

James Hardie Australia

Modern Slavery Statement



Modern Slavery Statement, 2022



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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 2022 (“FY2022”), to identify, address and minimize the risk of modern slavery in our business and supply chain. This is our third Modern Slavery Statement.



Our structure and who we are

James Hardie Australia manufactures and distributes high-quality fibre cement building products. We manufacture and distribute our products and accessories for use in new residential, construction, manufactured housing, renovations, and extensions, as well as a variety of commercial and industrial applications.

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.

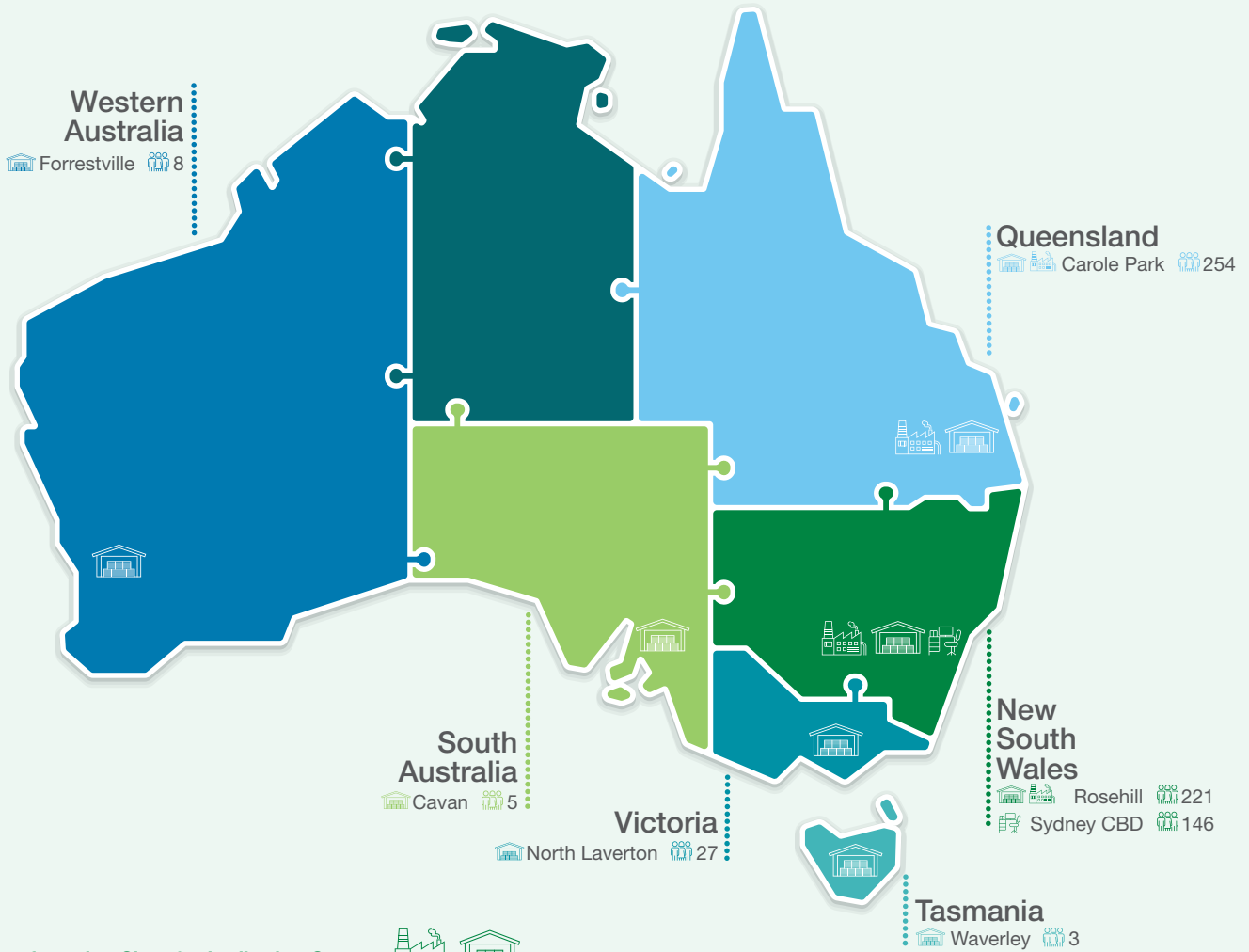
Products are made from natural and sustainable raw materials delivering endless design possibilities to customers.

James Hardie Australia employs a diverse workforce of over 600 employees. 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)

James Hardie Australia Facilities



Manufacturing Sites & Distribution Centres  


Distribution Centres 

Administration Office 

Staff 

Sustainability


We are committed to improving our sustainability performance and proactively managing our environmental impacts. Building a sustainable future means we continue to focus on four key pillars of Communities, Environment, Innovation and Zero Harm. For further information see our [JH Group Sustainability Report FY2022](#).

