

James Hardie Australia

Modern Slavery Statement



Modern Slavery Statement, 2023

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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 2023 (“FY2023”), to identify, address and minimize the risk of modern slavery in our business and supply chain. This is our fourth 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.

James Hardie Australia employs a diverse workforce of 585 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 continue improving our sustainability performance and proactively managing our environmental impacts. Meeting the challenges of a changing world and building a sustainable future means we continue to focus on four key pillars of Planet, Innovation, Communities and Zero Harm. In FY23, James Hardie made significant progress on our ESG priorities and raised our level of ambition. For further information see our [JH Group Sustainability Report FY2023](#).



Planet

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



Innovation

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



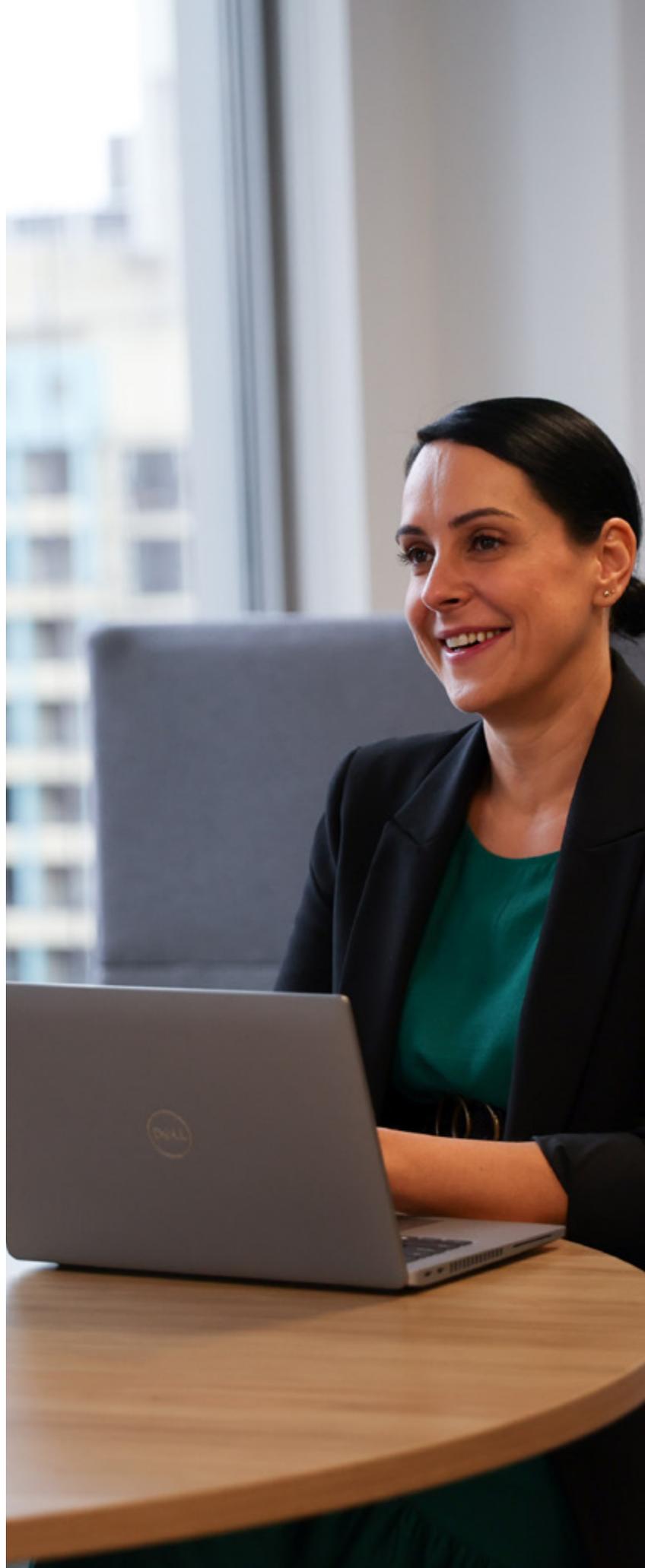
Communities

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



Zero Harm

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



Assessment and Mitigation

In our last Modern Slavery Statement, we discussed our efforts to raise awareness. Focusing on the SAQ 'Ad-Hoc'* rated suppliers, we had provided them with an information package. Our intention was for suppliers to use this information to assist with identifying modern slavery risks in their business and supply-chain. In FY2023 we circled back to these suppliers to seek updates on any changes that would identify an improvement to their original Ad-Hoc score. We asked if there have been any changes/actions within their business to include: formal policies / code of conduct, risk assessment or strategy, executive commitment or stakeholder engagement, formal operational grievance mechanism or a remedy process? Results received indicate only 20% have made substantial changes and now have embedded their own Business Code of Conduct and Modern Slavery Policy into their standard operating procedures. We understand that this result is not a substantial change, however this will not deter us from continuing in our efforts to raise awareness, as we work together to eliminate Modern Slavery risks in our operations & supply chains.

In FY2023 our continued efforts were devoted to understanding our supply chain by:

- Initiating audits - Intertek Workplace Conditions Assessments for FY22 high-risk vendors based outside Australia.
