

Etex Australia Pty Ltd

Modern Slavery Statement 2020

A message from our Board

We are committed to building a sustainable business and society, and wholeheartedly welcome the efforts undertaken by the Australian Government to combat modern slavery. We acknowledge the global presence of our supply chain, and will take continual actions to prevent modern slavery of any form to ensure that our business makes a positive contribution to society.

We are pleased to provide our first statement as required under the Modern Slavery Act 2018 (Commonwealth of Australia) for the reporting period 1st January 2020 to 31st December 2020, which expresses our commitment to better understand and mitigate the risks of modern slavery in our operations and supply chains.

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



Gavin Burton
Managing Director
Etex Australia Pty Ltd
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June 2021

Disclosure: Changes to organisation structure

At the end of November 2020, Global Manufacturer Etex NV, signed a purchase agreement with Knauf Group for the acquisition of Knauf Australia. The transaction was completed on 26th of February 2021 and from 27th of February 2021, Etex Holding Australia I Pty Ltd (formerly known as Knauf Gypsum (Australia) Pty Ltd) is part of the Etex Group. The ultimate parent is Etex NV, a company incorporated in Belgium.

On 6th March 2021, the company changed its name to Etex Australia Pty Ltd. For the remainder of this report, the company will be known as Etex Australia Pty Ltd (formerly known as Knauf Plasterboard Pty Ltd) as this is the new name of the operating entity at the time of lodging Modern Slavery Statement for FY 2020.

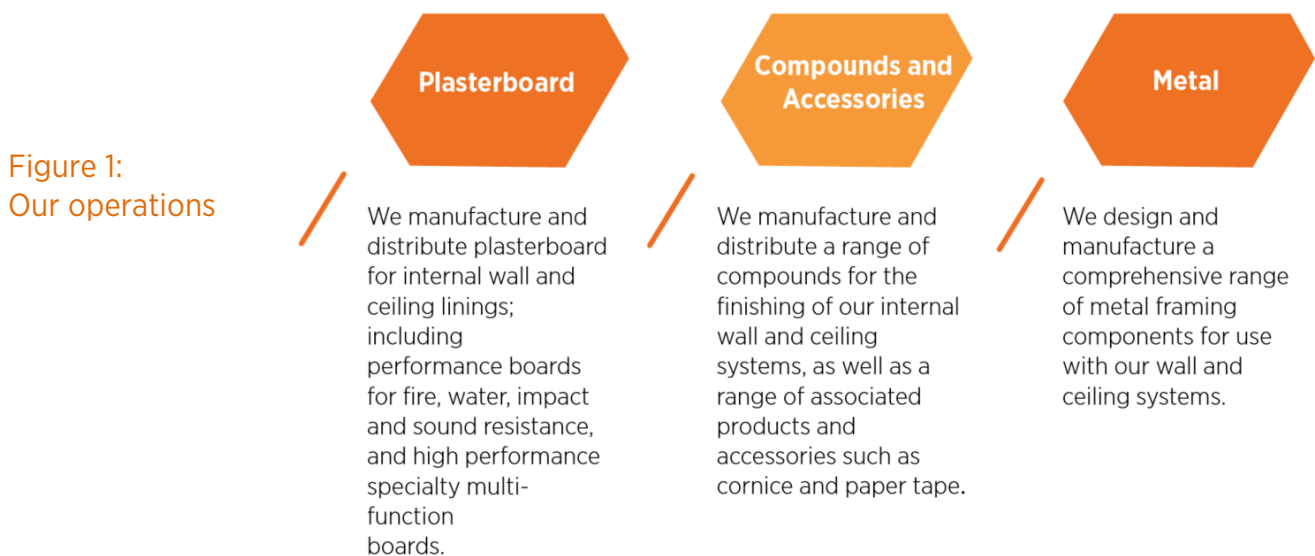
For completeness, it should be noted that the other Australian activities of Etex are not covered in this report because they fall below the reportable threshold. However, a number of Etex NV's international legal entities (including Etex Building Performance Limited) have published modern slavery reports 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).

