

**ASX Announcement**

27 October 2021

## 2022 Sustainability Report

Attached for release is Reece Limited's 2022 Sustainability Report.

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This announcement has been authorised by Chantelle Duffy, Company Secretary at the direction of the Reece Limited Board.

### About the Reece Group

Reece Group is a leading distributor of plumbing, waterworks and HVAC-R products to commercial and residential customers through over 800 branches in Australia, New Zealand and the United States.

Established in 1920 and listed on the Australian Securities Exchange (ASX: REH), Reece Group has approximately 9,000 employees committed to improving the lives of its customers by striving for greatness every day.

For further information on Reece Group and its portfolio of businesses please visit [group.reece.com/au](http://group.reece.com/au).

# Sustainability Report 2022



**This is our first Reece Group sustainability report. In it, we outline our long-term commitment to building sustainable ways of working for our business to deliver value to our customers and positive impact in our communities.**



Reece acknowledges the Traditional Custodians of Country throughout Australia and their continuing connection to land, culture and community. We pay our respects to Elders past, present and emerging.

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# Message from Group CEO and Acting Chair



For over 100 years we have focused on the long-term to build a business that is one step ahead of our customers' needs.

This long-term focus has driven our success, and we've intentionally taken the same approach to define our sustainability strategy. As the world around us changes, our customers are increasingly looking to Reece to help them, and our industry, to be more sustainable.

Our sustainability approach is grounded in three priority areas; building a sustainable business, empowering the trade, and creating resilient communities. Our vision is for our customers and teams to feel empowered to create sustainable change.

We know we have a lot to learn. Our foundational strategy will allow us to understand the areas where we can have the greatest impact. We want to build on our early momentum, with a view to develop a set of targets across our focus areas based on our learnings. Our commitment to Scope 1 and 2 greenhouse gas emission reduction targets detailed in this report reflects this approach. We also recognise that our business in Australia and New Zealand is at a stage of greater maturity than our US business and is naturally further ahead on its sustainability journey. In time, we know we can work together as a team to refine our approach and deliver positive outcomes.

As a business we have always been led by our purpose and values, what we call "The Reece Way". We are looking forward to seeing what positive change we can achieve by doing the right thing for our customers, our people and the communities where we operate.

Peter Wilson  
Group Chief Executive Officer  
& Managing Director

## Our sustainability commitments



**Engage with stakeholders  
to collectively strengthen  
our approach**



**Report on our  
progress annually**



**Environmental targets  
for 2030 and 2040,  
outlined in this report**



**Continuous improvement  
approach across our ANZ  
and US businesses**



**Board and Management  
oversight of the execution of  
our sustainability strategy**





On behalf of the Reece Group Board, I'm pleased to share our first sustainability report. This report is the outcome of a focused and intentional process to develop an approach to sustainability that reflects Reece, our customers, and the specific challenges of the industry we operate in. It was important to us that, like in everything we do, we listened to our customers first, and understood the role they need Reece to play in supporting them to navigate the sustainability journey.

Reflecting on the past year, we have made progress in identifying how we can work more sustainably, and we are committed to emission reduction targets. We know we are only at the beginning and that more is required of us in the future.

It's also been another year where our teams and customers have had to adapt to challenges from the continued COVID-19 pandemic and several natural disasters. Clean water and sanitation are at the heart of Reece and with the launch of the Reece Foundation, we're excited about accelerating our support to communities to rebuild and empower our customers to use their invaluable essential trade skills to provide access to clean water in communities that need it most.

The Reece Board and management team have a strong commitment to continuous improvement, and we will continue to adapt, learn, and refine our customer-led sustainability approach. We look forward to sharing our progress annually with you.

Tim Poole  
Acting Chair

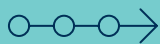


# Reece at a glance

A market-leading distributor of plumbing, HVAC-R and waterworks products to commercial and residential customers.

Founded in Melbourne, Australia

1920



Growth and leadership

100+ yrs



Team members

9000+



Nationwide footprint in Australia

1997

The Works, Reece  
Support Centre



Entered New Zealand

2006



Entered US

2018

Dallas - Reece USA  
Support Centre



An international footprint

ANZ FY22 Revenue

\$3,518m

Business areas

- Plumbing
- Bathrooms & Kitchens
- HVAC-R\*
- Waterworks
- Irrigation & Pools

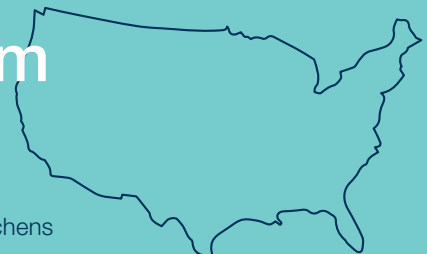


US FY22 Revenue

\$4,136m

Business areas

- Plumbing
- Bathrooms & Kitchens
- HVAC-R
- Waterworks



A market leading distributor



**A trusted brand**

with a differentiated customer proposition



**Clear track record**

100 years of growth and market leadership



**Long term vision**

stable ownership supports enduring approach



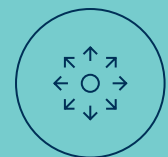
**Operating in attractive markets**

positive long-term fundamentals



**A resilient model**

weighted to less cyclical repair and re-model market



**A diversified business**

by geography, segment, customer and end market

All figures in this report are in Australian dollars, unless otherwise stated.

\* Heating, ventilation, air conditioning and refrigeration

# Our Purpose & Values

To improve the lives of our customers and our people by striving for greatness everyday.



**Create  
customers  
for life**



**Discover  
your best**



**Grow as  
a team**



**Innovate big  
and small**



**Try. Try. Try.**



**Own it**



**Keep it  
simple**



**Do the  
right thing**



**Be humble**



**Write the  
next chapter**



# Our sustainability approach

## 100 years of long-term thinking

As a purpose and values-led business, throughout our history we have focused on building a business for the long-term to improve the lives of our customers and people. This is what we call 'The Reece Way'.

Living the Reece Way has helped us create sustainable business practices. Put simply, we aim to 'Do the Right Thing' across all aspects of our organisation. This is enabled by our continuous improvement approach and our strong culture.

As we set out to formalise our sustainability approach, we aimed to develop a customer-focused strategy that supported and enhanced what we already did well, while coming up with ways to continually improve in the years to come.

## Developing our strategy

To develop our sustainability strategy, like we always do, we started by speaking to our customers to find out what sustainability issues were important to them and what problem they had in this area that we could help solve.

We also engaged with other stakeholders, including seeking team insights and speaking to a range of our shareholders about what issues they saw as important for Reece.

We then conducted a review of leading best practice and our peers, and formed a sustainability working group to draw together the insights from these streams of work to prioritise sustainability topics that were most relevant to us.

Through this process, we have identified material topics where Reece can make a meaningful difference across three areas of focus – in our own operations, in partnership with our customers, and more broadly in the communities where we operate.