- Reviewing the results of completed Intertek Workplace Conditions Assessments to identify risks and any corrective actions required.
- Updating supplier information on our FRDM database to maintain a current High Risk supplier list.
- Continuing to create awareness for internal stakeholders.
- Reviewing FRDM media alerts of suspected incidence of modern slavery

In our FY22 statement we identified high risk suppliers based outside Australia that we would be targeting in FY23. 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 undertaken our onsite audits – see results below.

The Intertek Workplace Conditions Assessment (WCA) provides a solution for James Hardie to gain better insight into our supply chains and improve workplace conditions efficiently, in

*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.

accordance with widely accepted industry standards and best practices. WCA offers an efficient mechanism for facilitating continuous improvement through targeted training and remediation processes.

The programme 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 completed audits, primarily focusing on results of the Labour and Wages and Hours modules. These suppliers have not previously participated in a Workplace Conditions Assessment audit and have no past occurrences recorded at their facilities as determined by our auditors.

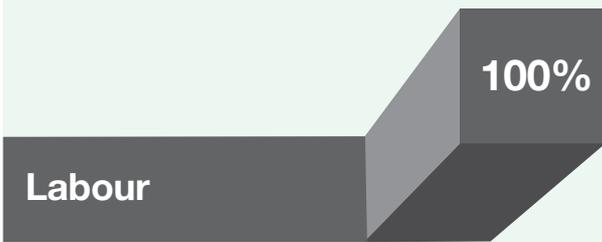
Overall scores were not consistent for these modules. The suppliers with major and moderate issues have agreed to a Corrective Action Plan to rectify these issues in FY24.

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 Italy - they manufacture/provide surface finishing machines.



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



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

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

Labour - 100%

Wages & Hours - 100%

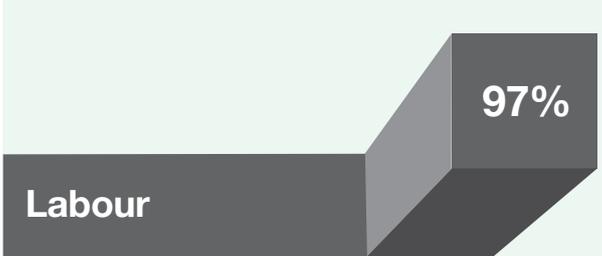
Labour: Forced, bonded or involuntary prison labor forbidden by law. There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

Wages and Hours: all the workforce is hired on the base of the CBA-CCL Industria Metlameccanica (CBA Metal Industry) containing all the necessary information about the employment conditions, minimal wages, working hours and OT regulation and disciplinary procedure.

Findings: No evidence of modern slavery. The overall facility score was 90% and is compared to the Average Country score: 90%, Average Global Score: 81% and Average Industry Score: 77% for this suppliers industry.



Audit 2: The supplier is based in China - they manufacture/provide glass fibre fabric and fibreglass reinforced plastics.