Our operations and supply chains

Our operations

Etex Australia Pty Ltd is a manufacturer and distributor of lightweight construction solutions including plasterboard, compounds and lightweight metal framing systems. Our organisation has operated for almost 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, 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.



Our supply chains

We are committed to ethical, legally compliant and socially responsible business management. We expect our suppliers to share this commitment, comply with our suppliers' code of conduct, and make reasonable efforts to promote the compliance of their own suppliers and subcontractors.

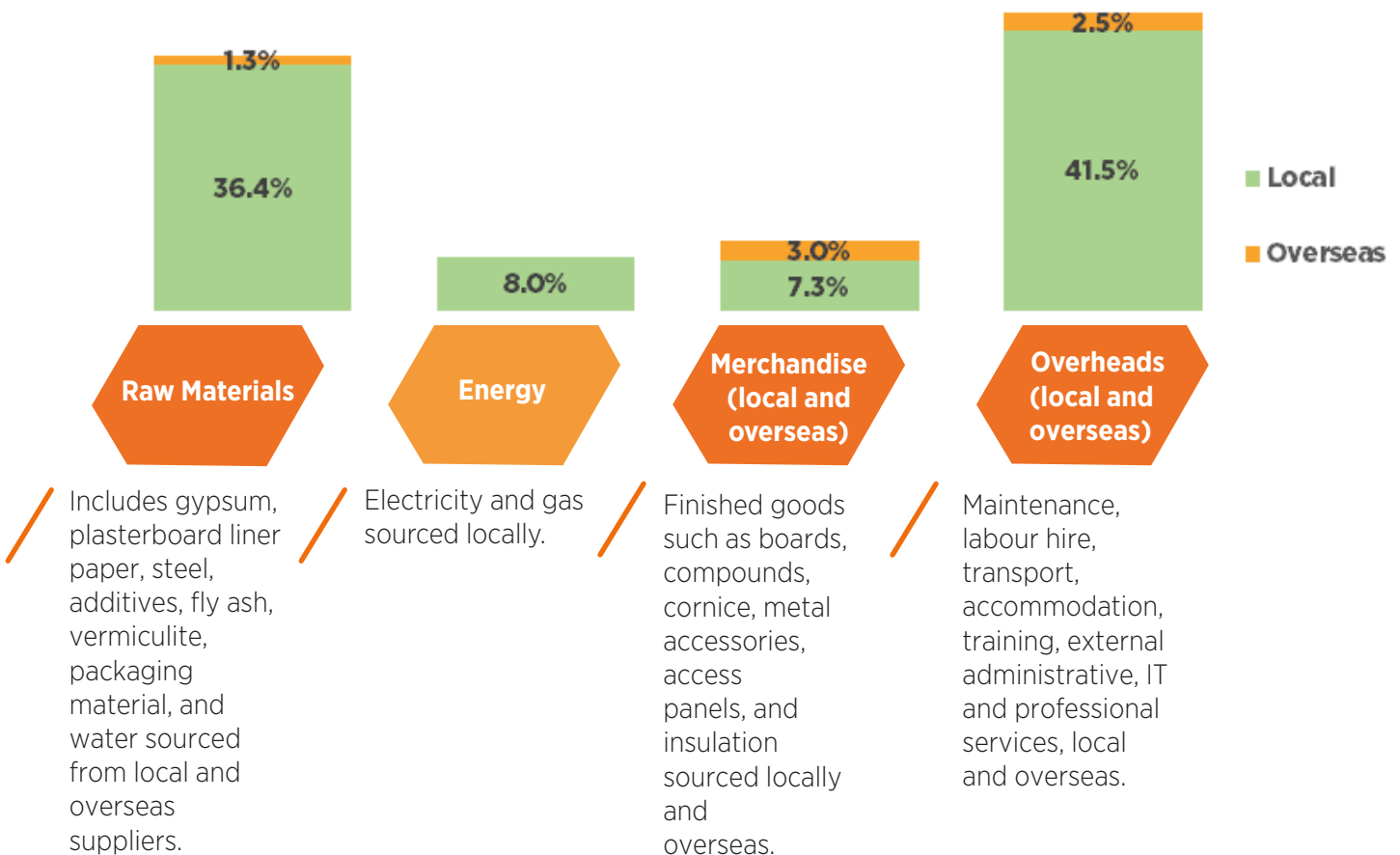
The majority of our operations are supported by Australian suppliers while some of our direct suppliers are located overseas in New Zealand, United States, Canada, South Korea, China, Hong Kong, Thailand, South Africa, and some European countries including United Kingdom, Netherlands, Ireland, Sweden,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

