

# Modern Slavery and Human Trafficking Statement 2021



**BRICKWORKS**

# Modern Slavery and Human Trafficking Statement 2021

This statement covers the activities of Brickworks Limited ABN 17 000 028 526, and its controlled entities, to understand and implement actions to minimise the risk of modern slavery and human trafficking in its operations and supply chain. This statement will reside on our Company's website.

This is a joint statement on behalf of the following reporting entities within the Brickworks Group. The entities covered in the statement use the same policies and processes, operate in the same sector and have many shared suppliers. These entities are The Austral Brick Company Pty Ltd and Nubrik Pty Ltd. Brickworks Limited as the head entity of the Brickworks Group is a controlling entity of the other reporting entities, which are 100% subsidiaries and so makes this a joint statement. The directors of the other reporting entities were engaged as part of this process and approved this statement.

# Our Commitment

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Brickworks opposes all forms of slavery and forced labour. We are committed to respecting and supporting the dignity, well-being and human rights of our employees and those we engage with through our supply chain. We are also committed to working collaboratively with our partners and suppliers to ensure that our business is conducted in an honest and ethical manner. This includes identifying and addressing human rights risks, including modern slavery, throughout our business and supply chain.

The construction, manufacturing, forestry, mining and quarrying sectors are especially at risk from modern slavery practices – and these are the sectors that Brickworks both serves and sources from.

This is our second Modern Slavery Statement (“**statement**”). While this statement is in response to the *Federal Modern Slavery Act 2018*, it is driven by, and reflective of, our commitment to act on any incidences of modern slavery in our supply chain. The statement aligns with and complements our aim of improving Brickworks’ sustainability disclosures. It is part of our overall Sustainability Framework which links our sustainability commitments with our business strategy.

# Who we are

## Who we are

Brickworks Limited is an ASX200 publicly listed company, with a long and successful history, dating back to 1934. Brickworks comprises Australian-owned companies involved in the manufacture and distribution of building products, property development, and investments. We are one of the nation's leading providers of bricks, precast concrete panels, sleeper retaining walls, pavers and roofing tiles.

Employing 1,160 full time equivalent employees across its Australian operations (permanent and part time employees, excluding casuals) and 801 employees in North America, Brickworks has a diversified corporate structure with four divisions:

- ▶ **Building Products Australia**
- ▶ **Building Products North America**
- ▶ **Property**
- ▶ **Investments**

This statement covers the key operating divisions of Building Products Australia and Building Products North America.

## Building Products

Brickworks has a vast network of operational sites and display centres in Australia and North America. As of 31 July 2021, Brickworks operates 37 manufacturing sites and 57 quarries, comprising:

- 10** Brick plants (Australia)
- 10** Brick plants (North America)
- 2** Roof tile plants (Australia)
- 1** Timber batten plant (Australia)
- 10** Masonry plants (Australia)
- 1** Stone plant (North America)
- 2** Precast plants (Australia)
- 1** Cement terminal (JV) (Australia)
- 35** Quarries (Australia)
- 22** Quarries (North America)

In addition, the Building Products Group has 76 Design Studios, Displays and Masonry Supply Centres across major capital cities in Australia and North America, complemented by an extensive reseller network.

For FY21, Brickworks' total revenue was \$908 million (AUD). This included Building Products Australia revenue of \$704 million, across four major divisions – Austral Bricks, Bristile Roofing, Austral Masonry and Austral Precast.

## Property Division

Brickworks' Property division was established to maximise the value of land that is surplus to the Building Products business. Operational land that becomes surplus to the business needs is transferred to the Property division where it is assessed for optimum land use.