Our executive leadership were consulted throughout this process and our final strategy was endorsed by our Board.

We are committed to annually reviewing our stakeholder engagement and materiality assessment processes, to ensure we continue to address the topics that matter most.

### Identifying our focus areas



## Sustainability oversight at Reece

### Business teams

in each region deliver discrete work to support sustainability aims

### Cross-discipline working groups

formed on key sustainability actions to deliver projects

### Group and Regional CEOs

accountable for the execution of the sustainability strategy

### Risk monitoring

ESG issues form part of our material risk monitoring and assessment program

### Board oversight

The Board has overseen the development of the sustainability strategy and environmental targets. Sustainability is a standing agenda item at Board meetings. During the year, the Board undertook three sessions to advance its collective knowledge on sustainability.

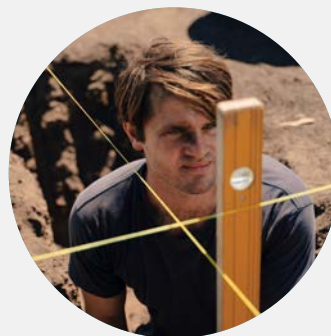
# Our Sustainability Strategy



More detail about our activity under these focus areas is contained from page 13.

## Our focus areas

We have been working hard over the past two years to develop a meaningful, customer-led sustainability approach. Our vision is that our customers and team are empowered to create sustainable change, and we hope to achieve this through the three focus areas of our sustainability strategy.



## 1 Sustainable Business

We will reduce our environmental impact and promote sustainable business practices across Reece Group, focusing on:

- Resource efficiency
- Climate change
- Material re-use
- Workplace safety and wellbeing
- Diversity and inclusion
- Leadership and development
- Responsible supply chain
- Data privacy

## 2 Empowered Trade

We will invest in our industry to create more sustainable ways of working, focusing on:

- Product and service innovation
- Sustainable packaging
- Trade education and development

## 3 Resilient Communities

We will meaningfully contribute to building resilient communities where we operate, focusing on:

- Reconciliation
- Community partnerships

## What we want to achieve



Our environmental footprint is reduced, and our growth is driven by more sustainable business practices.



The mental health and wellbeing of our communities is improved through our partnerships.



Our customers feel supported to work sustainably.



Our people can bring their best self to work in a diverse and supportive workplace.

# 2022 snapshot

In FY22, we worked together to progress our sustainability approach and increase awareness of how we can deliver sustainable impact at all levels of our business.



## Sustainable Business



Committed to 2030 and 2040 emissions reduction targets.



Rolled out a new parental leave policy.

6.76

ANZ Lost Time Injury Frequency Rate, down from 7.07 in FY21.

220+

Participants in our FL@RE female leaders program.

## Empowered Trade

400+

Over 400 tools refurbished and gifted to the TAFE network.



Committed to phasing out 0- and 1-star WELS rated products.



Two new online education modules developed for TAFE network, used in 40 classrooms with 700+ views so far.

## Resilient Communities

reece foundation

Launched the Reece Foundation to connect trades to communities in need of clean water and sanitation.

REACH

Supported Reach Foundation to reach 17,000 students through mental health and resilience workshops.



Empowered our customers to support communities to rebuild through our disaster relief program.



Launched partnership in New Zealand to support the mental health of tradies.

clontarf foundation

Partnered with the Clontarf Foundation to support 25 Aboriginal and Torres Strait Islander students to attend and be supported by Clontarf Academies.





# Sustainable Business

For over 100 years we have always focused on doing the right thing. We know building an efficient business and an empowered workforce will allow us to deliver on our customer promise well into the future.



# Our Environmental Footprint

The 2015 Paris Agreement highlighted the importance of limiting global warming to 1.5 degrees celsius, and we know we have a role to play in achieving this goal.

We are starting in our own backyard, tackling the energy we use, emissions generated, and how we manage waste in our network.

Over the long term, changes to climate patterns and increased extreme weather events will require our built environments to be more resilient and adaptable. As we collectively tackle emissions reduction, changes to consumer preferences and available energy sources will actively form part of our business strategy.

We have historically measured our Australian Scope 1 and 2 greenhouse gas emissions (GHG) sources and reported annually through the Australian Government's National Greenhouse and Energy Reporting Scheme (NGERS). In FY22, we extended this process by measuring emissions across all geographies and setting a strategic goal to achieve an absolute Scope 1 and 2 GHG emissions reduction from our FY21 baseline.

This is an important and meaningful first step in taking action against climate change, but we know that much of our end impact occurs throughout our value chain through Scope 3 emissions. Over the coming years, we will work in partnership with our suppliers to measure our impact and find innovative ways to reduce our collective footprint.

We are also beginning to undertake work to better understand how we may be affected by future physical and transition climate risks, and will be undertaking scoping work on the TCFD framework during FY23 with a view to reporting in line with this framework in future.



## Our commitments

- 1** Absolute Scope 1 and 2 GHG emissions reduction from our FY21 baseline.
- 2** Work in partnership with our suppliers to measure our impact and find innovative ways to reduce our collective footprint.
- 3** Publish our progress against our sustainability strategy annually.

## Environmental Targets

To achieve a reduction in our environmental footprint, we are committing to Scope 1 and 2 GHG emissions reduction goals.

# 35%

reduction from FY21  
baseline by FY30



# Net zero

Scope 1 and 2  
emissions by FY40



### To achieve these goals, we will:

Make sure new branches and distribution centres are designed to reduce our impact and increase efficiency

Continue to invest in energy efficient solutions for our existing network to reduce unnecessary emissions

Expand our efforts to source renewable electricity across all regions

Explore opportunities to decarbonise our fleet through emerging technologies



## Using our resources efficiently

### Emissions

In FY22, the total Scope 1 and 2 greenhouse gas emissions from our Group emissions were 60,167 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>-e). We use the market-based approach of calculating our emissions to reflect our effort to source more renewable energy.



### Energy – Our properties

We're focused on using resources meaningfully across our network. This will mean we can reduce our environmental impact and create a leaner business that remains focused on working for our customers.

This year, we increased our property energy usage in gigajoules (GJ) by 2%, driven by an increase in our network footprint.

We are looking at using more renewable energy in our operations and installed 11 additional solar photovoltaic (PV) systems in Australia this year bringing the total to 74 across the country, accounting for 4% of electricity usage across the Group. From FY23, our New Zealand operations will be powered using Meridian Energy's 100% Certified Renewable Energy product.

In FY22, we established a Sustainable Operations working group in our Australian and New Zealand (ANZ) business. The group meets monthly to monitor and develop strategies to manage our environmental impact across energy, emissions and waste.

Membership covers senior leaders across Sustainability, Property, Fleet, Supply Chain and Procurement, and has regular engagement with US counterparts to establish a Group baseline and approach.

The working group progress and recommendations were provided to Regional CEOs and the Board during the year.



