



2022

Modern Slavery Act Statement

Pro-Pac Packaging Limited

Letter from John Cerini

Chief Executive
Officer &
Managing
Director

Pro-Pac is committed to upholding the highest standards to eliminate modern slavery

At Pro-Pac, we recognise that how we deliver our products and services is as important as what we deliver. We strive to create a positive impact through our products, our operations and the communities in which we work.

Our work to eliminate modern slavery ensures that as we work towards our vision, we do so safely ethically and equitably.

As our supply chains get more complex, we strive to maintain the highest standards to eliminate modern slavery, working collaboratively with our suppliers to improve transparency and practices. We will continue to also look inwardly, and improve our own policies and procedures as new risks emerge.

Our Modern Slavery Statement outlines the steps we have taken during financial year ending 30 June 2022 and is published in accordance with Australia's Modern Slavery Act 2018. The fight against modern slavery requires continuous improvement, vigilance, and corporate commitment and leadership. Pro-Pac looks forward to continuing the work ahead.



John Cerini
Chief Executive Officer
& Managing Director

1. Introduction

This Modern Slavery Statement, is made pursuant to the Modern Slavery Act 2018 (Cth), and sets out the actions taken to assess and address modern slavery risks in our operations and supply chain for the financial year ended 30 June 2022 ("Reporting Period"). The reporting entities are Pro-Pac Packaging Limited and Pro-Pac Group Pty Limited.

We are committed to conducting our business ethically and in accordance with high standards of corporate and sustainable governance.

Our corporate governance strategy demonstrates our commitment to providing accountability, and reflects our company values, mission, and purpose. We remain committed to integrating responsible corporate behaviour into every aspect of our operations. As one of Asia Pacific's leading manufacturers, importers, distributors and suppliers of packaging related products and services, we are aware of the expectations of our customers to ensure our products are ethically sourced.

As part of our ethos of "Doing the Right Thing", which is embodied in our Code of Conduct, Pro-Pac is committed to:

- Acting in the best interests of our customers, shareholders and fellow colleagues;
- Meeting the highest standards of behaviour;
- Complying with the law and with company policies;
- Protecting company assets, information and reputation;
- Being respectful, friendly and safe;
- Conducting business fairly, truthfully and honestly.



Our Core Values

At Pro-Pac our behaviours and actions are guided by our core values.

How we conduct our business is just as important to us as what we do. Our commitment to acting lawfully, ethically and responsibly is reflected in our values which are endorsed and implemented from Board level down: driving our business and shaping our culture; enabling us to attract and retain exceptional employees; and

ensuring that our customers are rewarded with high quality products and services. Our values also keep us focused so that we can build long term outcomes for all our stakeholders- creating "better lives". We encourage our people to consistently 'live' our core values every day.

Deliver Sustainably

- We seek to deliver high quality outcomes in a socially responsible and safe way
- We overcome problems and deliver results

Unite

- We develop and empower high functioning, collaborative, inclusive and supportive teams
- We engage employees through fair treatment, open communication, and active collaboration with purpose.

Innovate & Simplify

- We find smarter and more efficient ways of doing things.
- We seek new products and markets
- We challenge the status quo

Win/Win Relationship

- We anticipate the needs and seek to exceed expectations of our customers, stakeholders and partners
- We develop respectful and mutually beneficial relationships, which are critical to our business' success and optimizing outcomes

Integrity & Accountability

- We act honestly, ethically and with integrity
- We are true to our word and we stand by our principles
- We are accountable for our actions and treat each other and all our stakeholders authentically and with respect.



“
It starts with our people and empowering our team to act ethically in all we do”

2. Our Structure, Operations & Supply Chains

2.1 Our Structure

Pro-Pac Packaging Limited is a public company listed on Australian Securities Exchange (ASX: PPG). Our registered office and principal place of business is located at 83-85 Banbury Road, Reservoir VIC 3073.

In this report we refer generally to the Pro-Pac group's activities as a whole, and our reporting encompasses both reporting entities. We have also referenced the business of our Rigid division, which we sold in June 2022, as it was within our ownership for the majority of the reporting period.