Figure 2. Geographic spread of our supply chain



For this reporting period, 100% of total spend was assessed, of which 93% is locally procured in Australia, with 7% spend towards overseas suppliers. Our largest spend categories are is Overheads – Local (42%) and Raw Materials (38%). Of the total Raw Materials spending, about 96% is with Australian suppliers for locally sourced gypsum and plasterboard liner paper. Other major spend categories include Energy, Merchandise sourced locally and from overseas, and Overhead overseas spending.

Figure 3. Our supply chain by spend, category and origin



Identifying modern slavery risks

We have undertaken a number of steps to identify the risks of modern slavery practices in our operations and supply chains. The identification of these potential risk areas supports us in developing an efficient risk management approach.

In our operations

From our initial desktop assessment, we believe that there is a very low risk of modern slavery in our operations in Australia. We have predominantly high skilled labour requirements in our workforce, as well as only using labour hire companies who are appropriately qualified, such as under 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 a code of conduct, anti-bribery and corruption, and competition law. We strongly condemn any form of discrimination and human rights violation and encourage our employees to report any misconduct or wrong doings through our whistleblowing policy.

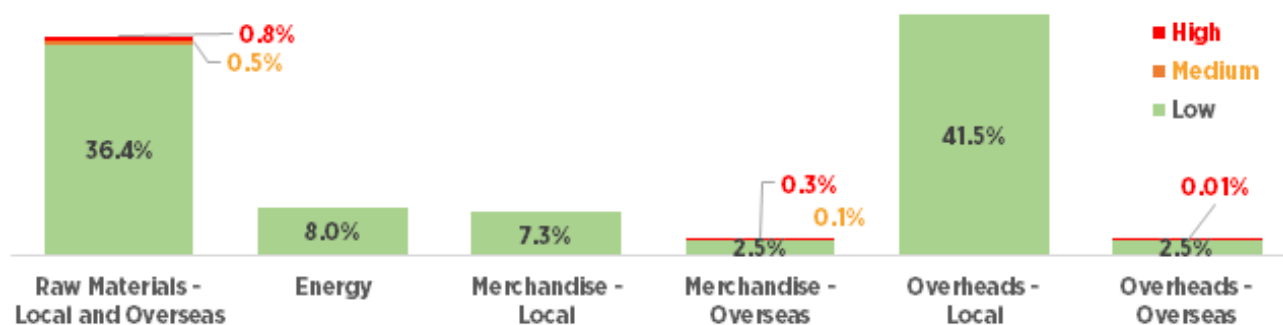
Worker engagement and participation is emphasised throughout our operations via consultation processes including team meetings, EHS committees, consultative committees, as well as communication via structured company-wide communications meetings, and regular surveys conducted internally and via third 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 educating employees and managers on respect in the workplace, covering Equal Employment Opportunity (EEO) and harassment. Our organisation also has a strong focus on wellbeing and mental health, with a confidential Employee Assistance Program (EAP), training completed for managers and supervisors, and regular programs. Health and wellbeing is also a focus of our COVIDSafe plans, to ensure we look after vulnerable workers whether on site or working remotely.

In our supply chains

We have completed an initial mapping of our suppliers to identify the risk areas of modern slavery practices in our global supply chains. During this reporting period, we mainly focused on our Tier 1 suppliers and a few Tier 2 suppliers of our direct distributors across our six key spend categories: Raw Materials, Energy, Merchandise – local, Merchandise – overseas, Overheads – local and Overheads – overseas.

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 Mindereroo 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.