### Energy – Our fleet

We saw a 1% increase in energy usage from fuel in our fleet during FY22, driven by increased deliveries to our customers who were busier than ever. Constraints on availability have made it challenging to introduce new efficient alternatives or electric vehicles into our existing fleet. Our fleet strategy aims to move to sustainable options as quickly as the market and technology allows.

Making sure our drivers are safe is a top priority, and reinforcing good driver behaviour remains a core focus. We're transforming how we use our fleet, piloting digital driver safety and route optimisation tools that promote positive driver behaviours and improve fuel efficiency. We are preparing to expand these programs in FY23, with one goal being a decrease in fuel consumption per driver.



### Materials Re-use

We're committed to diverting materials from landfill for re-use and recycling. This is an important issue for our team and customers and we continue to seek ways to improve our approach.

This year, we generated 20,703 tonnes of waste, with 18% diverted from landfill through re-use or recycling initiatives.

Actions to improve our approach included:

- Waste audits at select sites to identify opportunities to reduce our waste to landfill.
- Soft plastic diversion program across branches in New South Wales, Victoria and Queensland, which saw an additional 62,000kgs of plastic recycled.
- Partnering with Vinindex to collect and recycle 20 tonnes of PVC stock from our Lismore branch following the 2022 floods.
- In the US, implementation of digital ways of working led to 3,500kg less paper being used in our Waterworks business.

In FY23, we will continue to expand existing recycling programs to more branches, where genuine recycling solutions can be identified.

# 100%

Certified Renewable Energy in New Zealand from FY23

# 18%

of waste diverted from landfill

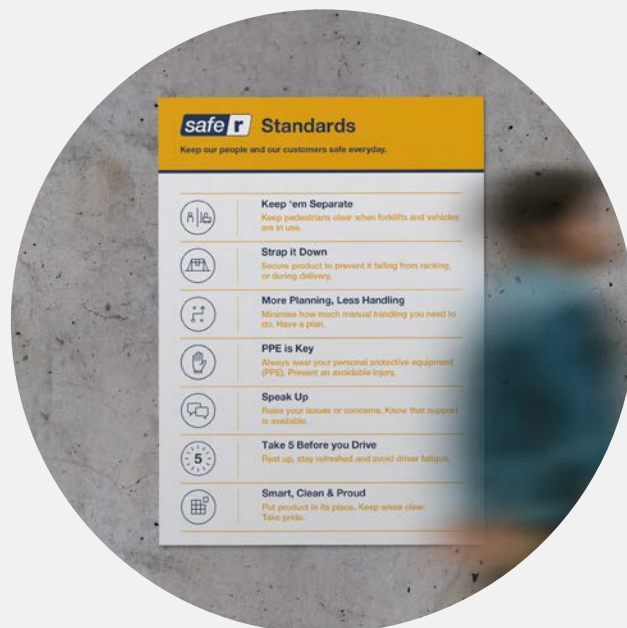
# 62k

kgs of soft plastics recycled

# Empowered Workplace

Our people are at the heart of our business and drive our success.

To support them to be their best, we strive to be a safe and inclusive workplace. We want every Reece team member to feel like they belong, and that they are supported to thrive.



## Health and Safety

We are committed to providing a workplace where everyone can leave work in the same, if not better, condition, both physically and mentally. We know every injury is preventable, and we commit to providing purpose-led safety practices to our people, customers and contractors.

Our safety approach is well established in our ANZ business, and is driven by our dedicated Safety team. Safety is kept front of mind through our 'SafeR Standards' and maintained through an embedded digital safety software platform. Safety learning modules form part of our leadership, onboarding and regular team training programs.

To bring our safety practices to life, we implement fit-for-purpose training, health and safety campaigns, network-led safety walks, and inspection guidelines. Branches are expected to complete a SafeR branch walk weekly, vehicle checks every two weeks, forklift checks daily, amongst a range of other regular safety inspections.

We track leading and lagging indicators through our software platform, and have internal targets for both Lost Time Injury Frequency Rate (LTIFR) and Total Recordable Injury Frequency Rate (TRIFR). Safety outcomes are reported to our senior leadership team monthly and reviewed by the Board.

Key new activities in FY22 included:

- Mental health first aid training rolled out to Branch Managers across regions.
- Manual handling improvement program initiated using wearable technology and sports science to analyse risk factors.

In our US business, which was acquired from private equity in 2018, we have been focusing on implementing core safety programs and educating our team to align with our Group safety approach and culture. We have implemented monthly safety meetings and have weekly 'SafeR Moments' communications to educate and keep safety front of mind.

**6.76**

ANZ LTIFR rate in FY22,  
down from 7.07 in FY21

**2.00**

US LTIFR rate in FY22,  
down from 3.70 in FY21

**28k**

SafeR inspection walks  
conducted by our team in ANZ



## Helping our people feel their best

We know that when our people feel their best, they can be their best. To support them in achieving this, we have a four pillar wellbeing program which covers physical, mental, social and financial wellbeing.

In FY22, another challenging year for people everywhere, we aimed to keep personal health and wellbeing front of mind for all Reece employees, including:

- Delivering 'Quarterly Themes' to promote wellbeing support and activities in ANZ.
- Doubling our available Employee Assistance Program visits from three to six in the US per year, to provide team members and their families with greater access to care.
- Rolling out our successful 'Mental Wellbeing for Leaders' virtually, which allowed all leaders across the business to undergo training to support team members struggling with mental health issues. Over half of our leaders globally completed this program.
- Supported financial wellbeing in the US by increasing our US pension scheme (Employer 401(k)) matching from 1.75% to 4% and extending our retirement plan beyond local requirements to include all team members.
- Facilitated the ability for our team to reduce their medical premiums by participating in wellness activity in the US.

## Quarterly Themes: Reece ANZ

Our 'Quarterly Themes' are designed to empower our people to continuously grow as a team and effect change.

In FY22 two of our standout themes were focused on health and mental wellbeing, 'Be Your Best' and 'Living Your Best'. Be Your Best focused on empowering our people to pause and reflect on their own wellness after the challenging COVID-19 period, through wellbeing education campaigns engaging with over 4,000 team members.

Living Your Best encouraged our teams to practice and share their wellbeing commitments with one another through a gamified application, providing guidance on physical, mental and environmental wellbeing. Over 22,000 daily challenges were completed during the quarter.





## Building a diverse and inclusive workplace

We care about developing and celebrating a diverse workforce where our people, customers and partners feel included. We are committed to attracting, promoting and supporting a diverse range of views and backgrounds, including age, gender, culture and skill set. We focus on driving progress across all areas of diversity and inclusion, and aim for continuous improvement. We know that when there is diversity across teams we can collaborate better, have fun and create more innovative outcomes.

We have a Diversity and Inclusion policy outlining our approach, which has been made available to all employees. We also host online training programs on equal opportunity, and training for management on the importance and benefits of diversity in the workforce.