As noted above, the following entities met the reporting threshold during the Reporting Period:

- Pro-Pac Packaging Limited ABN 36 112 971 874; and
- Pro-Pac Group Pty Limited ABN 50 095 393 776

2.2 Our Operations

Pro-Pac is a diversified manufacturing and distribution business and is an Australian leading end-to-end packaging solutions provider for the industrial, food and beverage, produce and horticulture, agriculture, health, e-commerce and pharmaceutical industries. We provide a combination of product and service solutions for primary packaging, packaging that touches and/or houses the product; secondary packaging, packaging that contains multiples of the product for shipping; and tertiary packaging, packaging that protects and secures the total package(s) during transit.

Our product range is diversified and addresses many packaging and related needs including corrugated cartons, protective packaging, strapping, flexible and printed films, bags and liners, pallet wrap, silage wrap, washroom and janitorial products, safety and PPE, and cleaning supplies.

We are an accredited supplier into Coles, Woolworths, Aldi, Metcash and Costco. Our manufacturing team have over 50 years' experience in design, manufacture and supply.

We cater to a broad group of blue-chip and small-to-medium enterprises, delivering packaging solutions with high levels of service and expertise. We supply a wide range of products and services into most industry segments ranging from Primary Produce, Food and Food Processing Industries, Agricultural Markets, Industrial and Commercial Markets, Warehousing and Logistics, to Retail and FMCG Markets.

Our corporate office in Melbourne oversees our Australian, New Zealand and Malaysian footprint, with warehousing, sales and customer service in capital cities and major regional areas.

Australian & New Zealand Sites

PPG has 12 sites across Australia & New Zealand ¹



¹ 8 Manufacturing Sites, 4 Distribution Sites

In Australia, we operate under three broad divisions:

Industrial Division

Our Industrial division is a supplier and distributor of packaging products, safety and PPE products, and washroom and janitorial products. A large part of this division is the supply of packaging products to the food industry, such as Modified Atmosphere trays which promote the life of poultry products. Included in this Division is the "Source and Sell" business which is a creative product development and sourcing company, designing and sourcing products for its customers who are predominantly mass merchants in the discount segment of the retail market.



Rigid Division

Our recently sold Rigid Division, under the trading banner PB Packaging, is one of Australia's leading suppliers of rigid plastic and glass packaging. Catering to all industries, PB Packaging offer full packaging solutions in almost all sizes with an extensive range of domestic and imported containers, lotion pumps, trigger sprays, closures, and decoration options.

Included in this division is the Bev-cap business which involves the custom design and manufacture of caps and closures to the food & beverage, lubricants and cosmetic industries.

The Rigid division also homes the Blowcon and Australian Bottle Manufacturers businesses which are extrusion blow moulding manufacturers of plastic bottles, jars and custom products.



Flexibles Division

Our Flexibles Division, primarily trading under the banners of Integrated Packaging, Perfection Packaging and Supreme Packaging, is a specialist manufacturer and distributor of stretch film, printed films, P.E sacks, PVC food films, crop packaging and associated packaging products.

Up until 31 May 2021, we supplied and serviced packaging machines via our business known as Integrated Machinery. The Integrated Machinery business provided ongoing preventative maintenance and repair services. That business was sold on 31 May 2021.

Our business known as Integrated Recycling manufactures the Duratrack and Envire range of composite recycled plastics products at its Mildura factory in north western Victoria. packaging products.

We collect and recover waste plastic, principally local agricultural plastics such as grape vine covers which would otherwise be burnt or disposed of, to make the Duratrack and Envire ranges.

Our patented waste plastic composite mix is resistant to termites, rot, water and sun damage, and is easy to work with and more durable than timber or concrete. The Envire range includes landscaping products, bollards, outdoor furniture, boardwalks, retaining walls, fencing and structural products such as boardwalk sub frames, dunnage and specialty pallets. Our Duratrack brand manufactures waste plastic composite railway sleepers as a sustainable solution to traditional wooden sleepers.

Our New Zealand operations are a part of the Flexibles Division, servicing the local market a specialist manufacturer and distributor of stretch film, sacks, food wrap film, crop packaging and associated packaging products.

