



## **ASX Announcement**

6 January 2021

### **Modern Slavery Statement**

Reliance Worldwide Corporation Limited (ASX: RWC) has released its 2020 Modern Slavery Statement. A copy is attached.

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This announcement has been authorised for release by the Company Secretary.





# Modern Slavery Statement 2020

Reliance Worldwide Corporation Limited

December 2020

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## About this statement

This Statement, prepared in accordance with s16(1) of the Australian Modern Slavery Act 2018, sets out the actions taken by Reliance Worldwide Corporation Limited (“the Company”) and its subsidiaries (together “RWC” or “the Group”) to identify, assess and address modern slavery risks in our operations and supply chains during the financial year ended 30 June 2020. Appendix 2 lists Group entities involved in the manufacture or distribution of our products.

The Group entities required to report under the Act are:

Reliance Worldwide Corporation Limited (ABN 46 610 855 877); and

Reliance Worldwide Corporation (Aust.) Pty Ltd (ABN 71 004 784 301).

This Statement applies to all entities in the Group. All entities in the Group are wholly owned. RWC conducts operations in three regions. Each region receives copies of group policies which set out governance and conduct expectations. Region leaders are members of RWC’s Senior Leadership Team and are consulted on expectations and policy matters. A broad group comprising representatives from senior leadership, legal, company secretariat, investor relations, human resources, procurement, internal audit and risk have been consulted and involved in preparing this Statement.

Modern Slavery legislation applicable in other countries applies to certain subsidiaries. Details are provided later in the Statement. This Statement is intended to also cover the requirements of applicable local legislation.

The following reports have also been released and can be located on our website at [www.rwc.com](http://www.rwc.com): 2020 Annual Report, Social Impact Report 2019 and Corporate Governance Statement.

Various governance policies can also be viewed on our website.

This Statement has been authorised by the Board of Reliance Worldwide Corporation Limited.

## Introduction

RWC's principal activities are the design, manufacture and supply of high quality, reliable and premium branded water flow, control and monitoring products and solutions for the plumbing and heating industry. We manufacture and distribute products that disrupt and transform traditional plumbing methods by aiming to make the installer's job quicker and easier.

At RWC, our values underpin everything we do: passion, innovation, reliability, integrity and simplicity. Because of this, we acknowledge the role we play in shaping a more sustainable, just and equal world.

Part of upholding our integrity means that we seek to mitigate the risk of any modern slavery within our operations or supply chains. We have implemented a broad set of policies and procedures to identify modern slavery risks and improve our control environment. Modern slavery can occur in various forms including servitude, forced or compulsory labour and human trafficking. We recognise that there is more to be done to identify, mitigate and remediate modern slavery risks and we also acknowledge that there are broader, industry wide changes needed. We intend to do our part in that process.

We are proud of our open culture that encourages company-wide conversations and we value everyone's opinions. Through honest dialogue, our people have been able to help direct our social impact efforts to causes and challenges that matter to our employees, communities, customers, suppliers and shareholders. From speaking up against racial injustices, to engaging our people and resources to help communities overcome challenges, to supporting the environment by sustainably sourcing raw materials and eliminating waste in our manufacturing processes, running our business responsibly is vital to our long-term success. These decisions have important consequences for the economy, society and the environment, and we will continue to do our part to be upstanding corporate citizens.