100% compliance score for each of the following areas: Child Labour / Forced Labour / Discrimination / Freedom of Association / Employment Contracts and 82% for Discipline, Harassment or Abuse.



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

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

Labour - 97%

Wages & Hours - 100%

Labour: Through the employees' interviews and documents reviewed, the following labour results have been identified for this supplier:

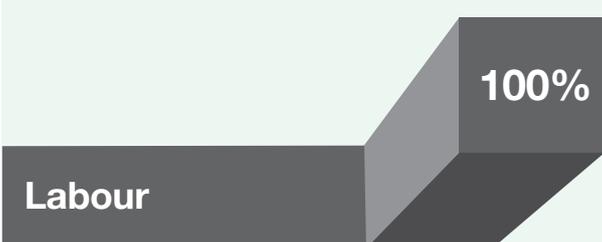
Findings for sub-section: Discipline, Harassment or Abuse have identified 1 minor issue. Supplier has signed a Corrective Action Plan with an understanding that there is opportunity for improvement on this finding.

Wages and Hours: Through cross checking the production records such as inspection records, daily production records, goods delivery records and material delivery records with the provided attendance records, no inconsistency was found.

Findings: No evidence of modern slavery. The overall facility score was 83% and is compared to the Average Country score: 80%, Average Global Score: 81% and Average Industry Score: 76% for this suppliers industry.



Audit 3: The supplier is based in China – they manufacture/provide mineral wool.



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

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

Labour - 100%

Wages & Hours - 63%

Labour: The facility prohibits discriminative behaviors against any employee based on race, colour, age, gender, sexual orientation, ethnicity, disability, religion, political affiliation, union membership, national origin, or marital status during hiring and employment practices. The facility prohibits harassment and abusive behaviors. The facility has established policy and procedure to prohibit involuntary labour.

Wages and Hours

63%

Compliance score for each of the following areas:
Working Hours 47% / Wages and Benefits 76%.

Working Hours – 2 moderate issues.

1. Total overtime hours exceeds allowable limits under applicable law or agreement.
2. The total weekly working hours (normal & overtime) are over 60 but less than 72 hours.

Findings: No evidence of modern slavery. The overall facility score was 83% and is compared to the Average Country score: 80%, Average Global Score: 81% and Average Industry Score: 76% for this suppliers industry.

Next steps: Supplier has agreed to a proposed Corrective Action Plan (CAP) and an expected completion date to address the issues above. Follow-up by Auditor will be required to ensure that the CAP has been implemented.

Wages and Hours: payroll records and attendance records were reviewed. Minimum wage paid was more than the local minimum wage standard. The facility provides paid leave such as annual leave, sick leave, maternity leave, etc. to employees as per law.

Findings for sub-section Working Hours: have identified 2 moderate issues and for sub-section Wages and Benefits - have identified 1 moderate issue:

Wages and Benefits – 1 moderate issue.

1. The facility does not provide social security, pensions, healthcare and/ or other insurance to employees as per legal requirement. Supplier has signed a Corrective Action Plan with an understanding that there is opportunity for improvement on the above findings



Audit 4: The supplier is based in India – they provide Online Digital Marketing Services.

Labour

100%

100% compliance score for each of the following areas: Child Labour / Forced Labour / Discrimination / Freedom of Association / Employment Contracts and 82% for Discipline, Harassment or Abuse.

Wages and Hours

16%

Compliance score for each of the following areas:
Working Hours 9% / Wages and Benefits 23%.

Major issues

1. The facility only keeps or provides partial requested time records of employees.
2. Auditor was unable to verify if regular hourly work paid to all employees meets at least the minimum wage/agreed wage.

Moderate issues

1. Auditor was unable to verify if the total normal working hours are within allowable limit under applicable law or agreement.
2. Auditor was unable to verify if the total overtime hours exceed allowance limits under applicable law or agreement.
3. Auditor was unable to verify if the total working hours (normal & overtime) are above the international industry average of 60 hours or higher.

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

Labour - 100%

Wages & Hours - 16%

Labour: The facility follows minimum age requirement of employment as per local law of country. No juvenile employees employed in the facility. All employees were provided with valid employment contracts. All employees are hired based on their skill sets and given equal opportunity for training, overtime, and promotions etc.