“We care about developing and celebrating a diverse workforce where our people, customers and partners feel included.”



To read more about our approach to Diversity, see our Corporate Governance Statement on the Reece Group website.



## Our approach to Board structure



Reece has a proud history of founder ownership which sets it apart from many other ASX listed companies and has directly contributed to our success over the long-term. The Wilson family currently make up four of the six members of the Board and play an important role in maintaining our unique culture and our focus on the customer.

While we do not want to lose the important contribution that this structure provides, we also know that greater diversity on our Board would benefit our business over the long-term. We intend to expand the Board with an additional Independent Director and have also announced our transition to a new Independent Chair. As we complete these processes, cultural fit, experience, skill set and diversity will all be important factors. We engage with our key stakeholders, including our investors, on these issues.

## Gender Diversity at Reece

The building materials and trade industry has to date had low gender diversity, with an estimated 1% female participation in the plumbing workforce in Australia.\*

We are passionate about changing. We are proud of our progress and we are committed to continuing to build a pipeline of female leaders.

**22%**

Group total female headcount

**20%**

Group female representation at senior management level and above, up from 18% in FY21

**220+**

participants in our ANZ FL@RE Female Leaders program in FY22

\* <https://labourmarketinsights.gov.au/occupation-profile/plumbers?occupationCode=3341>

Our diversity and inclusion approach in ANZ is led through feedback from our people. After a survey to understand how we can foster a greater sense of belonging, we created community groups in areas that needed greater support. These communities are supported by a working group to co-ordinate and promote activity.

In the US, while at an earlier stage of developing our approach, our recent employee survey told us that our people feel like they belong and that they are supported, and while the sense of belonging was slightly lower for women and Hispanic groups, it was still within best practice standards. We are committed to finding ways to further foster diversity and inclusion in this market.

Some of our key diversity and inclusion highlights in FY22 have included:

- Introduced a gender neutral paid-parental leave policy, which includes 18 weeks of paid leave for primary carers and 4 weeks for non-carers in ANZ, and introduced a six week maternity leave and one week paternity leave approach in the US.
- Launched our FL@RE (Female Leaders at Reece Excel) program.
- Facilitated the inclusion of pronouns on staff badges to raise awareness for gender expression within our network, led by our Reece Pride Committee.
- Established a New Zealand Diversity and Inclusion Committee, with the first project being the launch of 'Aotearoa' uniform polo shirts to celebrate New Zealand's unique culture.

Full disclosures about our workforce are included in the supplementary information tables in this report.

## Case Study

# Greater flexibility for carers

## Helping our teams meet their caring responsibilities.

Wayne Cullen, Assistant Manager at Reece Plumbing Guildford, whose partner gave birth to twin boys was one of the early team members to take advantage of our new paid parental leave policy. Wayne took six weeks parental leave to be at home with his new family.

**“Taking time off allowed me to bond with my boys and help my wife who was still recovering from her C-section. The twins were born at 32 weeks, so we had to stay in hospital for a while. It was great to be able to take the time to spend with the family when they came home.”**

Carers at Reece also have access to Circle In, an online platform providing on-demand access to expert advice for caregivers and their managers at every life stage.







**“It was great to be able to take the time to spend with the family when they came home.”**

## Investing in our team

We focus on developing future leaders and high-performing teams through personalised and focused learning experiences guided by our values and strategic priorities.

In FY22 across the Group we:

- Created an additional 90 courses on our learning experience portal, bringing us to a total of 452 learning courses available, and hosted 746 individual learning events.
- Launched our Leadership 360 program in ANZ, which gathers feedback on an individual from all levels of the business to capture tangible feedback and build future-fit leaders at all levels.
- Continued our Emerging Leaders Program, with 67 branch managers across ANZ and the US undertaking the program aimed at unlocking their potential as leaders at Reece.
- Established our IMPACT Graduate Program in the US, with 20 college graduates participating in branch activities and workshops to grow their operations, sales and leadership skills.

# 450+

courses developed in-house on our learning experience portal

## Leadership 360

Launched in ANZ

## Grad program

IMPACT graduate program established in the US

“The best part is we all want to be there enabling a strong environment for us to thrive and grow.”

Nick Fedeles, Reece Fire, Sydney.





## Case Study

# Developing a team for the future

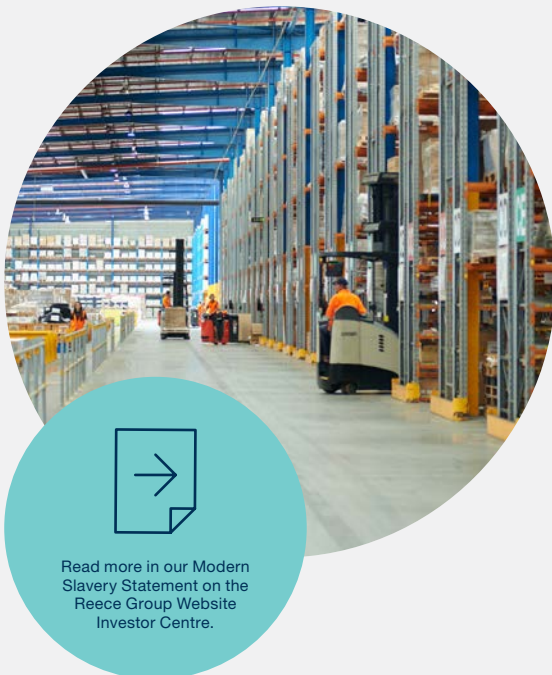
## Implementing a training and development program in the US.

Since we acquired our US business in 2018, we have worked hard to establish comprehensive foundational training across our fundamental skill sets to support and invest in our team members, providing them with options to expand their skills and grow their career.

Initiatives include a graduate program, IMPACT, a formal onboarding program, and a range of development courses upskilling the team in the fundamentals of trading. We have also put in place a range of leadership programs, like R U Ready to Lead, a program for first-time leaders.

**“Being a part of the IMPACT program has been an enlightening experience. Not only have I been given the opportunity to grow along with my team members within the branch, but I’ve been given countless opportunities to exercise my leadership capabilities with them as well. I’ve been constantly encouraged to push my limits and become a better version of myself while being given opportunities to help grow the company.”**

Amy McBurnett – Cohort 7  
(Plumbing Morrison Supply, Plano)



Read more in our Modern Slavery Statement on the Reece Group Website Investor Centre.

## Responsible Sourcing

Reece is committed to working to identify and mitigate the modern slavery risks in our business. Our culture of continuous improvement drives our commitment to building ethical and sustainable supplier partnerships and operations.

We aim to work collaboratively across the industry on an ongoing basis to address this important issue.

We want to lead by example and respect and uphold the human rights of our people, customers, and broader network across our supply chains.

We are proud of our longstanding relationships with our major supplier partners, which are largely conducted through long-term and stable arrangements. Our full approach is set out in our Modern Slavery statement on the Reece Group website.

