase our reach and quality of responses;
- a further review of our risk framework to ensure it is in line global modern slavery standards;
- a further review of our actions to be taken in the event we identify instances of modern slavery in our supply chain.

Below we set out the objectives we committed to in the last reporting period, tracked against the outcomes we achieved.

Focus Area	Objective	Outcome Achieved
<b>Awareness</b>	Transition to a business-led (rather than supply chain- led) approach to raise awareness of Modern Slavery risks.	Transition to business led approach is continuing a Refresh of Modern Slavery Framework, questionnaire and guidance.
<b>Risk identification</b>	Improve the application of our Modern Slavery Framework by our Businesses.	Roll out of MS training to key procurement leads across businesses. Update to internal website with references to relevant policies and procedures.
	Deliver training which includes the application of our Modern Slavery Framework and the methodology to identify potential cases of Modern Slavery in our supply chain.	Embed training for key stakeholders across the business.
<b>Risk mitigation</b>	Contract management guidance to assist with enforcing of our compliance obligations on third party suppliers.	Refreshed Modern Slavery content and materials made available to all supply chain and non-supply chain employees (who are involved in material purchasing activities).
		Improved contract outcomes for all Tier 1 supplier negotiations.

## Effectiveness of our actions to prevent modern slavery and future plans (continued)

### Approval

This statement was approved by the board of Fletcher Building (Australia) Pty Limited for and on behalf of the relevant entities:

- Amatek Holdings Pty Limited
- Amatek Industries Pty Limited
- Amatek Investments Pty Limited
- Bandelle Pty Limited
- Baron Insulation Pty Limited
- Crane Enfield Metals Pty Limited
- Crane Group Pty Limited
- Crane Share Plan Pty Limited
- Crevet Pipelines Pty Limited
- Crevet Pty Limited
- CTCI Pty Limited
- EE-Fit Pty Limited
- FBHS (Aust) Pty Limited
- FBSOL Pty Limited
- Fletcher Building (Australia) Pty Limited
- Fletcher Building Products Australia Pty Limited
- Fletcher Industries Australia Pty Limited
- Fletcher Insulation Pty Limited
- Gatic Pty Limited
- Geraldton Independent Building Supplies Pty Limited
- Iplex Pipelines Australia Pty Limited
- Iplex Properties Pty Limited
- Key Plastics Pty Limited
- Kingston Bridge Engineering Pty Limited
- Laminex Group Pty Limited
- Laminex US Holdings Pty Limited
- Milnes Holdings Pty Limited
- Morinda Australia Pty Limited
- Northern Iron and Brass Foundry Pty Limited
- Oliveri Solutions Pty Limited
- Polymer Fusion Education Pty Limited
- S Cubed Pty Limited
- Stramit Corporation Pty Limited
- Tasman Australia Pty Limited
- Tasman Building Products Pty Limited
- TBP Group Pty Limited
- Tradelink Pty Limited

This Modern Slavery Statement was approved by the Board of Fletcher Building (Australia) Pty Ltd.



**Matthew Brodie**

Director of Fletcher Building (Australia) Pty Ltd.