## Investment

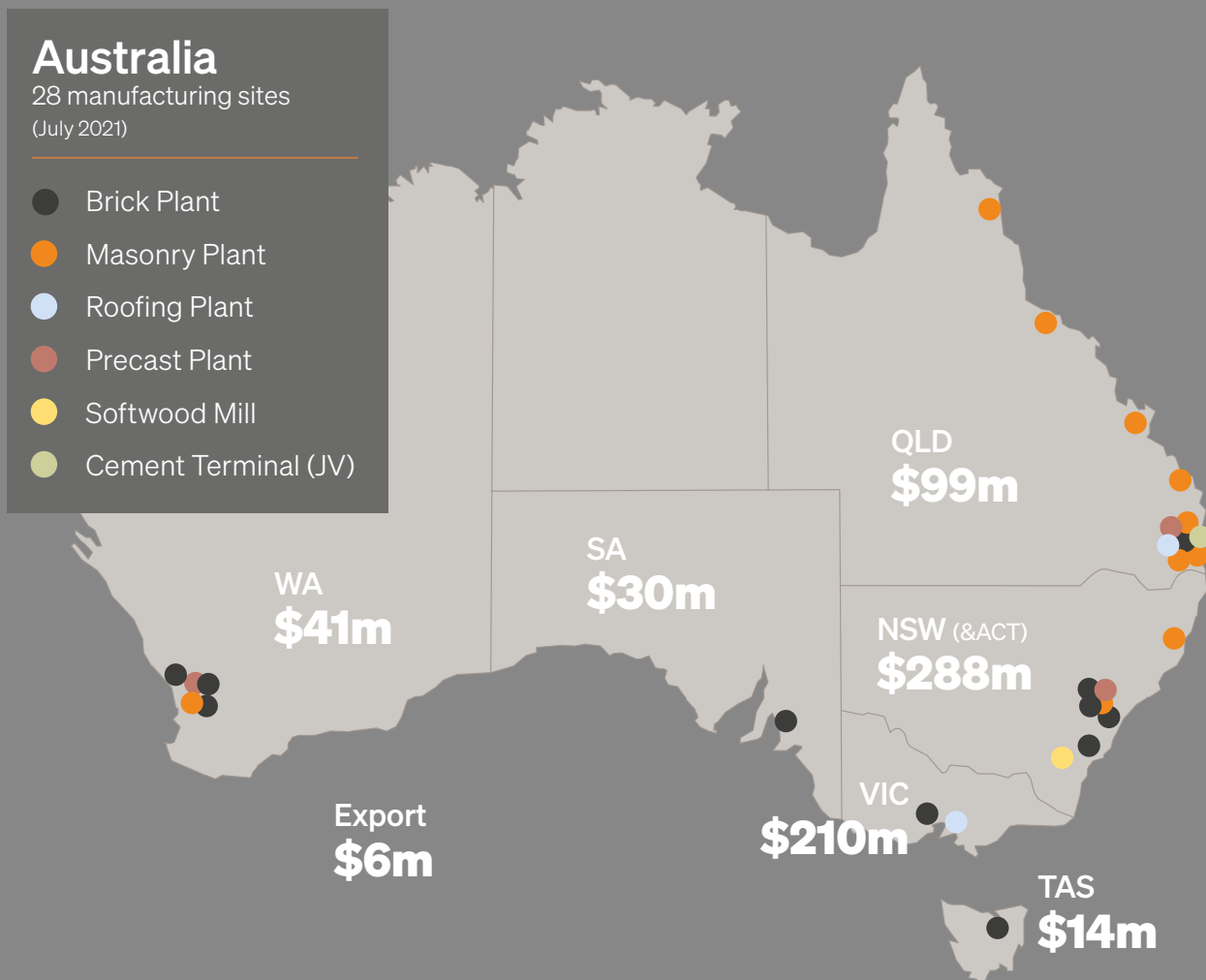
Brickworks' investments division is largely represented by a 39.4% interest in multi-industry investment house, **Washington H Soul Pattinson Limited**. Brickworks is also a party to a joint venture in Southern Cross Cement, involved in the import of raw materials to produce cement.

# Building Products

## Australia

EARNINGS BEFORE INTEREST AND TAXES BY DIVISION	Investments: <b>\$97m</b>	Building Products (Aus): <b>\$44m</b>
	Property: <b>\$253m</b>	Building Products (US): <b>\$9m</b>