### In our FY21 Modern Slavery statement we committed to the following in FY22 and will provide an update in December 2022.

- |   |  |   |
|---|--|---|
| 1. Refreshing our whistleblower policy                  | 4. Updating standard agreements across the Group and obtaining Modern Slavery Declarations for suppliers not signing a new Trading Agreement | 6. Conducting an internal audit of the supplier screening process                           |
| 2. Conducting internal training on modern slavery risks |  | 7. Establishing a reporting framework to review and assess the effectiveness of our actions |
| 3. Completing a risk matrix assessment                  | 5. Updating our Supplier Expectation Guide and Supplier Code of Conduct  |   |

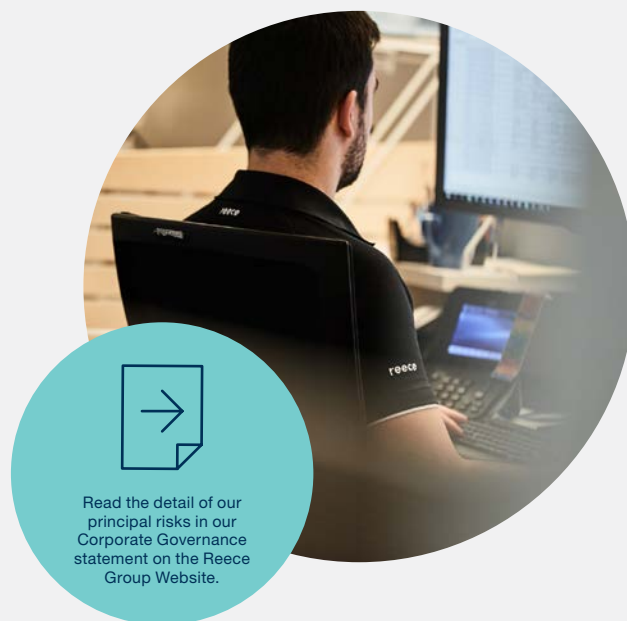
We will report on our progress in our FY22 report later this year.

## Protecting data and privacy

In today's digital world we know it is critical to protect our internal digital systems, applications and the data that we hold. This important area is addressed in our principal risks register in our Corporate Governance Statement.

Our information security teams work hard to minimise the risks to the information we hold. Their work is informed by our risk-based cyber-security strategy, which is guided by the *Privacy Act 1988* and global information security standards such as NIST (National Institute of Standards and Technology).

In FY22 we focused on ensuring our people are equipped with the mindset and skills to mitigate data privacy risks. We launched 'Data Done Right' training to our teams in ANZ to educate on this topic more deeply, with over 5,500 employees completing the training. In the US, a number of awareness activities were held, including cyber attack simulation exercises and mandatory cyber awareness training.



Read the detail of our principal risks in our Corporate Governance statement on the Reece Group Website.





# Empowered Trade

Like Reece, the building and construction industry is striving for greater environmental and social outcomes. Supporting our customers to navigate shifting regulations and end-user expectations will help them thrive.

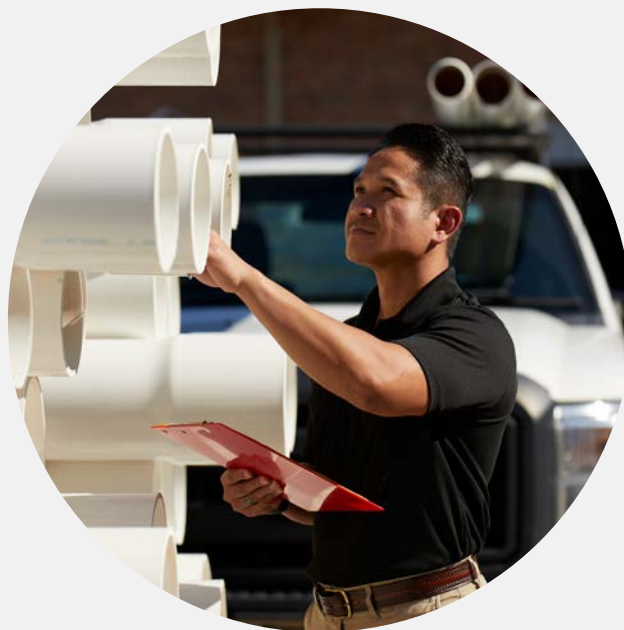


# Circular Economy

Circular business models present great opportunity for the building and construction industry. To be our best we have to use materials in a considered way and enable our industry to follow suit.

We work with suppliers to deliver innovative products that stay ahead of our customers' needs by identifying emerging market trends, technology and materials. Sustainable decision making is now part of this process.

During FY22 we established a monthly Sustainable Products & Packaging working group in ANZ. Members include senior leaders across merchandising, supply chain, procurement, packaging, sustainability and marketing departments. So far, we have focused on reducing the impact of products during their use. There is opportunity to strengthen our approach across the product lifecycle, to meet this growing market need.



## Two priority areas were identified in FY22

### Reducing the water impact of our front of wall products

Our most material water impacts occur downstream with end users. Supporting our customers and end-consumers to minimise excessive use of this precious resource through our product offering is the most important thing we can do.

We conducted a review of all Water Rating Labels (WELS) products to identify opportunities to encourage greater water efficiency. As a result, Reece will cease selling 0 and 1-star rated products by the end of FY24 by working with suppliers to improve or, where needed, discontinue products.



**Reece will cease selling 0 and 1-star WELS rated products by the end of FY24.**

### Reducing the impact of our packaging

Reece is a member of the Australian Packaging Covenant Organisation (APCO). As a signatory to the Covenant, Reece is committed to supporting the 2025 National Packaging Targets of:

- 100% of packaging will be reusable, recyclable or compostable by 2025 or earlier.
- 70% of plastic packaging will be recycled or composted by 2025.
- 50% average recycled content included across all packaging by 2025.
- Problematic and unnecessary single-use plastic packaging will be phased out.

We are doing this by addressing improvement opportunities in overseas-sourced and exclusive branded products. Our efforts in ANZ will provide a solid base to apply learnings in our US business over time.

We are focusing our work in FY23 in three key areas:

- Seeking to remove problematic packaging such as expanded polystyrene from our product ranges and identify alternative recyclable materials.
- Exploring opportunities to remove single-use plastic bags as part of our delivery processes.
- Working across our product categories to assess opportunities to reduce or remove packaging through improved packaging consolidation or containerisation.



“Our teams are passionate about working with suppliers to support our customers and our communities in using natural resources in a more sustainable way.”

Andrew Williamson,  
Product Innovation & Quality Leader



## Our efforts across the product lifecycle in FY22

### Increasing recycled material

By increasing the use of recycled materials in our products, we can support our customers working on sustainable builds while reducing our collective environmental impact.

We have collaborated with a key brand to introduce duct insulation that uses 100% recycled materials within its internal core. By using this resource for new products, we're reducing the impact to landfill and lowering the environmental impact for this product.