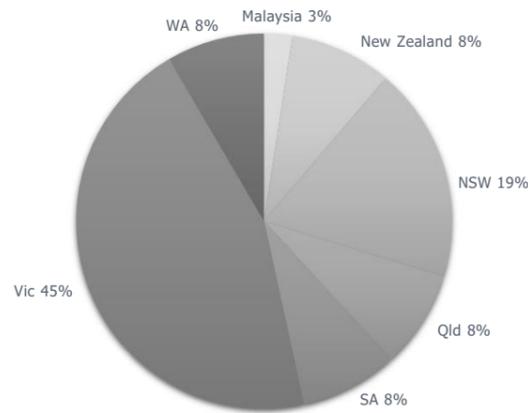


“ We are shifting our business towards the circular economy ”

23 Our People

Our workforce is made up of operational, non-operational, and enabling employees. Our operational employees work in manufacturing and warehousing roles and are either engaged directly by the Company or through third party labour hire companies. Our non-operational and enabling employees are engaged directly by the Company and include Sales and Commercial. Enabling functions include Finance, People & Culture (which also covers Safety and Communications), IT and management. Including our Rigid which was a part of the Company during the Reporting Period, the Company employed 820 people – 728 in Australia, 72 in New Zealand and 23 in Malaysia. Of the 820 employees, 97% were permanent versus 3% as contract or casuals.

Pro-Pac Packaging Employees



During the Reporting Period, the Pro Pac group employed 820 people across our various locations as depicted in the chart.

In Australia, our operational employees are covered by 7 Enterprise Agreements during the Reporting Period and 5 Awards. Our non-operational and enabling employees are covered by common law contracts. In New Zealand, operational employees are covered by 1 Collective Agreement and 1 Industry Agreement.

Our non-operational employees are covered by Individual Employment Agreements. The team in our Malaysian office are employed on Individual Employment Agreements.

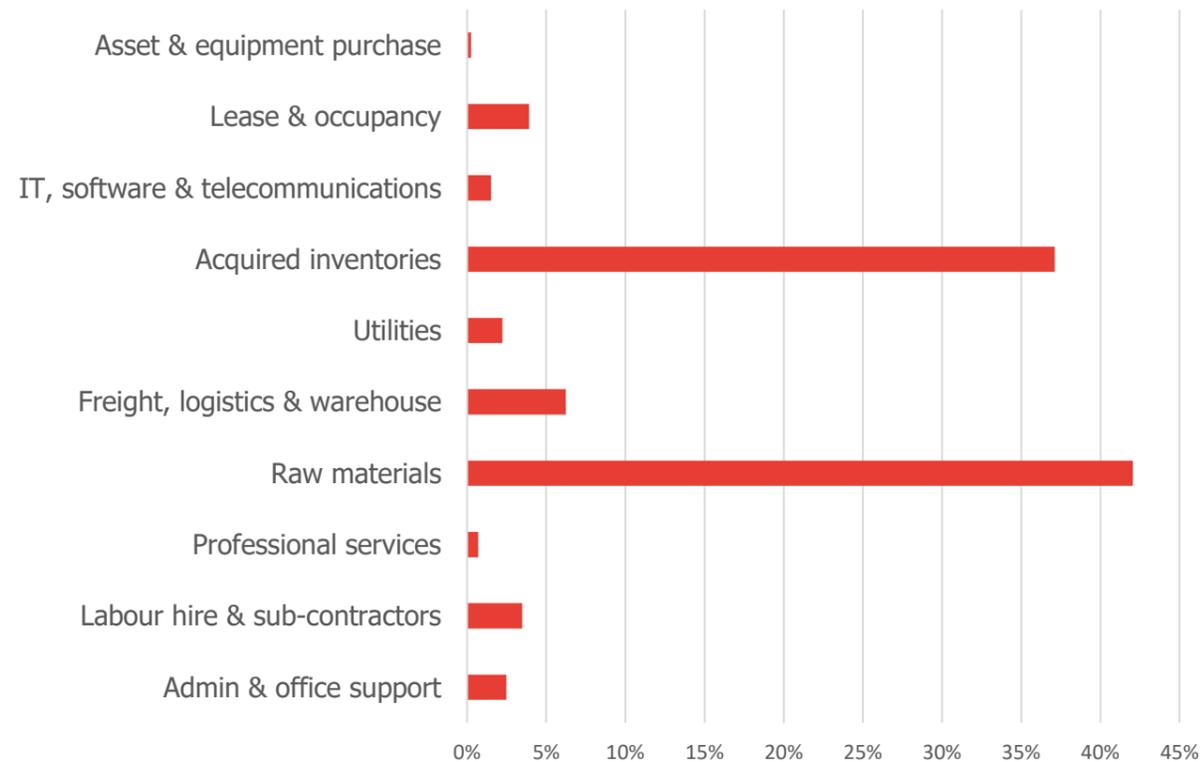
Regular internal and external audits are conducted of our employee data, payroll data and employment conditions to ensure we meet the obligations of the country of employment as well as our own