 **Communities**

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

 **Environment**

We seek to minimize our impact on the environment, and we prioritize the management of water, waste, energy and emissions.

 **Innovation**

We use new technologies to produce high-quality, sustainable products, solutions and building practices.

 **Zero Harm**

Safety is a non-negotiable value of our company. Our Zero Harm culture empowers all employees to ensure the safety of fellow employees, partners, customers and communities.

Assessment and Mitigation

In our FY2021 Modern Slavery Statement, we discussed the Supplier Self-assessment Questionnaire (“SAQ”) responses which were sent out to our high and moderate risk suppliers. More than 30% of the respondents were classified as ‘Ad Hoc’*. The results of the SAQ alongside various supplier discussions, caused us to identify educational awareness for this cohort as a key modern slavery risk mitigation strategy for FY2022.

Having regard to the above, we engaged a third party to assist us in collating a modern slavery education/guidance package which we could distribute to our Ad Hoc rated suppliers in an effort to increase awareness and help them to identify modern slavery risks in their business and supply-chain. The information package was electronically sent out to all of our FY2021 Ad Hoc scoring respondents. The information package covered the following:

- A general overview of modern slavery, the types of modern slavery, the types most commonly faced by Australian entities and some examples.
- Common indicators of modern slavery risk in companies and at-risk industries.
- Key statistics of modern slavery globally and regionally to provide further context.
- Listing of jurisdictions with legislation and regulatory regimes addressing modern slavery.

In FY2022 our continued efforts were devoted to understanding our supply chain by:

- Providing updated supplier spend and purchase data to our risk intelligence software provider FRDM
- Sending out an SAQ to all re-classified high-risk and moderate-risk suppliers.
- Auditing supplier compliance records – no physical audits occurred in FY2022 due to COVID travel restrictions and social distancing
- Trialing the SAQ as part of the onboarding process for a new supplier who imports products from overseas - [refer to case study1](#)
- Engaging global third-party auditor Intertek to conduct a remote audit - Workplace Conditions Assessment report on an overseas vendor providing engineering services, based in the Philippines - [refer to case study 2](#)

In addition to FRDM’s end-to-end risk analysis, FRDM also provides online access to 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 FY2022, 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.

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.



*Each respondent is awarded a classification based on a review and assessment of their responses to the SAQ. . The classification is ranked in descending order as follows: “Performing” (highest), “Emerging”, “Basic”, and “Ad hoc” (lowest). 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.



Case Study 1

Supplier Industry – engineering services, other professional equipment, and supplies merchant wholesalers in Australia. This supplier provides imported guillotine blades. We sought to understand any potential risks of modern slavery before purchasing the product. The supplier was asked to complete the SAQ as part of our vendor approval evaluation process. The description of the goods and the country of manufacture were captured in the response, allowing us to better understand/analyse the modern slavery risk associated with the supply of this kind of product from this supplier (goods:guillotine blades; country of manufacture: Germany) prior to engaging them to provide products and servicing of equipment.

The SAQ response did not include any evidence, or give rise to any concern, of the presence of modern slavery in the supplier's business. However, the supplier was assessed as having ad hoc processes, controls, and strategies to minimize the risk of modern slavery in their supply chain. We engaged FRDM to undertake a 'deep dive' analysis of the supplier's responses, with the aim of identifying possible avenues for improvement and actionable next steps which we can share, and work, with the supplier to help minimize the risks of modern slavery in their supply chain.

Alongside the action taken above in relation to high-risk suppliers, we engaged third-party auditor, Intertek Group plc, to undertake a remote audit report for an overseas based supplier. The audit process is based on a workplace conditions assessment, our code of conduct, and the corresponding local laws. The findings of a site-based audit evaluate the facility workplace conditions of the supplier and benchmark those conditions against sector, country, and global averages. Due to COVID travel restrictions within the Philippines, and the area being devastated by a typhoon, Intertek conducted a remote audit in January 2022 - see findings below.



Case Study 2

Supplier provides consultancy services, based in the Philippines. Identified by FRDM as moderate risk, due to its Industry - Engineering Services.

Audit: Workplace Conditions Assessment report covers compliance and scores obtained within the following areas:

Labor - 100%

Wages & Hours - 100%

Environment - 100%

Health & Safety - 64%

Management Systems - 77%

Findings; No evidence of modern slavery. The overall facility score was 82% and is compared to the Average Country score:88%, Average Global Score: 81% and Average Industry Score: 79%.

Recruitment and hiring process: Business Hiring and Recruitment Policy implemented on site. Staff and workers are hired based on job qualification requirements. There are no recruitment fees being imposed to applicant. Pre-employment medical examinations for newly hired workers are shouldered by the Company. Original copies of personal documentation are retained and surrendered to workers

after validation during recruitment and only photocopies are retained. All staff on site are locals as there are no foreign or migrant workers being utilized. Total workers – 14.