### Recyclable tool packaging

In FY22 we completed a 12-month project with our BIGDOG brand to remove unnecessary plastic packaging. Across the range, we were able to swap from clamshell packaging to either cardboard tags or plastic stickers, greatly reducing the volume of single-use plastic.

During this process we introduced the Australian Recycling Logo (ARL) to all 52 products, providing customers with correct disposal information.

### Growing Tool Servicing

Our dedicated Australian Tool Services Department offers our customers preventative maintenance on our Rothenberger range, extending the life of the tool products and providing an education opportunity for our customers in the value of regular servicing.

We have seen a 13% increase in the number of tools serviced from FY21 to FY22.

During FY23 and beyond, we aim to continue to grow this service by expanding our team and reducing lead times.

# Industry of the Future

As new challenges enter our industry as a market leader in our ANZ business, we are well positioned to support existing and future customers with the solutions and education for success. One way that we do this is by helping to grow and support the next generation of trades through the TAFE network in Australia.

As we embed our position, roll out our network and expand our brand in the US market, we will be well placed to draw on our practices in this area and apply them to the local market.

## Supporting the Australian TAFE Network

Trades coming through Australia's TAFE network represent the future of our national industry. Reece is proud to support and partner with TAFEs across Australia to support apprentices to gain the skills they'll need to succeed on the job.

Our dedicated relationship managers work with TAFEs to identify opportunities to improve apprentice access to equipment and product information. Our current approach has three focus areas:



1



### Refurbished tools

Tools that are retired from Reece's tool hire program are refurbished and gifted to the TAFE network.

Over the course of the program, over 400 tools have been donated for use in classrooms or for apprentices unable to access their own tools. This also supports our own circularity ambition by extending the useful life of our hire tools.

2



### Access to training materials

During FY22 Reece developed and piloted two online educational modules, based on content developed to support the training of our own team. The modules covered practical skills, such as installation of pressure piping, and more business-centred learning such as safety, digital services and product lifecycles. So far, the modules have been used 40 times within classrooms across Australia, with over 700 views.

This work builds on our existing Reece Education Resource Library, which has over 600 files accessible to TAFE teachers aligned to the units of competencies that apprentices cover.

3



### Supporting diversity in our industry

We recognise that the face of the trade is changing, with women and people from diverse backgrounds increasingly joining our industry. Empowering these groups and creating an inclusive environment helps our industry attract and retain the best talent and supports a sustainable workforce for the future. In FY22, Reece ran programs at high schools, TAFEs and exhibitions across Victoria aimed at getting young women hands on with our product and promoting the opportunity to work in trade.

**“Reece’s expert industry knowledge and training allows us to provide the best value to our students.”**

Madison Ray (Faculty of Trades, Box Hill Institute)



# Resilient Communities

We believe our  
business can only  
grow in communities  
that are thriving.



# Creating positive and lasting change

We've made a commitment to empower our people and customers to create positive and lasting change through our organisation and the communities we operate within. By establishing initiatives and partnerships that support our industry and communities, we strive to make a purposeful impact, locally and globally.

In our ANZ business we have well-developed programs in community partnerships and disaster relief. In the US, our branch network focuses on supporting local, grassroots initiatives, overseen by a Charity Committee.



## Community partnerships

Our community partnership program is overseen by our Reece Cares team, who identify and establish programs with partners creating impact in the key issues facing our employees, customers and the broader industry.

Reece Cares consults regularly with stakeholders across the business to gain feedback on existing programs and engage our network and customers with ways to get involved.

During FY22, we undertook a review of our ANZ partnerships to make sure we were connecting with the issues at the heart of our industry. We engaged our employees, customers, and future recruits to determine where we should focus our social impact approach to reflect the areas that matter most to them.

### As a result, we partner with organisations to progress action across four key areas:

Enabling access to clean water and sanitation

Supporting the mental wellbeing of our teams and customers

Supporting young people to be their best to create a resilient future workforce

Enabling our Reconciliation vision



# reece foundation

## Clean water and sanitation

Globally, 785 million people lack access to basic drinking water, and an estimated 3 billion people lack the ability to safely wash their hands at home.\*

Since 2016 the Reece Grant has supported more than 60 projects within Australia and abroad, and this work highlighted the need for a connection point between disadvantaged communities and trade skills. To continue to grow our impact, Reece established, The Reece Foundation, with a clear vision of creating a world where all people have access to clean water and sanitation.

The Reece Foundation launched in March 2022 and is a certified independent Charity that supports Water, Sanitation and Hygiene (WASH) projects. These projects connect skilled volunteer tradespeople to communities in need of access to water and sanitation, both in Australia and overseas. By taking a community-led approach and using the essential skills of the trade, the Foundation aims to improve the health and wellbeing of the communities it supports and have a positive ripple effect on education, food security and employment outcomes through clean water.



The Reece Foundation is committed to aligning with social impact frameworks to inform how it works with communities to ensure lasting positive impact, and has partnered with Huber Social, an internationally recognised social impact measurement organisation, to establish its measurement framework.

\*UNICEF and World Health Organisation Joint Monitoring Programme report, Progress on drinking water, sanitation and hygiene: 2000 - 2017.



## Mental wellbeing

The trade is one of the most impacted industries when it comes to mental health. It is estimated the industry loses a construction worker every second day to suicide.\*

Together with Mates in Construction in Australia and New Zealand, we want to change that, by working collaboratively to encourage our teams and customers to speak up and seek support with their mental health and connect them to support services.

Mates in Construction is a not-for-profit focused on suicide prevention in the construction industry. Our partnership will enable mental wellbeing awareness 'Toolbox Talks' at our branches and invest in upskilling team members to be a 'Connector', helping mates in the industry to access the support they need. We also make our 'Assure' counselling services available to people who call through to the Mates in Construction helpline in Australia to help meet the demand for support, so that out on the worksite, coming into Reece to get supplies, or at home, there is someone for trades to speak to when they need it most.

\*Mates In Construction <https://mates.org.au/the-problem>



## Case Study

# Conversations to create change

To truly make a difference and improve the mental health of the trade, we must all work together to normalise mental health conversations across the industry.

Jane, a member of our team in New Zealand, recently attended a Connector training hosted at her branch with the Mates in Construction team. Connector training teaches Reece team members to keep someone safe who is struggling with their mental health, while at the same time connecting them to professional help.

Jane's partner, Steve, had also recently attended a Mates 'Toolbox Talk' at the construction site where he works. By attending the training and talk, it enabled Jane and Steve to share past experiences with one another and have an open and honest conversation about their mental health. Jane was able to connect Steve with the help he needed and together, they have refocused their energy into implementing self-care strategies into everyday life.



# REACH

## Supporting young people to be their best.

Reece has a long history of believing in the potential of young people, supporting team members to develop their skills and build a rewarding career at Reece. That's why we are working with the Reach Foundation, to support young people to build resilience and create the leaders of tomorrow.

