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Modern Slavery Statement

30 June 2021

Introduction:

Modern slavery is a pervasive yet often hidden issue within global supply chains and has severe and devastating consequences for victims. We welcome the Australian Government's efforts to help Australian businesses prevent modern slavery in domestic and global supply chains.

This statement details the operations of **ARDEX Australia Pty Ltd** together with potential modern slavery risks which may exist within its business, and actions aimed identifying and eliminating slavery within its supply chain. ARDEX recognises there is no simple solution to eliminate the risks of modern slavery from its business and will refine its approach and processes and measure the effectiveness of these over the coming years to strengthen its response against modern slavery.

Identification of reporting entity

This statement relates to **ARDEX Australia Pty Ltd (ABN: 82 000 550 005)** and is prepared in accordance with the criteria set out in the *Modern Slavery Act 2018 (Cth)*, relating to or the actions and activities during the calendar year 2020 (January 2020 to December 2020)..

The registered office is located at Unit 7, 20 Powers Road Seven Hills NSW 2147.

ARDEX Australia's Structure, Operations and Supply Chain:

Company Overview and Structure

ARDEX Australia is an industry leader in product innovation and development, range, and supply and distribution to multiple market channels, offering engineered products and systems in the applications for floor levelling and adhesives, tile and natural stone systems, sheet and liquid applied waterproofing membranes, general construction and decorative surfaces.

With sales, distribution and manufacturing across Australia ARDEX strives to provide its customers with industry-leading service, expert advice, and quality products. Since its establishment, company has experienced strong growth and continues to grow through strategic acquisitions and core business model.



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ARDEX Australia has more than 220 employees across all its Australian locations, generating in excess of \$100 million in sales annually.

Operation and Supply Chain

ARDEX Australia has sales, manufacturing, and distribution facilities in all mainland state capital cities. The Head Office site personnel perform national roles in areas of general management, human resources, marketing, finance, operations, supply chain and procurement, and product development and technical services. The functional heads of these teams form the Leadership team of the business, reporting directly to the Managing Director.

ARDEX Australia recognises that only through the joint commitment of all supply partners can we be sure that any form of modern slavery is eradicated. Our suppliers span Globally and locally and ARDEX Australia maintains a close and ongoing dialogue with its suppliers, partners, and customers.

Our procurement activities include supply from local manufacturers and distributors, as well as from overseas suppliers to support our manufacturing operations in Australia.

The number of our suppliers according to geographic region are:

- Europe – 16
- America – 5
- Asia – 7
- Oceania – 164

In addition to manufacturing and distribution, ARDEX procures various services including transport, freight and shipping, IT, and other ancillary services.

Our supply chain team focuses on building long term sustainable partnerships with suppliers and seeking innovative opportunities to ensure reliability and excellence in both product and delivery of service to customer.

Risks of modern slavery practices in ARDEX operations and supply chains:

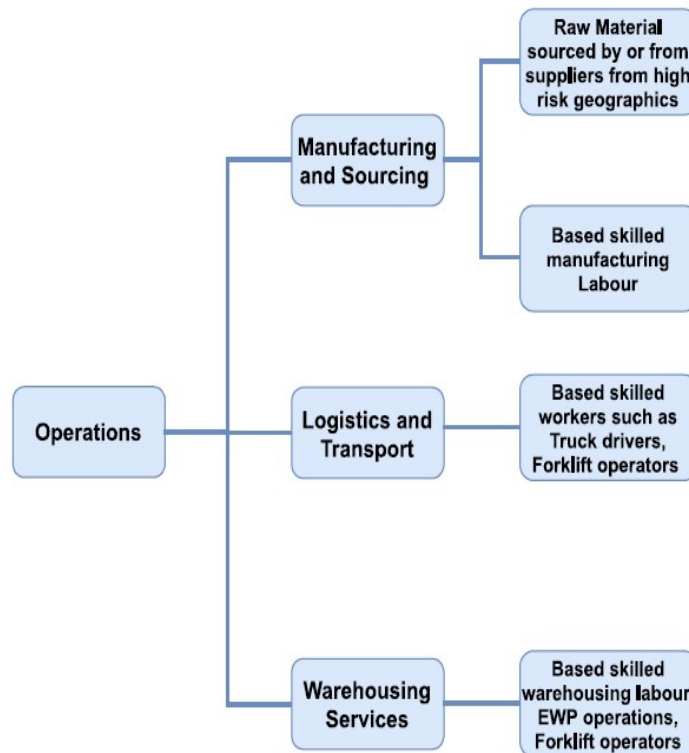
ARDEX Australia has undertaken an analysis of its operations and supply chain to identify potential risk of modern slavery.



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As with many other companies operating in our sector, the risk of modern slavery is heightened in our supply chain particularly beyond tier 1 suppliers as transparency of conduct and transparency of risks gradually diminishes. ARDEX looked at the potential risks in the supply chain by comparison against commonly published modern slavery risks according to sector or industry type, geographic or demographic risks, vulnerable populations and entity or business structure types where applicable.