employment instruments and policies. We pay above minimum wage in all markets across our workforce. Remuneration for salaried roles in Australia are benchmarked against data from the Aon General Industry Remuneration Report.

During the reporting period, we conducted an Employee Engagement Survey which provided us with up-to-date employee data as well as key insights into how we can improve our employee satisfaction and engagement. These results were shared with the executive leadership team and senior leadership teams with each division formulating an action plan to address any employee concerns.

24 Our Supply Chain

Top spend categories are set out on the graph below:



6,000

During the Reporting Period, we had approximately 6,000 direct suppliers of goods or services recorded on our systems.

\$350,000,000

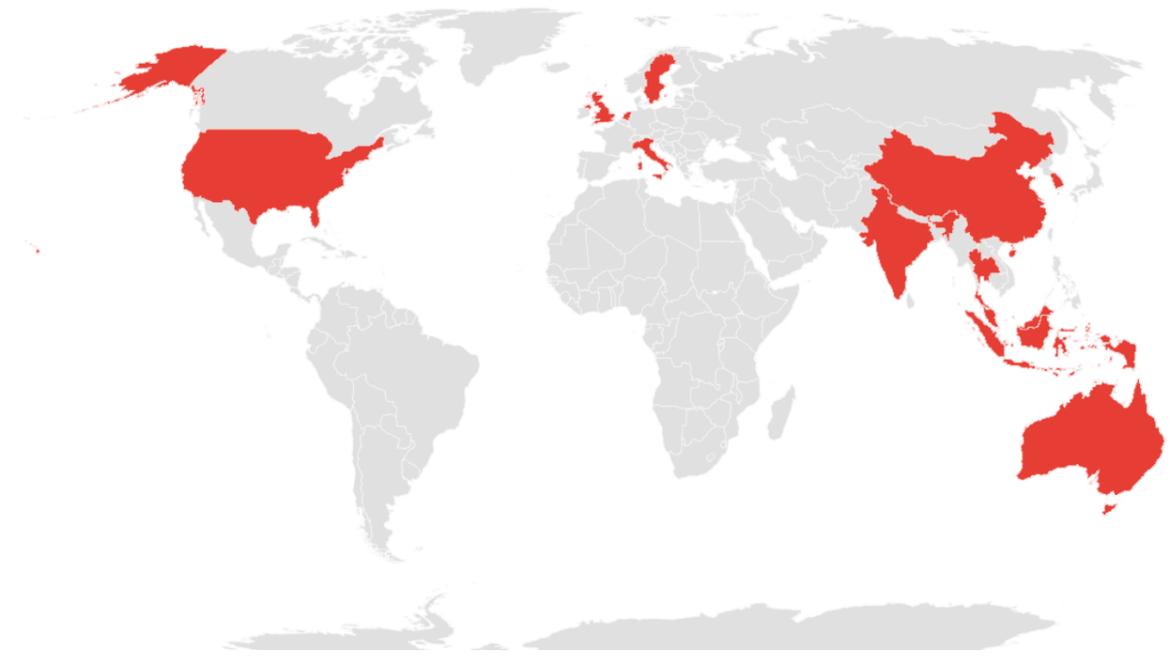
Our total annual procurement spend was over \$400,000,000

54%

Our Top 20 suppliers make up 54% of our total procurement spend.

The countries of origin of finished products, components and other products were as follows:

Australia, China, Dubai, India, Indonesia, Italy, Malaysia, Netherlands, Singapore, South Korea, Sweden, Thailand, UK and USA.