### BUILDING PRODUCTS AUSTRALIA – \$687m revenue (FY21)



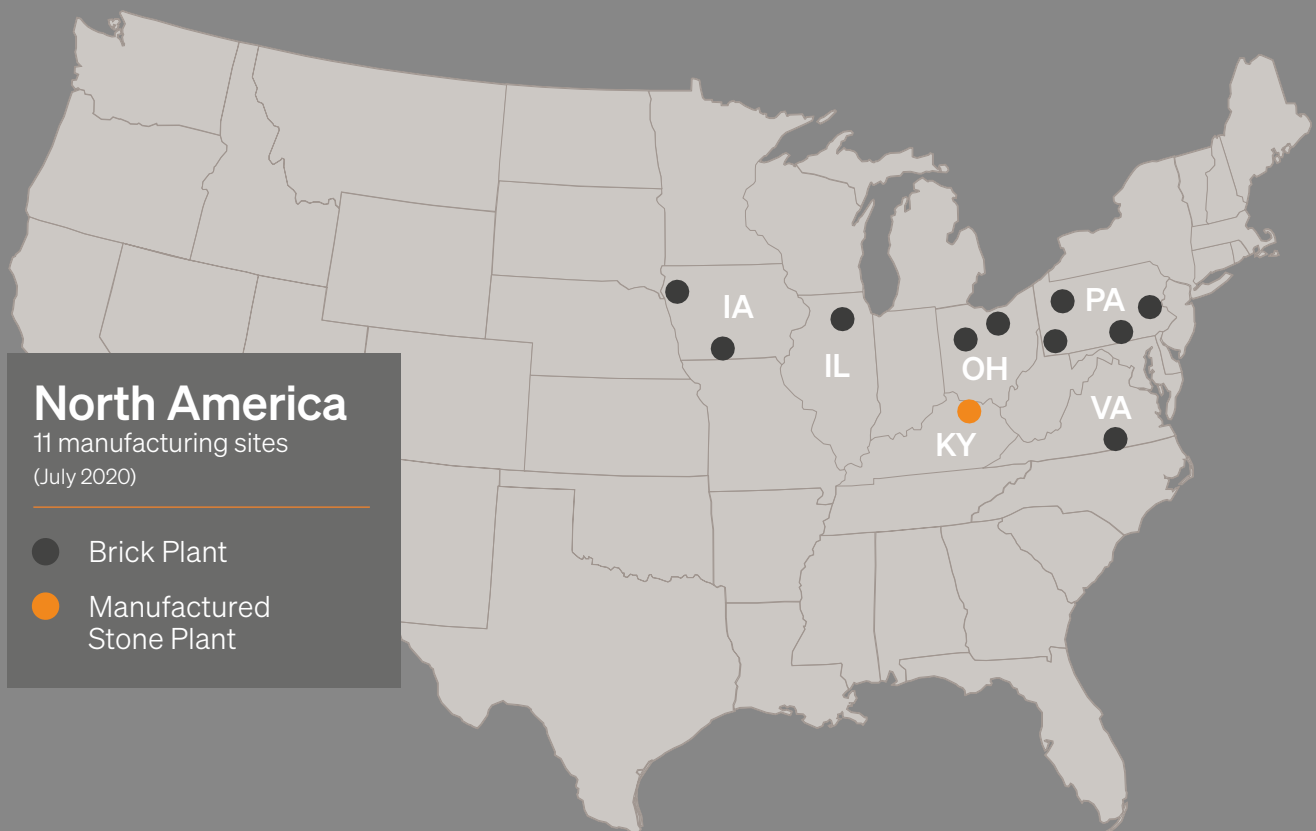
# North America

In the U.S. Brickworks operates in the Midwest, Northeast and Mid-Atlantic states, with 11 manufacturing plants (10 brick and one manufactured stone) and through ownership of 20 quarries located near its manufacturing sites, controls around 95% of raw material inputs.

On 2 August 2021, Brickworks completed the acquisition of certain assets of Southfield Corporation, including Illinois Brick Company (“IBC”). IBC is the largest independently owned and operated brick distributor in the U.S., with 17 showrooms and distribution yards, all located in Illinois and Indiana.

Building Products North America now has significant scale, including more than 800 employees, 10 brick plants, 1 manufactured stone plant, and 27 company owned retail outlets.

## BUILDING PRODUCTS NORTH AMERICA – AU\$202m revenue (FY21)



NUMBER OF  
FACTORIES



**39**

NUMBER OF  
RETAIL OUTLETS



**75+**

GROUP  
REVENUE AUD



**\$890m**

NUMBER OF  
EMPLOYEES



**1961**

# Backed by Brickworks

Local expertise. Global quality. Brickworks Building Products are one of Australia’s biggest building material producers. With heritage going all the way back to one of Australia’s founding brick producers, we’re proud of our reputation for design, innovation and sustainability.