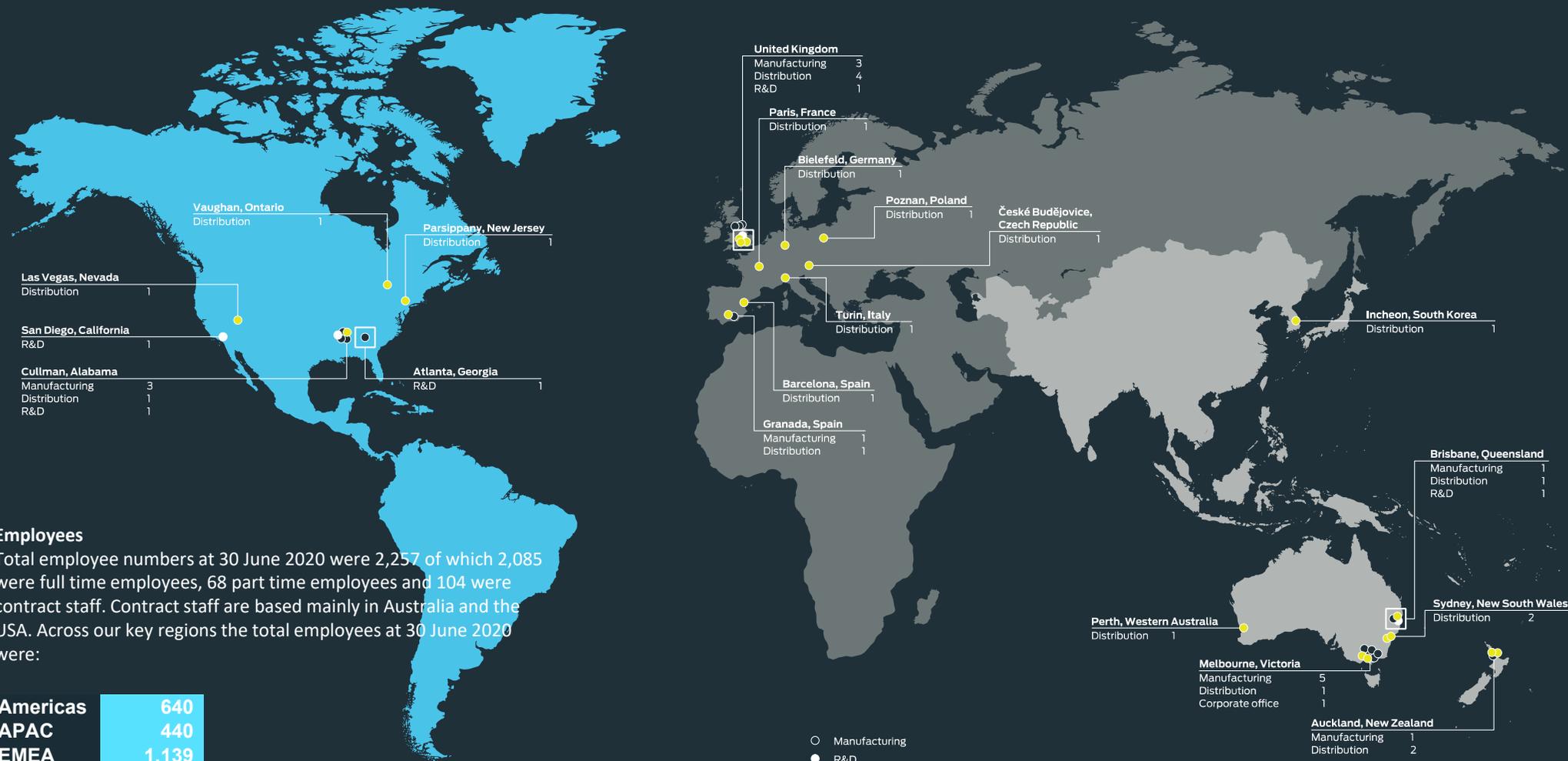
Heath Sharp  
Managing Director and  
Group Chief Executive Officer

December 2020

At RWC, our values underpin everything we do: passion, innovation, reliability, integrity and simplicity



# RWC operates in 3 regions with manufacturing and distribution facilities located in 14 countries



### Employees

Total employee numbers at 30 June 2020 were 2,257 of which 2,085 were full time employees, 68 part time employees and 104 were contract staff. Contract staff are based mainly in Australia and the USA. Across our key regions the total employees at 30 June 2020 were:

Americas	640
APAC	440
EMEA	1,139
Group	38
<b>Total</b>	<b>2,257</b>

- Manufacturing
- R&D
- Distribution
- Global/Regional Headquarters

## RWC Brands and Products

- RWC is a global market leader and manufacturer of water delivery, control and optimisation systems for the modern built environment. RWC's products consist of a global family of brands which provide a complementary product portfolio to help our customers deliver, control, optimise and solve their challenges in innovative, reliable and simple ways. We design, manufacture and distribute products that include pipe, valves, fittings and a range of ancillary products.
- Please refer to our website, [www.rwc.com](http://www.rwc.com), for additional information on our brands and products.