The following areas have been identified as having the risk of modern slavery impacts in our operations and supply chain particular in tier 2 and beyond as ARDEX as direct relationship with Tier 1 suppliers.



- Unknown origin of raw material or intermediate components used to manufacture imported finished goods, high risk manufacturing countries such as China, Vietnam, and India where lower tier suppliers not visible.



- Migrant labour exploitation; skilled labour for manufacturing and warehousing functions.

Following analysis, we consider that the risk of modern slavery within our own business operations to be low. Workers' rights are protected by workplace legislation, and individual employment contracts are written in compliance with legislation or covered by relevant awards.

Actions taken to address key identified modern slavery risks:

In FY2021, ARDEX will develop a modern slavery policy that seeks to formalise our approach to identifying, assessing, and addressing modern slavery risk. This will be reviewed annually and refined as we continue to develop our approach.

ARDEX has implemented the following risk mitigation measures across its operations:

Supplier Due Diligence

ARDEX has many long-standing key supply partners. These relationships have been developed over time and provide a level of transparency and trust in the supply partners' business operations.

ARDEX is in the process of updating its Manufacturing and Supply agreements with key strategic partners by inserting specific clauses in relation to modern slavery to ensure suppliers:

- comply with Australian and international modern slavery laws relevant to the supplier.
- allow ARDEX to investigate and verify compliance with Australian and international modern slavery laws.
- provide information regarding itself and each of its suppliers involved in producing or procuring goods and services for supply to ARDEX.
- confirm that neither the supplier nor any of its officers, agents or employees has been convicted or investigated for any offence in connection with any Australian or international modern slavery laws; and
- confirm implementation of anti-modern slavery policies and due diligence procedures.

Additionally, during FY21, ARDEX undertook a questionnaire-based approach analysis of our 190-192 suppliers, to identify which might be most at risk of modern slavery in their supply chain. From the responses to the questionnaire we determined 14.5% of suppliers surveyed



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meet the criteria requiring submission of a Modern Slavery Statement under the Act, out of which 74.85% of these suppliers have high-moderate visibility of their supply chain. Of the remaining 85.5% of suppliers surveyed, 60.27% also reported having a moderate to high visibility of their supply chain.

In undertaking due diligence of potential suppliers and assessing existing suppliers, ARDEX considers such factors as geographical considerations, size of business, relevant industry reputation, supply capability, financial stability, cost of goods or services, their ethical sourcing policy and compliance to these policies, and value alignment.

Policies

In FY21, ARDEX has developed following policies that describe our approach to the identification of modern slavery risks and steps to be taken to prevent slavery and human trafficking in its operations.

- **Speak Up Program:** This program encourages and provides a safe and confidential channel for any employee to raise and have formally addressed any concerns directly to management regarding any aspect of the business operations. This program would be how employees would raise any concerns regarding modern slavery within ARDEX's the supply chain.
- **ARDEX Group Ethics Guidelines:** Corporate ethics guidelines provide binding instructions regarding the ethical obligations to be observed by ARDEX employees and are designed to serve as a support for employees. These corporate ethics guidelines represent a framework providing minimum standards for all companies of the ARDEX Group.
- **Supplier code of conduct:** We are committed to ensuring that its suppliers adhere to the highest standards of ethics. Suppliers are required to demonstrate that they provide safe working conditions where necessary, treat workers with dignity and respect, and act ethically and within all applicable laws in their use of labour. We work with suppliers to ensure that they meet the standards of the code and improve their worker's working conditions. However, serious violations of our supplier code of conduct will lead to the termination of the business relationship.



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- **Recruitment/Agency workers policy:** We use only reputable employment agencies to source labour. It is a requirement of the Agency to pay labour hire employees on assignment to ARDEX in accordance with the applicable Modern Award provisions to the Site in which they are working.

Assessing effectiveness of actions:

Commencing in FY21 ARDEX will increase collaboration with internal and external stakeholders to address issue of modern slavery.

ARDEX will achieve this by increasing the awareness of employees and suppliers to the existence and risks of modern slavery and continuing to evolve and improve our supplier due diligence and audit procedures and strengthen compliance auditing of suppliers to our purchase terms and conditions relating to modern slavery law.

We are further reviewing the effectiveness of the actions and controls implemented within our processes relating to our modern slavery risks and the above-referenced development of the questionnaire approach.

We will be seeking to better understand the learnings from that process and undertaking any necessary further communication with key suppliers in situations where they and their practices or products might be significantly exposed to risks of modern slavery.

Consultation and Approval:

This Statement has been prepared in consultation with our key teams including Commercial Strategy Planning, Procurement, Legal, Risk, Ethics and Compliance, and Internal Audit and Advisory teams. This collaboration included the senior executive team representing the reporting entity and the entities under its control.

This Statement has been approved by the Board of Directors of ARDEX Australia Pty Ltd on Friday 23 July 2021.

A handwritten signature in black ink, appearing to read "FM".

Fabian Morgan

DIRECTOR

A handwritten signature in blue ink, appearing to read "DJ".

Darrell Jefferys

DIRECTOR