3. Modern Slavery Risks in our Operations & Supply Chains

We acknowledge that the risks of modern slavery may be heightened in parts of our supply chains and operations as a result of



Sector and industry risks



Geographic risks



Supply chain model risks



Product and service risks

3.1 In Our Operations

We consider that our operational modern slavery risk continues to remain low in respect of our Australian and New Zealand sites. Australia and New Zealand are considered low risk countries for modern slavery prevalence by the Global Slavery Index (GSI). Our staff have the benefit of contractual and industrial protections that protect their rights.

Malaysia is ranked 42/167 on GSI's Prevalence Index Ranking. This data is consistent with our understanding that there are inherently higher risks for modern slavery practices in Malaysia than in Australia or New Zealand.

Our Malaysian operations are limited to a home office-based finance functions which is considered a lower risk industry for modern slavery. Although GSI ranks Malaysia as a higher risk country, we consider that our lower risk operations in Malaysia means that our overall risk profile is lower. Nevertheless, we have measures in place to mitigate risks. For example, as a part of the pre-employment medical checks conducted, age and identity is verified.

3.2 In Our Supply Chain

The International Labour Organization and the Walk Free Foundation consider the manufacturing sector to hold the third highest percentage of forced labour (15%) with only domestic work (24%) and construction (18%) ahead of it. The modern slavery risks associated with the manufacturing sector includes forced labour, debt bondage, child labour, excessive unpaid overtime and human trafficking.

We recognise that our supply chain may be exposed to increased modern slavery risk due to its connection with labour hire industry and international freight and logistics. These additional risks are irrespective of the country risk profile, due to a combination of factors such as the:

- Prevalence of outsourcing, which can impact upon operational and supply chain transparency
- Reliance on a migrant workforce with limited local language competency and temporary visa arrangements
- Multiple sub-contracting arrangements with informal agreements
- Low barriers for entry
- Dangerous or substandard working conditions, including:
 - workers are not paid fairly or withheld entitlements
 - workers may be required to work excessive hours
 - workplace safety concerns

We continue to assess our supply chain for modern slavery impacts and have identified the below products and services carry higher potential risks of modern slavery:

- Gloves – Rubber gloves manufactured in China and Malaysia pose a significant risk of forced labour.
- Timber – Timber sourced from Vietnam, Brazil, Peru and North Korea are at a higher risk of child labour.
- Cotton – Cotton from Brazil, China, Kazakhstan, Tajikistan, Turkmenistan and Uzbekistan carry a high risk of both child and forced labour.

In addition to the high-risk products mentioned, we also closely monitor our major raw material providers including suppliers of:

- Chemicals (paints and inks)
- Plastics

Due to the inherent risks of these raw materials, we have investigated the modern slavery compliance of these key suppliers during the Reporting Period. We are satisfied with their compliance and remediation processes.

We acknowledge that we lack visibility in certain overseas markets and with our secondary level (tier 2) suppliers, which exposes us to additional risks. We are actively working to improve this visibility which is described further in Sections 4 and 5.

Investigating the Modern Slavery Risk of PVC in our Supply Chain

During the Reporting Period, we became aware of a heightened modern slavery risk of PVC manufactured in the Uyghur region in China.

In addition, the environmental hazards associated with PVC production, workers in the region were documented to have been exposed to state-sponsored forced labour including:

- Prison labour
- Internment camp labour
- Labour transfers
- Conscripted of labourers

Four companies were identified as the high-risk manufacturers in the region.

In response to this risk, we conducted an internal investigation into the products we procure or manufacture using PVC including tapes and food wrap. Our investigation showed that we did not procure from any of the high-risk companies and as such, our risk in this instance was mitigated. We will however, continue to monitor our PVC supply chain for new risks that may arise.

4. Actions Taken To Assess & Address Modern Slavery Risks

4.1 Improvement Activities

During this Reporting Period, we formed a working group to better manage and resource our modern slavery risks, compliance and investigations.

Since establishing the working group, we have made significant progress in implementing policies and actions to assist in addressing our operations and supply chains risks.

These improvements include:

- Improving supplier data collection including completed and expired self-assessment questionnaires.
- Gathering audit reports on several of our major international suppliers from high-risk geographies.
- Closing all open site audit requests from our customers.