## BRICKWORKS

### AUSTRALIA



### NORTH AMERICA



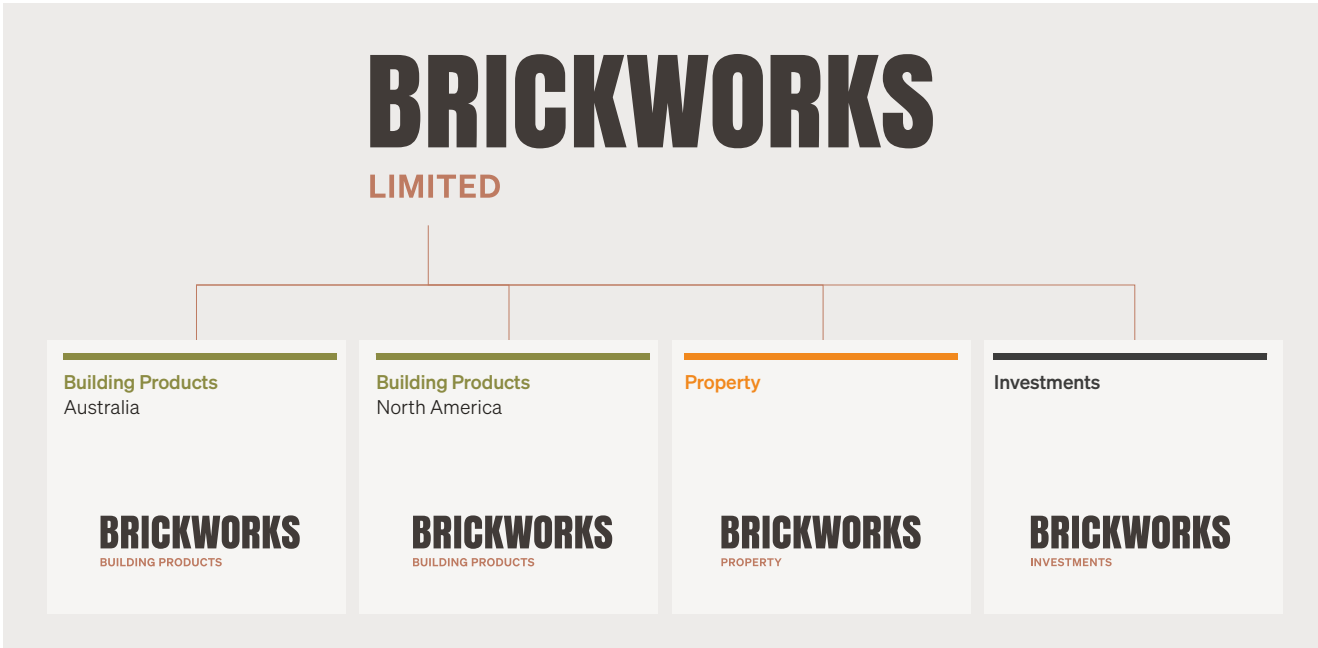
### EXCLUSIVE DISTRIBUTOR



# Our structure

## and operations

This statement includes the business activities of the Brickworks owned and controlled entities under the brand names noted below, details of which can be found in the Brickworks 2021 Annual Report.