## During 2019/20, we undertook the following actions to identify, assess and address modern slavery risks

- Incorporated modern slavery commitment into existing policies that cover both operations and supply chains and included a commitment to remediation.
- Commenced updating our key internal policies and extended the scope of these policies across our regions.
- Undertook an analysis of our existing governance structure, strategy, policies and procedures to understand the strengths of our current approach and identify opportunities for improvement.
- Assessed the inherent modern slavery risks in our supply chains and operations using a globally benchmarked tool and took steps to understand residual risks for a selection of our higher risk suppliers.
- Took steps to address the risks identified through improvements to our processes and controls, including updating our standard purchasing documentation to address modern slavery requirements.
- Improved our supplier onboarding process to provide all new suppliers with our supplier handbook prior to supplier qualification and onboarding.
- Broadened the current Ethics and Compliance reporting process to enable the reporting of modern slavery issues.

# Supply and procurement overview



## Overview

RWC manufactures products which are distributed mainly through Retail, Wholesale and Hardware channels. Products are also sold to original equipment manufacturers. Raw materials and finished goods components are purchased from local and international sources to supply manufacturing operations located in the USA, UK, Spain, Australia and New Zealand.

RWC has approximately 2,000 suppliers of goods and services. The analysis undertaken in FY2020 identified approximately 1,450 direct, or tier 1, suppliers of goods and services across 30 countries<sup>1</sup>. About 30 of these are classified as key suppliers. Total global procurement spend on materials, components and services exceeds A\$500m per annum.

Businesses in Australia, USA, UK and continental European countries supply over two-thirds of the materials and components we use. Approximately one-quarter of materials and components are sourced from countries in Asia.

<sup>1</sup> Not all 2,000 suppliers were fully analysed in FY2020.

## Main areas of procurement spend

- Raw materials for manufacturing processes – mainly brass bar and resins
- Components for assembly processes
- Finished goods for sale
- Capital expenditure on plant and equipment
- Energy and utility costs
- Information technology systems and security

RWC's supplier handbooks and policy documents set out the requirement expectations of suppliers, including on quality standards, risk management, materials sourcing and labour requirements.

RWC has a team based in Atlanta, USA which oversees and manages the Group's procurement activities. This team reports directly to the Group SVP of Operations, a member of the Senior Leadership Team. Each region has local teams which engage in daily procurement activities.

## Approach to managing modern slavery in our business

We want all our people, whether directly in our operations or across our supply chains, to feel safe and respected at work. Every colleague who walks through the doors of any RWC location should feel welcomed, included and supported. It is with this responsibility and in the spirit of human dignity that we cannot be complacent. To deliver on this commitment and to reduce the potential risks of human rights violations or exploitation, we have implemented, and continue to implement, a range of policies, procedures and controls across our operating regions.

RWC regularly updates its governance structures, policies and processes. Many of these policies and processes support our business to meet our commitment to addressing modern slavery in our supply chains and operations.

## Key Policies and Documents

The following is a list of selected policies **and documents** and their connection with RWC’s approach to addressing modern slavery. The list is not exhaustive.

<b>Code of Conduct</b>	<p>Outlines the actions and behaviours expected of RWC’s employees in the workplace. Including legal compliance guidelines and ethical standards</p>
<b>Global Whistleblowing Policy</b>	<p>Provides guidance on reporting suspected unethical, illegal, or fraudulent conduct by third parties or those within RWC</p>
<b>Anti-Bribery and Anti-Corruption Policy</b>	<p>Sets out RWC’s commitment to comply with the laws and regulations addressing corruption, fraud or bribery in the countries where we do business</p>
<b>Supplier Handbooks</b>	<p>Outlines the mandatory requirements for suppliers including quality standards, risk management and approval for all material sources.</p>

## Key Policies and Documents (continued)

<p><b>Americas Supplier/Procurement code of conduct</b></p>	<p>Sets out the expectations of RWC’s suppliers, including prohibitions on the use of child labour, physical punishment, forced or compulsory labour as well as any other forms of human abuse</p>
<p><b>Global Ethical Code of Practice for Supply Sites Outside of Australia</b></p>	<p>Provides guidance and instruction on the minimum standards acceptable to RWC in the manufacture of components and raw materials supplied to the Group’s companies and of finished products and is applicable to all suppliers located outside of Australia</p>
<p><b>Global Corporate Social Responsibility Policy</b></p>	<p>Applies to all employees along with relationships with customers and suppliers and is currently being reviewed to incorporate anti-slavery initiatives</p>
<p><b>EMEA Recruitment / Agency workers policy</b></p>	<p>States that RWC uses only specified, reputable employment agencies to source labour</p>