Wages and Hours: Facility has flexible working hours which does not exceed legal limit per day. The employees are given regular breaks and two days off in every seven-day period as per legal requirements. Facility has a digital attendance recording system and employees record their own attendance through a mobile application.

Findings for sub-section Working Hours has identified: 1 minor, 2 major, 10 moderate issues:

4. Auditor unable to verify that employees are provided with at least one day off in seven (7) in accordance with local law.
5. Auditor was unable to verify that employees are provided with at least one day off following six consecutive days worked.
6. The provided payroll records are insufficient to demonstrate compliance.
7. Auditor unable to verify if the wage calculation method is correct.
8. Auditor was unable to verify if overtime wage is calculated and paid at the premium rate as per law or collective agreement.
9. The Facility doesn't provide social security, pensions, healthcare and/ or other insurance to employees as per legal requirement.
10. Auditor was unable to verify if holiday work is accurately compensated.

Findings: No factual evidence of modern slavery. As the Auditor was unable to verify the records above, we need to allow the supplier the recommended improvement timeline, to make the necessary improvements before Auditor can follow-up.

The overall facility score was 42% and is compared to the Average Country score:73%, Average Global Score: 81% and Average Industry Score: 76% for this suppliers industry.

Next steps: Supplier has agreed to a proposed Corrective Action Plan (CAP) to address the issues above. Follow-up by Auditor will be required to ensure that the CAP has been implemented.



Audit 5: The supplier is based in China – they manufacture/provide Hardware Products.

Labour

63%

Compliance score for each of the following areas: Child Labour 73% / Forced Labour 100% / Discrimination 82% / Freedom of Association - 100% / Employment Contracts – 80% / Discipline, Harassment or Abuse – 27%

Wages and Hours

9%

Compliance score for each of the following areas: Working Hours 9% / Wages and Benefits 10%.

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

Labour - 63%

Wages & Hours - 9%

Labour: The facility had not set up complete labor procedures and policies. The facility did not employ children or young workers. Labour contracts where available for review. The terms and conditions stated in the contracts accurately reflected the agreed payment and terms in the recruitment process and complied with local laws.

Findings for sub-sections: Child Labour - 1 minor issue, Discrimination -1 minor issue. Discipline, Employment Contracts – 1 minor issue, Harassment or Abuse – 1 minor and 1 major issue.

Major issue

1. The facility uses monetary penalties as disciplinary means. Plus 1 minor issue – managers and supervisors are not trained on appropriate disciplinary measures and training records are not maintained.

Wages and Hours: Facility provided records stating all the employees were paid higher than the local minimum wage standard for their regular working hours. Employee and document review indicates no paid annual leave was provided to employees. Employees stated they worked overtime on voluntary basis and used fingerprint and facial ID attendance system to record their working hours.

Findings for sub-section Working Hours has identified: 1 major issue, 5 moderate issues:

Major issue

1. The provided time records are inaccurate, and discrepancies are noted.

Moderate issues

1. Auditor was unable to verify if the total normal working hours are within allowable limit under applicable law or agreement.
2. Auditor was unable to verify if the total overtime hours exceed allowance limits under applicable law or agreement.
3. Auditor was unable to verify if the total working hours (normal & overtime) are above the international industry average of 60 hours or higher.
4. Auditor was unable to verify that employees are provided with at least one day off in seven (7) in accordance with local law.
5. Auditor was unable to verify that employees are provided with at least one day off following six consecutive days worked.

Findings for sub-section Wages and Benefits has identified: 2 major issue, 7 moderate issues:

Major issues

1. The provided payroll records are inaccurate, and discrepancies are noted.
2. Auditor was unable to verify if regular hourly work paid to all employees meets at least the minimum wage/ agreed wage.