The Reach Foundation focuses on connecting with young people to equip them with the tools to believe in themselves and get the most out of life. Our partnership supports Reach to deliver the Diverge program to high schools to encourage young people to find their passion and prepare for life after school. It also enables Reece team members to build their mentoring skills through involvement in the workshops.

## Reconciliation

Our Reconciliation vision is to see our customers, teams and communities working together to advance reconciliation in Australia, and to create ways of working across the industry that respect and celebrate the knowledge and cultures of First Peoples. In 2019 we released our first Innovate Reconciliation Action Plan (RAP) which outlined our commitment to strengthening relationships with Aboriginal and Torres Strait Islander Peoples.

We are in the process of developing our second Innovate RAP, guided by Reconciliation Australia and our working group. The working group meets quarterly to progress our reconciliation goals, review our effectiveness, and enable the business to develop our future RAP and actions.

We are committed to creating genuine connections to Country throughout our network. In FY22, our branches were encouraged to connect with local Aboriginal Land Councils to seek permission for Acknowledgement of Country plaques to be displayed at over 165 branches across Australia.

In developing our new building at The Works, we partnered with The Torch and worked with Aboriginal and Torres Strait Islander artists to create a mural to acknowledge the traditional custodians of Country, the Wurundjeri People of the Kulin Nation. The mural represents water as a source of life, and the native animals of Wurundjeri Country.

## clontarf foundation

Part of our Reconciliation commitment is to create employment pathways at Reece, and we have partnered with The Clontarf Foundation to support the education and career development of Aboriginal and Torres Strait Islander students.

Clontarf Foundation is a not-for-profit organisation that aims to improve the education, self-esteem, life skills and employment prospects of young Aboriginal and Torres Strait Islander men. Our partnership supports 25 students to attend Clontarf Academies, and in the past year four students have joined Reece as part of our school-based traineeship program.





## Case Study

# Creating opportunities for future leaders

Kim Rigoll is a Region Leader in Western Australia and has played a key role in building our relationship with local Clontarf academies.

Kim's team has hosted work experience Clontarf students at our Ellenbrook branch, and former student, David, has been with our Midvale branch for over a year.

Through the partnership, our branches have experienced how important it is to support young people and provide students the opportunity to discover a career path that they love.

"The best thing about our work with Clontarf is seeing the relationship between the students and Clontarf staff. Their values very much align with Reece's commitment to improve the lives of our teams and customers and achieving the best version of yourself.

"We can learn so much from working together to create opportunities for Clontarf students like David to be the future leaders of our business."







## Disaster Relief

From a pandemic, to floods, to fires, our customers and teams across Australia, New Zealand and the US have been impacted by disaster in the past year.

We've played a proudly essential role in assisting in the rebuild of our communities, supporting our customers with product to restore access to water and sanitation, and keeping our operations running to ensure that our customers can continue to do business during difficult times.

Our network and customer relationships are at the heart of our disaster relief approach. We empower our branches to work with customers to identify where the need is greatest, and then, working in partnership with communities, we leverage our network to deliver product where it can make a difference.

**“The support provided by Reece is so gratefully received and will be significant in helping us rebuild our home and our lives.”**

Doug Gregg, Coraki in Northern NSW

## Case Study

# Supporting communities to rebuild

Doug and Betty Gregg live in Coraki in Northern NSW, one of the communities devastated by the March 2022 floods.

Water reached four feet deep inside their home resulting in substantial damage, leaving them with no bathroom facilities, limited funds to rebuild, and limited accommodation options.

Reece has supported Doug and Betty to rebuild through our disaster relief program. Our Bathroom Life teams provided new tap wear, toilets, shower and bath facilities to restore access to clean water and sanitation, and support Doug and Betty to return to the home they love.

**“We are so thankful to Reece for their generosity and kindness in helping us restore our home. In our 70s we couldn’t imagine that we would have lost everything we own and be forced to rebuild our lives. The support provided by Reece is so gratefully received and will be significant in helping us rebuild our home and our lives.”**



# About this report

This is the Reece Group's first Sustainability Report and serves as a summary of Reece Limited and its subsidiary companies' sustainability performance and approach to our material topics as at 30 June 2022.

Reece Group has reported the information cited in this GRI content index for the period 1 July 2021 to 30 June 2022 with reference to the GRI Standards. Our carbon emissions report seeks to align with the Greenhouse Gas Protocol for carbon emission reporting.

This report focuses on Reece's sustainability strategy and is recommended to be read with our 2022 Annual Report and Corporate Governance Statement.

This report has been approved by the Reece Limited Board.

## For enquiries, please contact

Siobhan Weaver - Investor Relations Lead  
siobhan.weaver@reece.com.au

## Supplementary Sustainability Performance Data

### Environmental

#### Energy consumption (GJ)

Source	FY22	FY21
Natural Gas	40,837	40,680
Electricity	184,317	179,809
Fuel Use	484,835	481,561
<b>Total</b>	<b>709,989</b>	<b>702,050</b>

#### Renewable Electricity (kWh)

Source	FY22	FY21
Renewable	6,969,571	6,612,746
Non-renewable	44,229,482	43,092,224
<b>Total</b>	<b>51,199,053</b>	<b>49,704,970</b>

#### GHG Emissions (tCO<sub>2</sub>-e)

Source	FY22	FY21
Scope 1	36,567	36,238
Scope 2	23,599	23,022
<b>Total</b>	<b>60,166</b>	<b>59,260</b>

\* Note: GHG emissions have been calculated using market-based methodology

#### Waste management (metric tonnes)

Destination	FY22	FY21
Landfill	16,956	17,394
Recycled	3,747	3,843
<b>Total</b>	<b>20,703</b>	<b>21,237</b>

## Social

### Team members (headcount)

Group Total	FY22	FY21
Employees	8911	7839
Contractors	844	804

Employee by Contract Type and Gender	FY22				FY21			
	Female	Male	Gender X <sup>1</sup>	Total	Female	Male	Gender X	Total
Full-time	1609	6624	54	8287	1353	5904	37	7294
Part-time	297	219	5	521	296	173	7	476
Fixed-term	20	24	1	45	20	20	2	42
Casual	11	46	1	58	5	21	1	27
<b>Total</b>	<b>1937</b>	<b>6913</b>	<b>61</b>	<b>8911</b>	<b>1674</b>	<b>6118</b>	<b>47</b>	<b>7839</b>

Employees by Region	FY22				FY21			
	Female	Male	Gender X	Total	Female	Male	Gender X	Total
Australia	1318	4011	60	5389	1177	3762	47	4986
New Zealand	77	188	0	265	68	174	0	242
USA	542	2714	1	3257	429	2182	0	2611
Other	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1937</b>	<b>6913</b>	<b>61</b>	<b>8911</b>	<b>1674</b>	<b>6118</b>	<b>47</b>	<b>7839</b>