# Reviewing and updating our approach to modern slavery risk management



## Reviewing and updating our approach to modern slavery risk management

RWC has undertaken an analysis of our existing governance structure for modern slavery risk management, policies and procedures to understand the strengths of our current approach and identify opportunities for improvement. The analysis considered key areas of governance, systems, controls and capability including:

1. Our commitment, strategy, governance, policies and competence to tackle modern slavery, mainstream human rights and commitment to take action to address adverse impacts;
2. Our approach to assessing modern slavery risks in our operations and supply chains;
3. The processes in place to mitigate identified risks by adapting systems and procedures;
4. Current systems in place to remediate adverse impacts in operations and supply chains;
5. Processes for monitoring the effectiveness of systems, procedures and interventions to avoid, mitigate and remedy adverse impacts; and
6. Disclosure practices relating to modern slavery due diligence to internal and external stakeholders and stakeholder engagement.

## Outcomes of the review

From this work we believe that we now have in place foundations for an effective modern slavery risk management program with a number of policies and procedures to control the risk of exploitation in our operations and supply chains.

As an outcome of this work, we have developed short, medium and long-term action plans to improve management of modern slavery risks in our supply chains and operations.

We are looking to have appropriate and well-communicated policies, a risk based due diligence program that incorporates active monitoring of supplier performance, appropriate engagement and competence across the relevant regions and proactive engagement with external stakeholders, where necessary and appropriate.

# Improvements implemented within the current reporting period



## Modern Slavery Policy

The UN Guiding Principles for Business and Human Rights states that businesses should have in place “a policy commitment to meet their responsibility to respect human rights”. In 2019, we incorporated a modern slavery commitment within our policies and procedures that clearly state our intention to respect and uphold human rights, and to identify and address modern slavery. RWC’s commitment, which is informed by internal and external expertise, clearly sets out our expectations of personnel, business partners and other parties directly linked to our operations, products or services to tackle modern slavery. In the next reporting period, we intend to proactively communicate the commitment to our own employees, as well as to our business partners such as suppliers and customers.

## Updates to key policies and procedures

In recognition of the need to embed our commitment to addressing modern slavery in our business, we continued updating our key internal policies and extended the scope of these policies across our regions.

## Update to our standard Purchase Order Template

As a majority of our procurement is undertaken via purchase orders, we have updated our Purchase Order Template to include a clause on modern slavery. In the next reporting period, we plan to proactively engage with high-risk suppliers to support their understanding on our commitment to modern slavery and their work to meet the requirements of our Purchase Order terms.

## Recruitment agent contracts

RWC uses recruitment agencies to support the engagement of skilled resources across our operations. We are aware that in some jurisdictions, recruitment agencies have been associated with deceptive recruitment practices. RWC believes it has not engaged any of these recruitment agencies and has taken measures to ensure that the recruitment agents we use are aware of our commitment to address modern slavery in our operations; and updated our existing contracts with ongoing recruitment agents to expressly prohibit charging workers illegal recruitment fees and the use of deceptive recruitment practices. In the next reporting period, we intend to proactively engage with the recruitment agencies we use to ensure they are aware of our commitment to combat modern slavery and take steps to better understand whether there are any vulnerable workers in our direct employment.

# Modern slavery risks in our Operations and Supply Chains



In 2020, we carried out an assessment of the inherent modern slavery risks in our operations and supply chains. This assessment evaluated four areas of potential risk of modern slavery: **forced labour** (including debt bondage), **child labour**, **human trafficking** and **forced marriage**. To do this, we considered the likelihood and impact of each of these risks in both the geography and industry.

**Country risk analysis:** Using human rights databases, indexes and reports from internationally recognised bodies, including the Global Rights Index, the International Labour Organization, and the World Bank, a modern slavery risk rating for each country within the operations and supply chains within scope was determined.

**Industry risk analysis:** An industry specific assessment of the likelihood and impact of known modern slavery risk factors for RWC's operations and supply chain was conducted. The risk factors considered include labour intensity, skill level, the presence of opaque intermediaries, the level of industry regulation and the presence of migrant labour. A comparison was also carried out in relation to known modern slavery violations or risks in the industry within the past 10 years.