Moderate issues

1. Auditor was unable to verify if the wage calculation method is correct.
2. Auditor was unable to verify if overtime wage is calculated and paid at the premium rate as per law or corrective agreement.
3. Facility doesn't provide social security, pensions, healthcare and/ or other insurance to employees as per legal requirement.
4. Auditor was unable to verify if holiday work is accurately compensated.
5. Employees are not given sufficient legally mandated paid time off.
6. Employees are not given sufficient legally mandated maternity leave, pay and/ or benefits.
7. Employees are not given legally mandated sick leave, pay and/ or benefits.

Findings: No factual evidence of modern slavery. As the Auditor was unable to verify the records above, we need to allow the supplier the recommended improvement timeline, to make the necessary improvements before Auditor can follow-up.

The overall facility score was 34% and is compared to the Average Country score: 80%, Average Global Score: 81% and Average Industry Score: 77% for this suppliers industry.

Next steps: Supplier has agreed to a proposed Corrective Action Plan (CAP) and an expected completion date to address the issues above. Follow-up by Auditor will be required to ensure that the CAP has been implemented.



Audit 6: The supplier is based in China – they manufacture/provide fine powder material products.

A Workplace Conditions Assessment report was agreed to and booked to be completed in December 2022. Supplier cancelled the Audit with 24hours notice only. Supplier confirming cancellation was 'due to the Chinese open policy in late December – Covid 19 epidemic' the supplier informed that they had to close the facility.

In January 2022, a new date for the audit was booked and confirmed with the supplier, with the audit to take place in February 2023. On the morning of the audit the Auditor found the general manager was uncontactable and facility gates were locked. Auditor required our assistance to contact the supplier's general manager. General manager was late to arrive and expressed he did not accept the audit standard, procedure and method, after previously accepting the audit and providing facility details and confirming the date.

As a result, the process of document review, the facility tour and employee interviews could not be carried out by the Auditor.

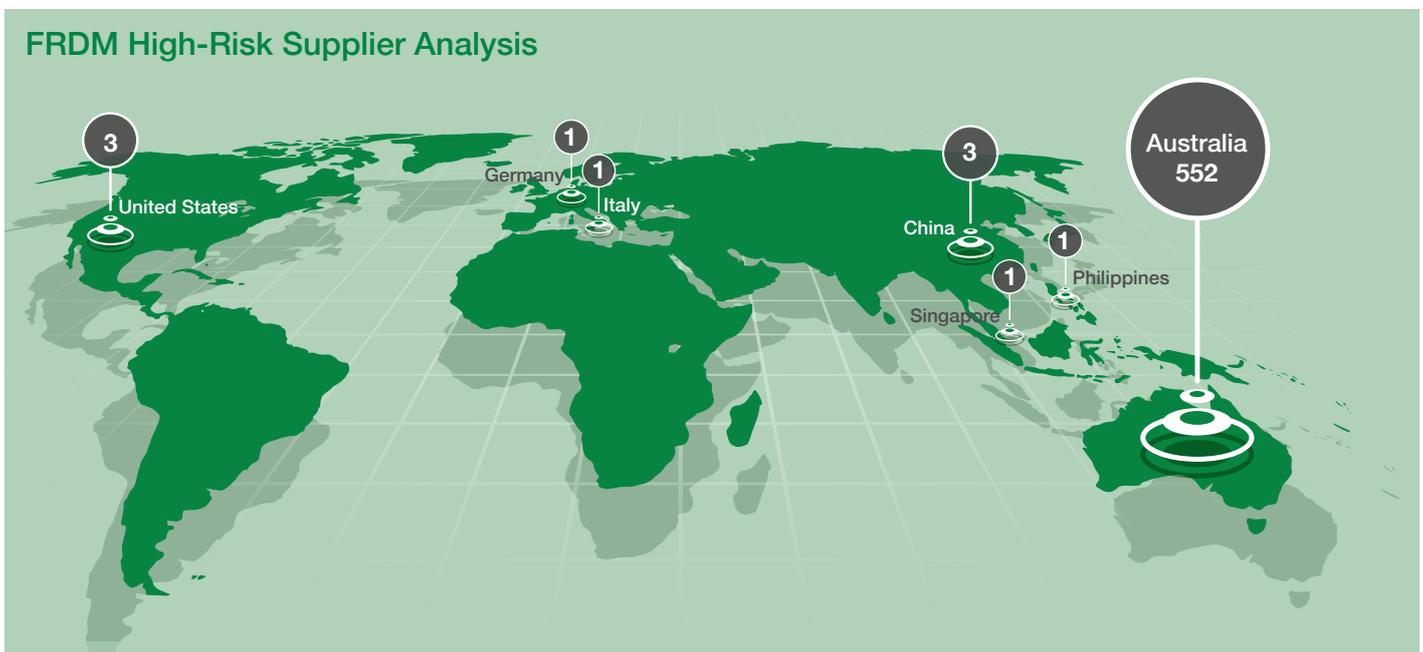
Findings: Access Denied. The Auditor advised that management allowed for a brief review of attendance and payroll records. The Auditor graded the review as Non-compliance of WCA Standards, but the supplier would not allow Auditor to record it as a Non-compliance and attempting to dictate the Audit Results.