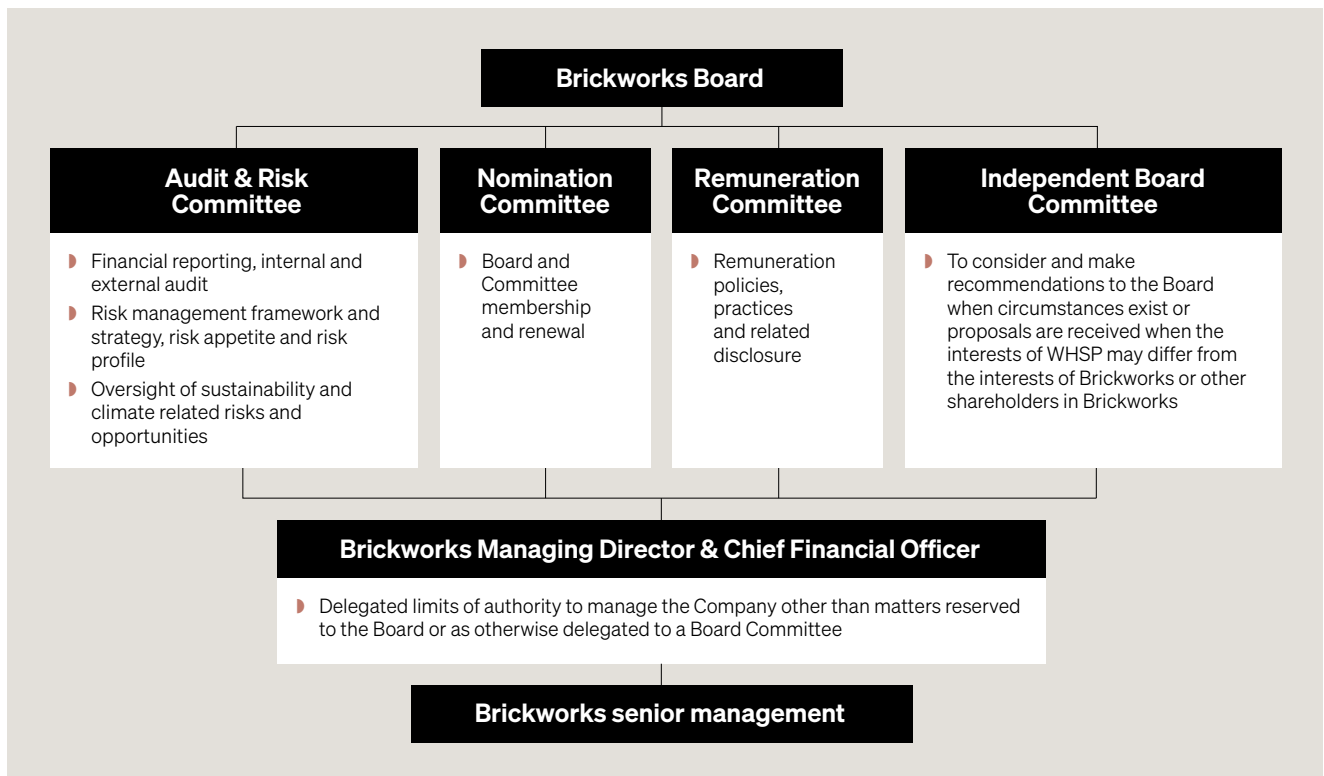


# Our approach

## and progress

### a) Our policies and governance

Brickworks' governance framework, shown below, ensures strong business ethics and behaviour.



Brickworks' business behaviour is guided by our values as articulated in our business [Code of Conduct](#), *We Are Brickworks*. This code articulates how we conduct our business, including acting in an ethical and lawful manner. The code applies to everyone who works for, or in conjunction with, Brickworks including directors, employees and contractors. It also refers to our 6 key values: care, innovation, collaboration, integrity, leadership and commitment to excellence.