Wages and Hours: staff working on a single shift: 7:30am to 5:30 pm from Monday to Friday. Workers are entitled to 15 minutes morning and afternoon breaks and lunch break of 30 minutes per day. Workers utilize biometric (finger scanning) as time keeping system.

All workers interviewed (9) state that pay slips are provided timely with details of gross income, deductions, and net income. Reviewed payroll records showed no deductions made from the wages as disciplinary measures.

Health & Safety: Emergency preparedness – findings of 1 minor issue and 5 moderate issues relating to lacking requirements on Emergency Preparedness and the need for Safety Officer to fully comply with local laws requires improvements. Action: Corrective actions recommended to supplier and agreement by supplier to comply on all issues by 14 – Sep- 2022.

Management Systems: findings of 2 minor and 1 moderate issue relating to not formally having established a Health & Safety committee and the facility not conducting periodic assessments of its management system to identify improvement opportunities. Action: Corrective actions recommended to supplier and agreement by supplier to comply on all issues by 14 – Sep- 2022.

B. Key Performance Metrics

B1. Comparison Benchmark

Current performance - Global average, Philippines average, Other average

- This Facility
- Global Average
- Country Average
- Industry Average



Supply chain risks and ongoing due diligence

We had approximately 1800 suppliers in FY2022. We identified that over 97% of our suppliers are located in Australia (classified as a low-risk region), and our 5 highest spend industries are as per the diagram below.



The Raw Materials category continues 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.

As our organisation continues to grow, so does our requirement for goods and services. We understand the importance of providing updated supplier spend and purchase data to our risk intelligence software provider FRDM, to continue to analyse current data to assess any changes to our high-risk suppliers. An assessment of our updated data has identified 503 high-risk suppliers within our supply chain.

We note a significant increase to our percentage of high-risk suppliers in FY22 being 28% compared to 9% in FY2021. The reason for the variance is that we have requested FRDM to update our platform data to include purchases based on the Material Group Description, mapping to UNSPSC* Purchases.

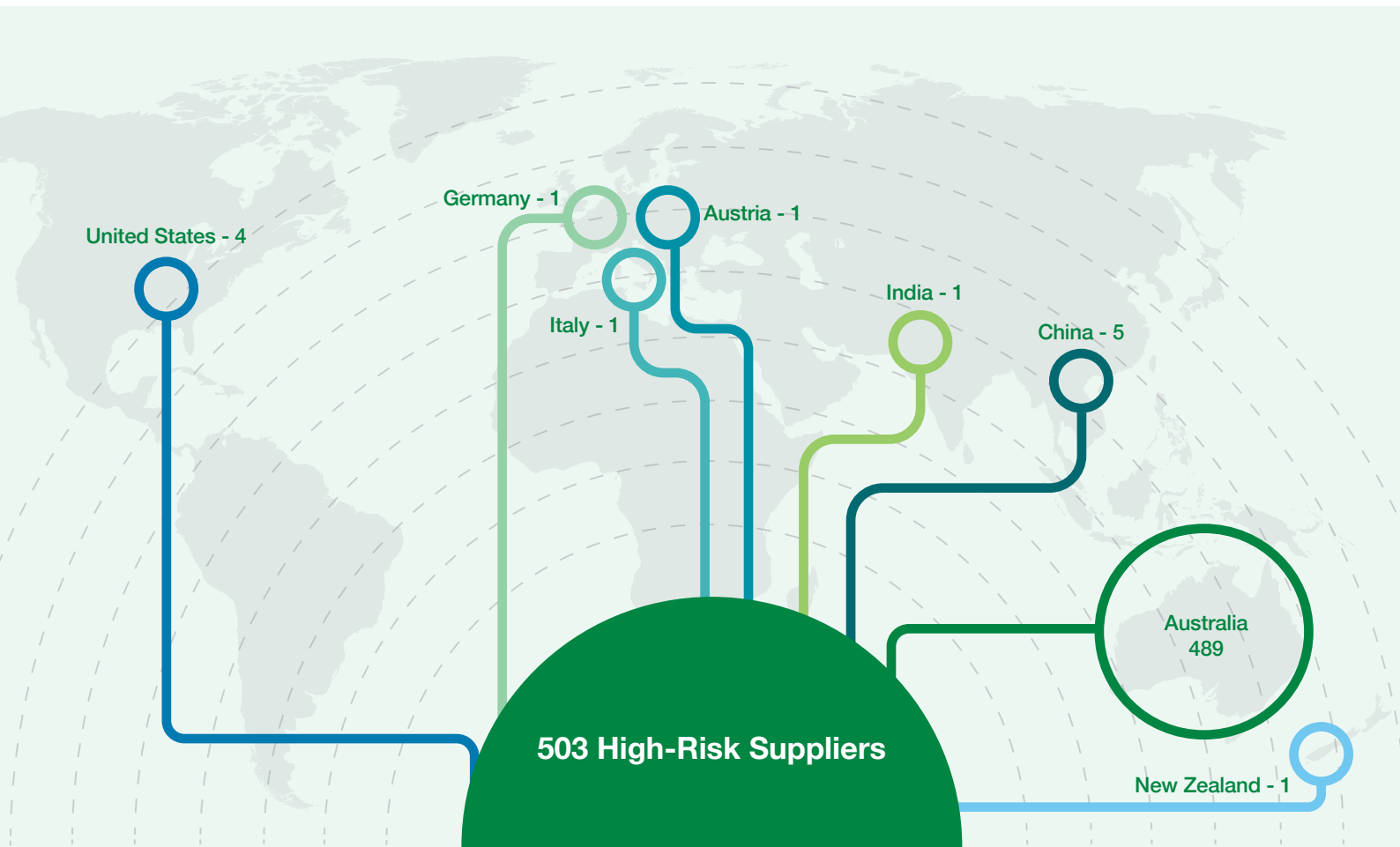
Also, multiple purchases means that a supplier may be classified across multiple industries which may change the supplier level of risk. For example Material Group Description for Contractor Services features under multiple trades of services eg Air conditioning /HAVC, Pest control and others - therefore the provisioning of purchases will feature under all of these trades.