Next steps: In the coming months, James Hardie Australia will be evaluating the potential risks of continuing to purchase from this supplier and the options available for us to purchase this product from another supplier.

Supplier Analysis & Supply Chain Risks

James Hardie Australia's procurement team, manages the main spend areas e.g. Raw Materials, Utilities, Accessories, MRO. For main categories, supplier onboarding and relationships are managed by our procurement team - Head of Procurement, Category Managers and a dedicated Contracts & Compliance Manager. Our category managers, manage their categories end-to-end and own the external relationships with suppliers within those categories. Other functions within our business manage onboarding and relationships with other categories not captured under main categories. We have developed our internal Vendor Management System to record and support supplier onboarding requirements. In FY23 our company had 1,542 suppliers, located across 13 countries, with 88% of purchases being made from companies registered in Australia (classified as low-risk region), a further 8.5% being purchased from New Zealand, and the remaining 3.5% of purchase from various other countries.

Analysis via FRDM, our risk intelligence software, has identified 562 high-risk suppliers. Of this 562 total, 552 suppliers are based in Australia and the remaining 10 suppliers are based in other countries, as presented in the diagram below:



When reviewing our 5 highest spend Industries, our highest spend continues to be the category of raw materials. Primary raw material is sourced from our long-term supplier based in New Zealand, a certified low risk plantation. Our 2nd highest spend industry - Cement Manufacturing/ Brick, Stone and Related Construction Material Merchant Wholesales - primary supplier is also a long-standing Australian supplier. Our 3rd, 4th and 5th industries, are also products and services sourced from suppliers based in Australia.



1. Pulp Mills|Paperboard Mills
2. Cement Manufacturing|Brick, Stone, and Related Construction Material Merchant Wholesalers
3. Engineering Services
4. All Other Metal Ore Mining
5. Computer Systems Design Services

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 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 FY2023, 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 will look to add 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. Multiple third-party databases are leveraged to offer this information including ownership records, shipping records, court records, media mentions etc. Trading Partner module will give us more insight beyond our

tier one suppliers. It can identify companies with a commercial relationship to one of your suppliers in the form of a supplier (tier two), sub-supplier (tier 3+), subsidiary, parent company, or financial partner (holding company, shareholder, etc). Trading Partners are plotted using AI mapping technology connecting entities via shipping and financial records.

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

Training

In FY2023, 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 vendors on behalf of the business. The training covers, what Modern Slavery is, how to identify and report risks, human rights, and prevention of modern slavery. We will continue to educate and raise awareness with a compulsory annual training.

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 now specifically include, 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.

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.

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 FY24, James Hardie Australia will:

- Continue to Initiate Intertek Workplace Conditions Assessments for high-risk vendors based outside Australia.
- Review the results of completed Intertek Workplace Conditions Assessments to identify risks and any corrective actions required.
- Add Sanctions & Trading Partner modules to our FRDM database.
- 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 FY24 by reviewing the:

- results of the completed Intertek Workplace Conditions Assessments
- results of the follow-up audits – Corrective Action Plan improvements
- supply chain findings - Sanctions & Trading Partner
- 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