- Monthly reporting to our board as part of our wider ESG agenda.
- Reviewing our supplier self-assessment questionnaire, supplier code of conduct and procurement policy.
- Maintaining our SEDEX membership and better utilizing its resources.
- Securing a third party expert to conduct a gap analysis on our processes and procedures.

Following the outcomes of our gap analysis, we will develop a 2-year roadmap to further improve our processes and procedures to best practice standards.

Improving Our Modern Slavery Data

We are currently undergoing a digital transformation across our business which includes digitising and streamlining our financial, operational, customer and supplier data and processes.

As our supplier data is being reviewed and new systems being set up, we have taken the opportunity to improve the data we capture from suppliers including completed and soon-to-expire self-assessment questionnaires.

This improvement in data capture will enable us to gain greater visibility of our major and minor suppliers, actively monitor and report on compliance and risks, and better embed modern slavery processes in our everyday work.

This work was completed in September 2022.

Our commitment to sustainability falls across 3 areas of impact

Business, Planet and Communities.

While all nine elements of our framework are important, we have prioritised three areas for the coming year:

- Better products – Creating sustainable packaging solutions for our customers.
- Better Operations – Reducing the environmental footprint of our operations.
- Better Governance – Improving our modern slavery data, compliance and processes.

Our Board receives and reviews monthly progress reports against each of these priority areas.



4.2 Ongoing Activities

In the Reporting Period we have further embedded our ongoing modern slavery compliance and processes. Our key ongoing activities include:

Audit Business Risks and Compliance Committee

Our Committee continued to receive regular compliance reports from management covering compliance with legislative obligations. That report specifically refers to any instances of modern slavery or emerging risks. The Committee also receives an annual compliance report consolidating all compliance activities.

Code of Conduct

We have continued to promote our Code of Conduct that requires team members to only use suppliers that comply with our Ethical Sourcing Policy or their own equivalent policies particularly in relation to modern slavery commitments. We regularly review our trade partners' contractual arrangements and ensure our buying and procurement processes are transparent and in accordance with our Ethical Sourcing Policy.

Whistleblower Policy

We continued to monitor any reports raised through our Whistleblower Policy and channels. Reportable conduct includes unethical conduct, breaches of laws, and a breach of the Code of Conduct. The Policy allows anonymous reporting through a hotline operated by an independent third party to protect the anonymity of the whistleblower.

Annual Compliance Training

Mandatory online compliance training covering modern slavery and anti-bribery was provided to, and successfully completed by 90% of employees. The course covers what modern slavery is, its prevalence in supply chains, and how its use can most effectively be prevented by organisations.

Supplier On-boarding Process

Our on-boarding process for major tenders includes selection criteria to assess the competencies of suppliers and their alignment to our values including the sustainability of their activities and their impact on the environment. We have templates designed for this purpose to ensure our process is being applied consistency across the business. Our Ethical Sourcing Policy and Supplier Code of Conduct form part of our tender materials.

As part of this process, key suppliers are also required to complete a Supplier Self-Assessment form within 30 days of receipt. This form contains questions in relation to modern slavery risk management programs of the suppliers.

Suppliers that demonstrate high levels of compliance with the Ethical Sourcing Code may be awarded with "preferred supplier status" and provided first-to-quote opportunities for new business.

Additional Requirements for High-Risk Suppliers

High risk suppliers, based on the self assessment responses, are also required to provide additional information to permit us to determine whether they appropriately manage their modern slavery risk. If we believe it is necessary, we may undertake a compliance audit via Sedex or BSCI. Suppliers, irrespective of location, are expected and increasingly contractually required to take all reasonable steps to comply with the minimum standards set out in our Ethical Sourcing Code which covers slavery, labour standards, health and safety, discrimination, environmental practices and business ethics, or equivalent.

Sedex and BSCI Memberships

We continue to use Sedex and BSCI membership as a basis for certification which our major customers such as Aldi use for visibility in relation to their supply chain. BSCI is an independent organisation which issues certificates after the successful completion of a certified audit. The audit report is valid for one year from the date of the audit.