Figure 4: Risk categorization for total spend



Suppliers who were located in geographic regions of risk as well as an industry sector of risk, were defined as “Category A” suppliers, which included both Tier 1 or direct suppliers and Tier 2 suppliers whose products are supplied to us by distributors. These Category A suppliers provide raw materials and finished goods, belong to the mining and manufacturing sectors which are identified to have 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. Four suppliers were identified belonging to the manufacturing sector, with operating plants located in China (two direct suppliers), Indonesia (indirect supplier) and the Philippines (indirect supplier); and one direct supplier belonging to the mining sector (South Africa); that are likely to have potential risks of modern slavery practices.

Figure 5: Risk assessment summary

Location of Supplier	Geographical Risk	Internal Risk Category
Australia (92.9% of spend)	Low	Category C
Germany, United Kingdom, Denmark, United States, New Zealand, Netherlands, Canada, Ireland, France, Sweden	Low	Category C
Greece, South Korea, Hong Kong	Medium	Category B
Thailand, China, Philippines, Indonesia, South Africa	High	Category A

Further assessment of Category A	
Location of Supplier	Sector/s
China, Philippines, Indonesia, South Africa	Manufacturing and mining

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.

Actions taken and assessing their effectiveness

Addressing the risks of modern slavery is a continuous process, and we are undertaking measures to better understand and address such practices in our operations and supply chains. This year we have focused on developing a risk assessment framework and laying down our approach to tackle modern slavery risks, initially based on geographic risk impacts.

Key actions taken

- **Risk assessment:** We developed a risk assessment framework to identify the suppliers with potential modern slavery risks in our global supply chains, classified as “Category A Suppliers”, that is, suppliers with potentially high geographic and sector risks.
- **Due diligence:** We performed a detailed assessment of our Category A suppliers to have a better understanding of extent of risks in their operations and supply chains, and to identify necessary follow up actions.
- **Awareness:** Raise awareness amongst our employees regarding the potential modern slavery risk in our business via communication meetings and updating induction information. Since being acquired by Etex, we have also adopted and adhered to the Etex Way, Etex’s code of business conduct. It requires high standards of ethical behavior in relation to human rights and defines minimum acceptable standards for legal and ethical compliance in the supply chain. The code is supplemented by an e-learning module that must be completed by all office workers at least once during each financial year.
- **Corrective action:** We are also in the process of establishing a corrective action approach in cases where any of our suppliers are non-compliant. As noted, we have only recently been acquired by the Etex Group and have already taken steps to coordinate our efforts with other entities in the group that are subject to similar reporting requirement pursuant to the UK Modern Slavery Act.

Assessing effectiveness

A management plan will be developed to assess the effectiveness of our risk management approach. The key steps will include:

- Routinely review the risk assessment framework and provide regular updates to the Board.
- Assess the effectiveness of our due diligence processes, corrective actions and relevant policies, and report through publishing our annual modern slavery statement.
- Set up a streamlined process for regular engagement with our suppliers and customers to receive and respond to their queries and feedbacks, and keep track of the actions of the suppliers to address modern slavery risks.
- 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.

Future actions

Actions for future reporting periods will include:

Supplier engagement

Develop questionnaires for our suppliers to 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 are in the course of establishing a streamlined process to actively engage with our suppliers to communicate our expectations and work collaboratively to mitigate risks of modern slavery in our businesses.

Vendor risk assessment

Undertake vendor viability reviews to understand extent of risks, and adopt modern slavery risk assessment and mitigation reviews as part of the vendor creation and onboarding process.

Policy integration

As a result of the transition of ownership, we are in the process of review and alignment to ensure consistency during the integration phase. We will review our existing policies and procurement guidelines for possible expansion in scope and adopt Etex's supplier code of conduct that defines minimum acceptable standards for legal and ethical compliance in the supply chain.

Training

Continue training our employees (especially the procurement management team) to build awareness of potential modern slavery risks in our supply chains. The aim is to successfully integrate modern slavery aspect in our procurement process as well as employee induction and onboarding process.

Grievance remediation

Constantly monitor our existing whistleblowing platform to identify and remediate any reporting related to modern slavery or any form of worker rights violations.

Continuous improvement

Implement cyclic vendor risk review and corrective action plans as part of our mitigation controls. Overall, we aim to adopt best industry practices and continually improve our risk management approach through actively engaging with our networks.

Etex Australia Pty Ltd.

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