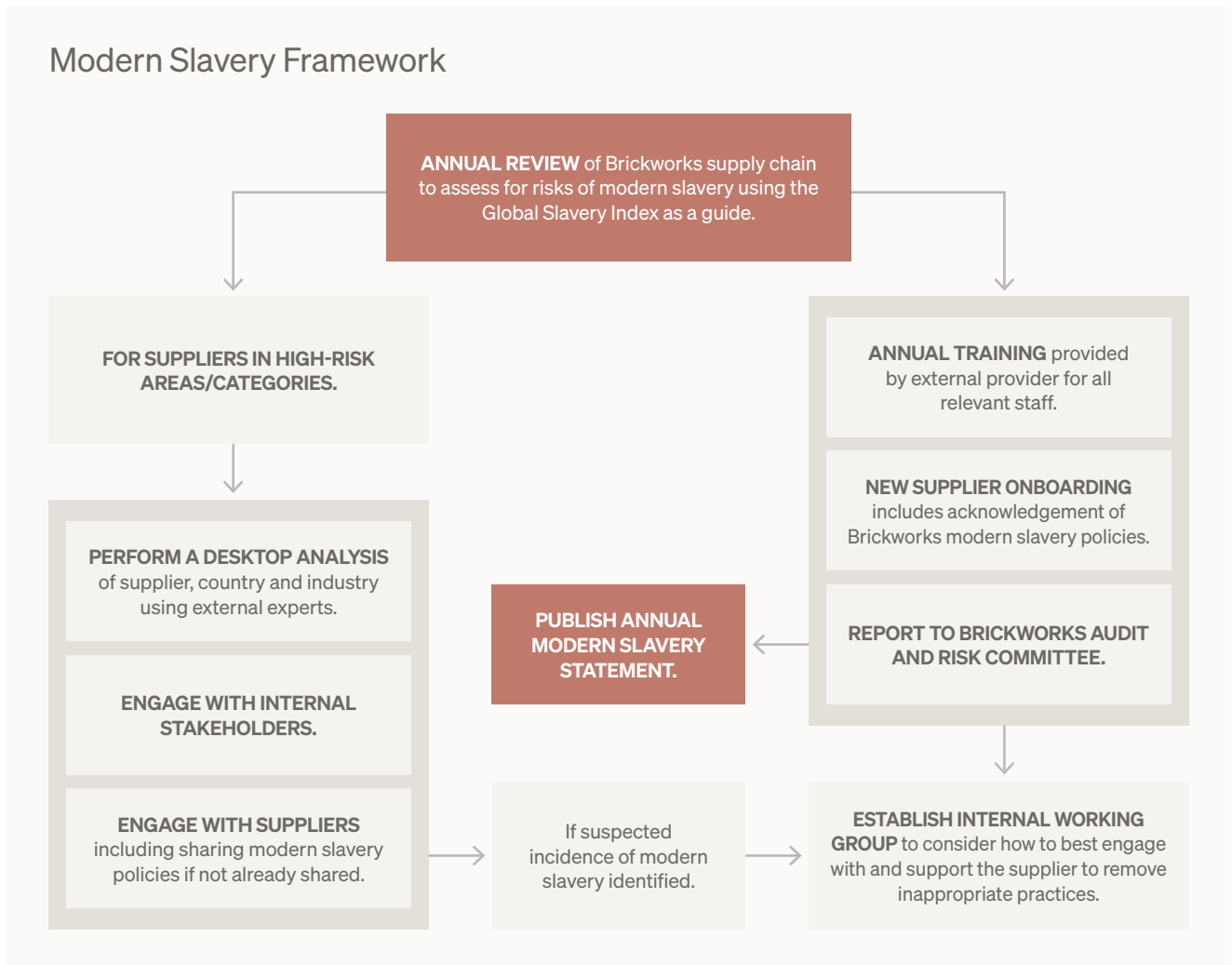
We have also engaged all our executives, including in the U.S., through modern slavery workshops and required their annual completion of our Modern Slavery training module.

In terms of our overall procurement practices, Brickworks' governance procedures ensure adequate procurement pricing, prompt payment of suppliers and good procurement planning. These procedures are backed by relevant Brickworks procurement policies and authorisation limits, as well as an annual internal audit program.

In relation to human rights and modern slavery, Brickworks' [Modern Slavery Policy](#) outlines our commitment to respect and encourage human rights and not tolerate the existence of modern slavery in our operations or supply chain. This policy is further articulated in Brickworks' [Modern Slavery Supplier Code of Conduct](#), which sets out the minimum expected standards of behaviour and legal obligations that we require our suppliers to meet around labour and human rights, health and safety and modern slavery.

Brickworks has policies covering [anti-bribery](#), [corruption](#) and [whistle-blower](#) practices. All our employees are required to undertake annual on-line training to demonstrate their understanding of these policies. Our [Whistle-blower Policy](#) encourages the raising of misconduct or any behaviour that is inconsistent with the Group's culture, values or policies. *Be Honest @ Brickworks* is an anonymous avenue for all staff in the US and Australia to raise concerns of suspected or actual misconduct, including any concerns around procurement practices or outcomes. The *Be Honest @ Brickworks* reporting platform is easily accessible from our intranet page and other avenues.

The above policies and procedures are backed up by a genuine commitment to address modern slavery, which is driven from the top with strong backing from our Board. The Board's Audit and Risk Committee is responsible for oversight of this on behalf of our Board and receives regular reports on our modern slavery processes and outcomes. Our Modern Slavery framework is shown below. Our General Manager of Risk oversees the Modern Slavery framework and engages outside expertise when and where needed.