Investigations

We monitor our supply chain on an ongoing basis and conduct both proactive and reactive investigations. In the Reporting Period, we conducted 2 proactive investigations and 3 reactive investigations. Case studies on some of these investigations are available below.

Utilising BSCI with Aldi

Each audited location receives a unique identifying number which can be searched on the BSCI platform. We can search for our suppliers on the platform and link them to our business as one of our suppliers

Aldi, for example, can log then log onto the BSCI platform and see the certification of our suppliers and see the links between suppliers in common and our business.

When an audit report for a supplier within Aldi's supply chain via our business draws close to the expiry date, Aldi can send us reminder notifications to update the records. We typically contact suppliers one month prior to expiry to arrange re-audit of their facility and operations.

Investigation: Resin Suppliers

From March to June 2022, we proactively investigated our major resin suppliers and their policies to manage their suppliers (our tier 2 suppliers).

We reviewed our supplier policies, many of which were aligned to international best practice due to the suppliers global operations. We were satisfied that they were sufficient and no risks were identified.

Investigation: PVC Production in China

As described in Section 3.2, we identified a potential modern slavery risk in our PVC supply chain, with production in China being linked to forced labour of Uyghur workers.

After investigating both our manufacturing and distribution suppliers, we determined that there was no linkage and therefore risk in our PVC supply chain.

Investigation: Sanctioned Supplier

In late 2021, we became aware of a glove supplier who had been accused of forced labour. Whilst the supplier cleared our supplier review process earlier that year, reports showed that the supplier had been barred in the US, Canada and UK.

A US investigation found evidence of 10 of the International Labour Organisation's 11 indicators of forced labour at the suppliers facilities in Malaysia.

The supplier was accused of forced labour of migrant workers, with workers claiming that were required to work 30 days in a row and had to pay high fees in their home countries to obtain the jobs.

We endeavoured to work with the supplier to gain access to these external audit results, however after unsatisfactory levels of cooperation and insufficient renewed company policies, we decided to cease buying from this supplier.

Additional Ethical Supply Chain Considerations

As we take a holistic approach to sustainability, we not only consider the modern slavery risks in our supply chain, but also other environmental and social risks. We look to other certifications and standards to continually improve our supply chain sustainability. For example, we ensure our wooden meat skewers are sourced from suppliers who are Forest Stewardship Council certified.

We were also notified of risks to our supply chain in terms of the war in Ukraine and supplier links to Russia and Belarus. We reviewed both our distribution products and resin suppliers for possible links to Russia and Belarus. One distribution supplier was identified as at risk, however they have since changed their suppliers (our tier 2 suppliers) to eliminate this tie. One resin supplier was identified as still having light office operations in Russia. We continue to work with this supplier to understand the full extend of these operations.

5. Assessing the Effectiveness of Our Actions

2021 Commitment

2022 Status

Establishment of a new Environmental Social and Governance committee of the Board with specific oversight of modern slavery;

In progress.

Our full board receives an ESG report each regular monthly meeting. The ESG Committee is not currently operating but will be reinstated once the board has expended its membership.

Implement our supplier review processes;

Completed.

Defining and enhancing our work flows to further elevate modern slavery considerations in supplier screening, due diligence, monitoring, and audits. This will be supported by the implementation of our Supply Chain module in our new ERP system, together with a new Legal Automation platform to manage our supplier contracts;

Completed.

Continuing to monitor any reports made via our reporting channels in relation to human rights impacts;

Completed.
This is an ongoing process.

Commission a third party independent Modern Slavery Assessment and Issues Review to better understand our risks, and where the gaps lie in addressing those risks;

In progress.