Employees by Age Group	FY22				FY21			
	Women	Men	Gender X	Total	Women	Men	Gender X	Total
< 30	631	1970	22	2623	544	1681	24	2249
30 – 50	946	3288	28	4262	806	3026	15	3847
> 50	360	1650	10	2020	323	1409	7	1739
Not disclosed	0	5	1	6	1	2	1	4
<b>Total</b>	<b>1937</b>	<b>6913</b>	<b>61</b>	<b>8911</b>	<b>1674</b>	<b>6118</b>	<b>47</b>	<b>7839</b>



Employees by Category & Gender	FY22				FY21			
	Women	Men	Gender X	Total	Women	Men	Gender X	Total
Board	1	5	0	6	1	5	0	6
Key Management / Head of Business (CEO)	14	35	2	51	10	32	1	43
Senior Management	21	99	0	120	16	89	0	105
Managers	292	1725	5	2022	246	1600	5	1851
Team Members (non Manager)	1609	5050	54	6713	1401	4393	41	5835
<b>Group Total</b>	<b>1937</b>	<b>6913</b>	<b>61</b>	<b>8911</b>	<b>1674</b>	<b>6118</b>	<b>47</b>	<b>7839</b>

Peter Wilson, as both Group CEO and Board member, is counted as both a male Board and Key Management employee in both FY22 and FY21. Consequently, the Male Group Total, and the Overall Group Total for both FY are reduced by 1 to account for this dual role.

## Safety

Safety	FY22	FY21
LTIFR <sup>2</sup> Rate – ANZ	6.76	7.07
LTIFR <sup>2</sup> Rate – US	2.00	3.70
Fatalities – Group	0	0
SafeR Walks Completed	27,715	28,884

<sup>1</sup> Refers to team members who identify as a gender other than female or male, or prefer not to identify.

<sup>2</sup> Lost time injury frequency rate, per million hours worked



# GRI Content Index

**Statement of use:** Reece Limited has reported the information cited in this GRI content index for the period 1 July 2021 - 30 June 2022 with reference to the GRI Standards.

**GRI 1 use:** GRI 1: Foundation 2021

GRI Standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-1 Organizational details	Reece Limited is a publicly listed company; Headquarters - 57 Balmain Street Cremorne, Victoria, Australia. Our operations are located in Australia, New Zealand and the United States of America.
	2-2 Entities included in the organization's sustainability reporting	AR: page 85
	2-3 Reporting period, frequency and contact point	Reporting period for SR and AR: July 1 2021 - June 30 2022; Reporting Frequency: Annually Contact: siobhan.weaver@reece.com.au
	2-6 Activities, value chain and other business relationships	MSR: page 6-9*
	2-7 Employees	SR: pages 39-40 (FTE figures reported as at 30 June).
	2-8 Workers who are not employees	SR: page 40
	2-9 Governance structure and composition	CGS: pages 6-9
	2-10 Nomination and selection of the highest governance body	CGS: page 6-9
	2-11 Chair of the highest governance body	CGS: page 09
	2-12 Role of the highest governance body in overseeing the management of impacts	CGS: page 07*
	2-13 Delegation of responsibility for managing impacts	SR: page 10
	2-14 Role of the highest governance body in sustainability reporting	SR: page 10
	2-15 Conflicts of interest	CGS: page 7, AR: page 35
	2-16 Communication of critical concerns	CGS: page 18
	2-17 Collective knowledge of the highest governance body	SR: page 10
	2-18 Evaluation of the performance of the highest governance body	CGS: page 07*
	2-19 Remuneration policies	AR: pages 40-52
	2-20 Process to determine remuneration	AR: page 40
	2-21 Annual total compensation ratio	AR: page 43
	2-22 Statement on sustainable development strategy	SR: page 05*
	2-23 Policy commitments	CGS: page 18*
	2-24 Embedding policy commitments	Embedding of different policy commitments are outlined across multiple reports including AR, CGS, MSS, SR*
	2-26 Mechanisms for seeking advice and raising concerns	To support all persons, our employees and suppliers can anonymously raise concerns of misconduct through our external whistleblowing service PIPE UP. This can be accessed on the below online portal or via phone, both of which are available from 9am to 12 midnight (AEST).  Portal - <a href="https://secured1.yourcall.com.au">https://secured1.yourcall.com.au</a> Code: PIPE1234 Phone Number: 1300 790 228
	2-27 Compliance with laws and regulations	During the reporting period, Reece Limited and its subsidiaries have not identified any instance of non-compliance against applicable laws and regulations.
	2-29 Approach to stakeholder engagement	SR: page 05*, CGS page 16-17
	2-30 Collective bargaining agreements	None

**Key**

AR: 2022 Annual Report

SR: 2022 Sustainability Report

CGS: 2022 Corporate Governance Statement

MSR: Modern Slavery Report

WGEA: WGEA Report

All documents available on the Reece Group website

GRI Standard	Disclosure	Location
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	pages 10-11
	3-2 List of material topics	page 9
	3-3 Management of material topics	Workplace Safety and Wellbeing - pages 18-19 Diversity & Inclusion - pages 20-21 Leadership & Development - page 24 Responsible Supply Chain - Modern Slavery Statement Product and Service Innovation - pages 26 - 29 Sustainable Packaging - page 27 Trade Education & Development - page 29 Reconciliation - page 35 Community Partnerships - page 31 Access to Clean Water & Sanitation - page 32 Resource Efficiency - page 15 Climate Change - page 15 Materials Reuse - page 15
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	SR: page 38
	302-3 Energy intensity	SR: page 38
	302-4 Reduction of energy consumption	SR: page 17, 38
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	SR: page 38
	305-2 Energy indirect (Scope 2) GHG emissions	SR: page 38
	305-4 GHG emissions intensity	SR: page 38
<b>GRI 306: Waste 2016</b>	306-3 Waste generated	SR: page 38*
	306-4 Waste diverted from disposal	SR: page 38*
	306-5 Waste directed to disposal	SR: page 38*
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	SR: page 18*
	403-2 Hazard identification, risk assessment, and incident investigation	SR: page 18 *
	403-3 Occupational health services	SR: page 19 *
	403-4 Worker participation, consultation, and communication on occupational health and safety	SR: pages 18-19 *
	403-5 Worker training on occupational health and safety	SR: pages 18-19 *
	403-6 Promotion of worker health	SR: pages 18-19 *
	403-9 Work-related injuries	SR: page 41 *
<b>GRI 404: Training and Education 2016</b>	404-2 Programs for upgrading employee skills and transition assistance programs	SR: pages 22 - 24 *
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	SR: pages 40 - 41
	405-2 Ratio of basic salary and remuneration of women to men	WGEA*
<b>GRI 409: Forced or Compulsory Labor 2016</b>	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	MSS *
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	No notifiable breaches.

NB: \*denotes partial disclosure against Standard.