We then established an inherent risk score for each supplier and operational activity resulting in a risk assessment grouping of High, Medium/High, Medium, Medium/Low and Low.

The number of employees and the supplier spend were taken into consideration to determine the scale and impact of these risks but do not affect the inherent risk scores at this level.

These inherent risk scores are now being used to inform our management of risk and ongoing due diligence over our operational activities and supply chains.

We acknowledge that there are risks of modern slavery as RWC conducts business with suppliers in our supply chain. However, we have a high level of confidence that the risks of modern slavery are minimal for our Tier 1 suppliers. In the next reporting period, we intend to perform a more in-depth causation analysis on highest risk suppliers to better understand our relationship to the risks identified and support our risk mitigation efforts in the future.

## Risk of modern slavery in our Operations and actions we have taken to address the risks

The inherent risk identification process was undertaken for all RWC facilities.

We consider the controls in place for our business to be relatively robust, but we are taking extra steps to understand the specific employment conditions in our business and whether there are any vulnerable workers and/or workers who may have been subject to deceptive recruitment practices via recruitment agencies to determine the residual risk levels.

In the current reporting period, we focused on the geographies and operational activities that were identified as inherently medium risk for modern slavery. These were identified as some of our locations in Continental Europe and Asia, including Czech Republic, China and Italy where we conduct sales and distribution activities. For these three locations, we have reviewed our employee metrics to determine whether we are employing any migrant workers or whether any of our employees in these countries present any of the characteristics of vulnerable workers. All workers in these countries are nationals of that country and we consider the residual risk to be low considering the existing employment related controls within the business.

In the next reporting period, we intend to extend the scope of our review of our workforce to other geographies where there is a concentration of workers in manufacturing and distribution to analyse in more detail the nature of the employment of these workers and the recruitment processes. While a majority of these workers are employed in relatively low risk countries of USA, Australia and the UK, we acknowledge that there are also some vulnerable people in these countries and we will pursue this issue to ensure we are doing all we can to manage it.

## Risk of modern slavery in our Supply Chains and actions we have taken to address the risks

RWC has approximately 2,000 suppliers of goods and services. The analysis undertaken in FY2020 assessed approximately 1,450 of these suppliers. These suppliers are located in EMEA (62%, of which UK is 53% of global suppliers), APAC (22%) and Americas (16%).

We have not identified any inherent high risks of modern slavery in our supply chain but have identified a small number of suppliers who operate in areas that are medium / high risk for modern slavery. These suppliers are located in China, Malaysia, Thailand and Mexico and are supplying us with metal componentry, including brassware and steel cables, packaging materials, electronics and appliances.

A residual risk assessment was conducted of medium / high risk suppliers to understand the controls we have in place in relation to the suppliers, as well as public disclosures by the suppliers relating to their modern slavery risk management. In the next reporting period, we will engage directly with these suppliers, as well as a selection of the suppliers who were identified as medium risk, to understand the residual risks better. This may include issuing targeted supplier questionnaires and, where deemed necessary, conducting a site visit or audit.

Within our UK business, we have initiated a screening process via a self-certified supplier questionnaire for priority suppliers monitored by our UK team. Our UK team has also conducted informal site visits of suppliers in China. Visits were mainly for reviewing supply chain and technical product quality issues, but the team also investigated health and safety matters.

To date, RWC has not identified any cases where we have directly or indirectly caused adverse impacts to human rights from our operations and we are not aware of any instances of contributing to modern slavery in our supply chains.

## Effectiveness of RWC's modern slavery actions

While our actions to date form solid ground in our efforts to curtail modern slavery, we acknowledge that more can be done. We recognise that further actions are important to reduce risks of exploitation in our operations and supply chains and we seek to make improvements in the future through further refinement of our due diligence and risk management systems.

As referenced above we conducted a gap assessment of our modern slavery due diligence practices this year against global best practice to assess the effectiveness of our current approach and identify areas for improvement. This drew on the United Nations Guiding Principles on Business and Human Rights, the United Nations Global Compact and the OECD (Organisation for Economic Co-operation and Development) Due Diligence Guidance for Responsible Supply Chains. The assessment identified that we performed strongly in our policy-level commitments and provided recommendations on approaches to improving mitigation, remediation and monitoring.