## b) Identifying and understanding our risks

Brickworks operations in Australia and the U.S. source most materials and services from within Australia and the U.S. respectively, with raw materials typically provided from owned quarries. Over 98% of Brickworks' Australian operations Tier 1 suppliers are located in Australia and New Zealand, with the remaining 2% spanning across 14 countries throughout Asia, Europe and North America. These additional countries currently include the Philippines, Vietnam, Thailand, China, Singapore, Germany, Canada, India, Indonesia and Egypt.

Several of these countries sit in the moderate to high-risk bands of the [Global Slavery Index](#) in terms of prevalence or vulnerability to modern slavery, or where their country's response is not strong. Collectively, these countries in high risk bands comprise less than 1% of all Brickworks' Tier 1 suppliers yet present a potential link to modern slavery.

Most Tier 1 products sourced internationally are premium roof tiles and premium bricks which are imported from Italy, Spain and Belgium. Some raw material additives are sourced by Australian suppliers from South Africa, China, India and Vietnam. Cement for the Australian operations is sourced by Southern Cross Cement typically from suppliers in Thailand and Vietnam. Some stone sourced by Brickworks is processed in Indonesia and limestone pavers are imported from Egypt.

From time-to-time capital equipment is imported from overseas countries, such as Germany, France, Spain, Holland, Japan and Italy.

In addition to the supplier's location, the Global Slavery Index also identifies two areas in our supply chain considered to be high-risk; labour and building materials (including bricks). As a major manufacturer and supplier of building products to the construction industry, Brickworks operates in a high-risk sector for modern slavery. The construction sector has significant challenges in detecting, understanding and responding to modern slavery risks due to the length, complexity and geographic spread of its supply chains. Contributing factors also include high demand for low-skilled, manual, low-waged work, which has been identified as likely to facilitate forced labour.

We recognise that our Tier 1 suppliers will have modern slavery risks in their supply chains and that our supply chains are linked to other high-risk industries, such as clothing and textiles

Brickworks now annually reviews its Tier 1 suppliers by geography, industry and product to help assess and better understand its modern slavery risks. In FY21, Brickworks engaged its main existing suppliers through a modern slavery survey. The survey outlined Brickworks' approach to modern slavery and sought affirmation from the suppliers of their acceptance of Brickworks' [Modern Slavery Supplier Code of Conduct](#). The survey has been a useful tool to help us understand our suppliers' approach to modern slavery.

Brickworks has now included modern slavery consideration as part of the set-up for new vendors, each of which must now read and acknowledge Brickworks' modern slavery policies and our expectations of suppliers, with regards to human rights.

Brickworks has also initiated a process to identify and assess Tier 2 suppliers in high-risk categories, with an aim to engage them directly on the risks of modern slavery. To date, Brickworks has contracted expert consultants to conduct desktop assessments of identified Tier 2 suppliers. We are working with relevant Tier 1 suppliers to contact and engage with Tier 2 suppliers in high-risk geographies and/or industries, including Tier 2 suppliers of concrete and mineral additives. Brickworks will continue to build on this approach, and work with suppliers to minimise the risk of modern slavery in their own operations and supply chains.

By combining these risk assessments of industry, geography and product, Brickworks prioritises its suppliers by a range of criteria that pinpoints those presenting the greatest risk in our supply chain.

### c) Our global due diligence activities in FY21

To support Brickworks' position of zero-tolerance for any type of slavery-related practices, we undertook a range of activities in the reporting period to identify, understand and respond to specific human rights risks associated with our suppliers, materials, countries, sectors and operations.

During FY21, we took several due diligence actions:

- ▶ We continued to engage experts in the human rights field to assist with the ongoing development of the modern slavery framework.
- ▶ We held workshops with business unit manager to highlight modern slavery issues
- ▶ We engaged our significant Tier 1 suppliers (those with >\$100k annual spend with us) in Australia (~800 suppliers) and in the U.S. (~170 suppliers) via a survey that shared our [Modern Slavery Policy](#) and [Modern Slavery Supplier Code of Conduct](#), and their commitment to combating modern slavery practices.
- ▶ We undertook an assessment our Tier 1 suppliers based on the [Global Slavery Index](#) indicators to identify suppliers in high-risk categories (see above section).
- ▶ We engaged expert consultants to undertake a review of those suppliers in high-risk areas/industries and commenced engaging our Tier 2 suppliers (brick additives and cement) by sharing our policies and highlighting the risks of modern slavery. This process included working with relevant Tier 1 suppliers to assist with our Tier 2 supplier engagement (see above section).
- ▶ Our 'new vendor' set-up procedures were modified to ensure all new vendors read and acknowledge our [Modern Slavery Policy](#) and agree to our [Modern Slavery Supplier Code of Conduct](#).
- ▶ We worked with Safetrac (an Australian provider of online compliance training services) to develop a modern slavery training module that has been rolled out across our Australian operations and is in process of being delivered to our U.S. group.