Cases of forced labour exploitation in Australia predominantly occur in industries considered at risk: agriculture, construction, domestic work, meat processing, cleaning, hospitality and food services. Our industry not being one of the at risk industries, and the fact that Australia has comprehensively criminalised all forms of modern slavery means that in FY2023 our focus will be on our suppliers based outside Australia.

Analysis of the 503 high risk suppliers, has identified 14 suppliers based outside Australia. Like many other countries globally, we realise exposure to modern slavery can be evident through the products being imported. In FY23 we will engage third-party auditor, Intertek Group plc, to undertake physical onsite Workplace Conditions Assessments of our high-risk overseas suppliers and provide us with a report.

*The United Nations Standard Products and Services Code is a taxonomy of products and services for use in eCommerce.

FRDM High-Risk Supplier Analysis



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 the preferred use of James Hardie Australia precedent agreements in any supplier engagement, 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).

Our JH Global Supplier Code of Conduct, is part of our supplier onboarding process. This code sets out our expectations in relation to Safety and Health, Environment and Sustainability, Social and Working Conditions, Legal Compliance and Business Integrity. All new suppliers, and renewing suppliers are required to acknowledge and accept the JH Global Supplier Code of Conduct as a precondition to being engaged as a supplier of James Hardie Australia.

Recruitment Services

We are committed to ensuring that we have a positive impact on the working conditions of those engaged directly and indirectly in our business and supply-chain.

Our recruiters must acknowledge and agree they will not use child labour in the provision of their services, and we ensure that all our suppliers of temporary labour sign an agreement agreeing to the same; there must not be any slavery, forced, bonded or involuntary labour in use across the operation and that all their workers have the legal right to work and leave the premises from which they work.

Training

We continue to raise awareness and understanding of the risks of Modern Slavery within our supply chains and our business. Using our inhouse online training platform, Modern Slavery training has been rolled out to all James Hardie Australia employees who may liaise with suppliers or engage vendors on behalf of the business. It explains and sets examples of what Modern Slavery is, how to identify and report risks, human rights, and prevention of modern slavery. All relevant James Hardie Australia employees have completed the training module. We understand the need to continue to educate and raise awareness as we continue to grow and build capacity amongst our employees and as such our Human Resources and Compliance teams have included modern slavery as an annual training requirement, as well as training for onboarding new staff.



Policies and Governance

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 labour, and including the express prohibition of the use of child and enslaved labour. We manage our supplier relationships through our contractor and supplier management portal. To become an approved supplier of James Hardie Australia there are several 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 and 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](#) and the Group's Ethics Hotline Policy. The Code of Business Conduct reinforces James Hardie's commitment to Zero Harm and promotes ethical behavior.

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 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 FY23, James Hardie Australia will:

- Initiate Intertek Workplace Conditions Assessments for FY22 high-risk vendors based outside Australia.
- Review the results of completed Intertek Workplace Conditions Assessments to identify risks and any corrective actions required.
- Continue to engage with SAQ Ad-Hoc score suppliers to develop awareness of Modern Slavery.
- Update supplier information on our FRDM database to maintain a current High Risk supplier list.
- 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 FY23 by reviewing the:

- results of the completed Intertek Workplace Conditions Assessments.
- suppliers score improvements for SAQ Ad-Hoc scorers
- % changes to our high-risk supplier list for FY23
- 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

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