# Modern Slavery: next steps



To strengthen our governance, strategy and policies, we expect to:

1. Review the resources allocated to managing our modern slavery risks so that we have the right number of people with the right skills in place;
2. Embed reviews of modern slavery due diligence into existing business and risk management procedures;
3. Engage with our suppliers to support their understanding of our commitment to modern slavery and their work to meet the requirements of our Purchase Order terms; and
4. Continue educating our employees on modern slavery topics.

To improve our stakeholder engagement and reporting, we intend to:

1. Formally engage with internal and external stakeholders to participate in, and work towards, establishing expectations around modern slavery issues.
2. Proactively communicate our modern slavery policy to our own employees and to our business partners including our suppliers and customers.

## Modern Slavery: next steps (cont'd)

To further enhance our risk assessment, due diligence and performance monitoring, we intend to initiate a range of activities. These may include some or all of the following:

1. Contact the recruitment agencies we engage to bring awareness of our commitment to combat modern slavery and take steps to minimise the risk of employing vulnerable workers;
2. Develop and incorporate a consistent modern slavery risk assessment process into the procurement system;
3. Send an updated modern slavery supplier questionnaire to identified higher risk suppliers to further understand the residual risks in those supply chains;
4. Periodically review and update the supply chain risk assessment to assist in better understanding these risks and use this assessment as the basis for identifying suppliers to engage with as part of any ongoing supplier due diligence activities;
5. Perform a more in-depth causation analysis on highest risk suppliers to better understand our relationship to the risks identified and support our risk mitigation efforts in the future;
6. Extend the scope of our review of our workforce to other geographies where there is a concentration of workers in manufacturing and distribution to analyse in more detail the nature of the employment of these workers and the recruitment processes. While a majority of these workers are employed in otherwise relatively low risk countries (USA, Australia and the UK), we acknowledge that there are some vulnerable people in these countries too and we will proactively pursue this issue to ensure we are doing all we can to manage it; and
7. Engage directly with high risk suppliers, as well as a selection of the suppliers who were identified as medium risk, to better understand the residual risks.

## Other reporting on modern slavery

- Reliance Worldwide Corporation (UK) Limited, incorporated in the United Kingdom, is required to report on compliance with the requirements of the UK's Modern Slavery Act 2015.
- Reliance Worldwide Corporation, incorporated in the USA, is required to report on compliance with legislation enacted in the state of California, USA.

## Appendix 1

### Index - Australian Modern Slavery Act 2018 (Cth)

REQUIREMENT		LOCATION IN STATEMENT
1	Identify reporting entity	Page 3
2	Be approved by board and signed by director	Pages 3 and 4
3	Describe the structure, operations and supply chains	Pages 6 to 10 and 23
4	Describe risk of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls	Pages 13 to 17
5	Describe the actions taken by the reporting entity and any entity that it owns or controls, to assess and address risks, including due diligence and remediation processes, as well as how the reporting entity assesses the effectiveness of such actions.	Pages 15 to 20
6	Describe the process of consultations with any entities that the reporting entity owns or controls, and if there is more than one reporting entity the consultation between them	Page 3
7	Any other information that the reporting entity considers relevant	Provided throughout the Statement

## Appendix 2



The following lists entities in the Group which are actively involved in the manufacture or distribution of RWC's products. Dormant and intermediate holding companies are excluded.

Name of Entity	Country	Distribution	Manufacturing
Reliance Worldwide Corporation (Aust.) Pty Ltd	Australia	✓	✓
Reliance Worldwide Corporation (NZ) Limited	New Zealand	✓	✓
Reliance Worldwide Corporation (Canada) Inc	Canada	✓	-
Reliance Worldwide Corporation	USA	✓	✓
Reliance Worldwide Corporation (Europe) S.L.U.	Spain	✓	✓
Reliance Worldwide Corporation (UK) Limited	United Kingdom	✓	✓
John Guest Automotive GmbH	Germany	✓	-
John Guest GmbH	Germany	✓	-
Reliance Worldwide Corporation France SAS	France	✓	-
John Guest SRL	Italy	✓	-
John Guest Korea Ltd	Korea	✓	-
John Guest (Shanghai) Trading Co. Ltd	China	✓	-
John Guest Czech S.R.O	Czech Republic	✓	-
John Guest Sp zoo	Poland	✓	-

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