These activities have enacted our commitment to modern slavery in FY21 and continue to inform the improvement of our modern slavery management framework.

### d) Measuring our effectiveness

Brickworks constantly monitors the effectiveness of the tools and processes we use in relation to modern slavery risks within our operations and supply chain. We are pleased to report that to date Brickworks has not identified any actual or suspected cases of modern slavery in its supply chain. However, we continue to monitor and measure the effectiveness of our:

- ▶ Supplier communication – an annual survey was conducted to identify and engage with suppliers in high-risk categories to measure suppliers' understanding of Brickworks' overall risk management and the risks of modern slavery.
- ▶ Employee communication – enhanced and supported through annual online training.
- ▶ Whistle-blower program – encouraging the raising of misconduct or any behaviour that is inconsistent with the Group's culture, values or policies.
- ▶ Governance tools – our policies and procedures are reviewed, updated and socialised in relation to any changes in relevant codes and standards or practice.

## e) Communicating, engaging and collaborating with our stakeholders on modern slavery

This second Modern Slavery Statement is an important document for Brickworks, not just because it is required under the *Federal Modern Slavery Act 2018*. It is important because it communicates a powerful message to our internal and external stakeholders on our position in relation to modern slavery, and is a platform for our engagement and collaboration with them.

Throughout the process of responding to the *Modern Slavery Act 2018*, Brickworks has engaged with its owned and controlled entities, as well as those it has a direct business relationship with. This engagement has been important to confirm that these entities are both aware of, and responsive to, the legislation. Brickworks has used this opportunity to request information and leverage resources to ensure a coherent, supportive and coordinated response across the Group.

Should our risk assessment processes uncover any cases or instances where suppliers do not meet the [Modern Slavery Supplier Code of Conduct](#), or any breaches of the code within Brickworks' supply chain, we will engage directly with the suppliers to understand how they are managing these risks. We will assist with any remediation, and develop an action plan to eradicate any risk in a transparent, timely and efficient manner. Should the supplier be uncooperative, appropriate action will be taken by Brickworks, including termination of the business relationship, if necessary. For any identified actual or suspected breach, a working group will be established with responsibility for managing known, or suspected, cases of modern slavery.

## f) Building our capacity and that of our suppliers

Brickworks is committed to working collaboratively with our suppliers to ensure that our expectations of them, and the standards they need to meet, are clearly understood and their potential exposure to risk is minimised.

# What's next

Brickworks remains committed to an ongoing management process to identify, prevent, mitigate and account for how we address actual and potential adverse human rights impacts in our operations and supply chains, including modern slavery.

Over the coming reporting period, our key focus areas will be on:

- ▶ Complying with all legislative requirements, remaining up to date with emerging best practice for modern slavery management, and monitoring changes or harmonisation between Federal and State legislation.
- ▶ Strengthening the alignment of our modern slavery risk processes and responses across our brands and controlled entities.
- ▶ Socialising Brickworks' [Modern Slavery Supplier Code of Conduct](#) among our suppliers, our controlled entities and our business partners.
- ▶ Conducting an annual evaluation of our supply chain risk.
- ▶ Continuing our supplier surveillance and engagement to identify specific high-risk suppliers.
- ▶ Working with our vulnerable suppliers to eradicate potential risks in their own operations and supply chains.
- ▶ Having a clear and detailed internal process for actioning any instances of modern slavery identified in our supply chain.
- ▶ Continuing the modern slavery training for employees through our online platform.



**Lindsay Partridge AM**

Managing Director

26 October 2021

The Modern Slavery and Human Trafficking Statement is approved by the Board's Audit and Risk Committee and the Brickworks Board.