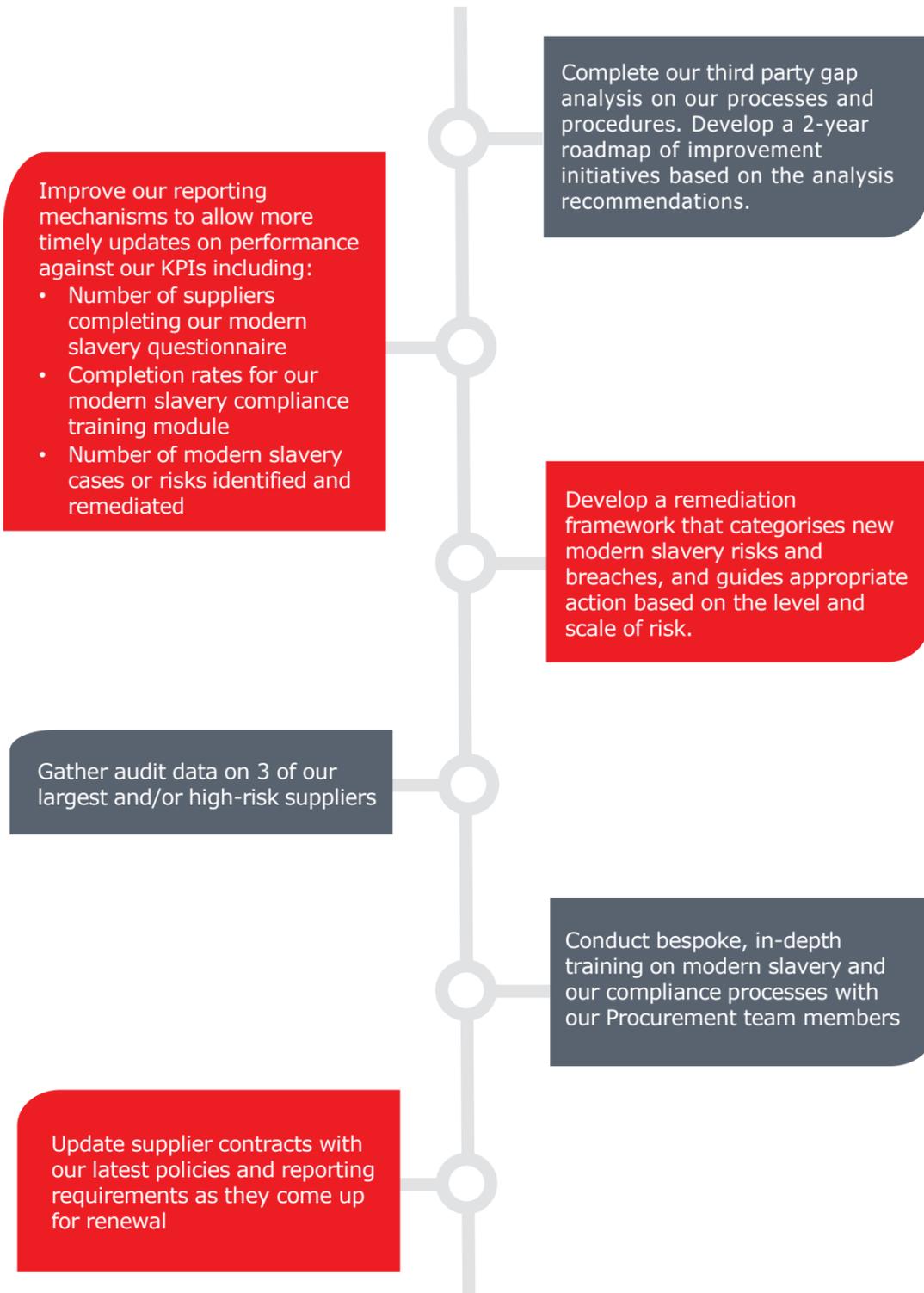
Third party supplier selected. Project timeline developed. Implementation scheduled for Jan 2023.

Gain a better understanding of our second and later tiers of our supply chain in relation to the supply of our major raw material, resin.

Completed.

Investigated 5 major suppliers.

Alongside our ongoing activities, we will focus on the following improvement activities over the next Reporting Period:



6. Other Information

Pro Pac is an ISO:9001 2015 and Codex HACCP Accredited company.

We are also an A/B member to Sedex. Sedex, the Supplier Ethical Data Exchange, is a not-for-profit membership organisation dedicated to driving improvements in responsible and ethical business practices in global supply chains.

We are a member of the Australian Packaging Covenant and support and report on our commitment to the 2025 national Packaging Targets annually.

We continue to collaborate with our customers relation to addressing modern slavery risks including by responding to relevant questionnaires and undertaking audits. Our Reservoir site was independently audited by a customer during the Reporting Period. The SMETA version 6.1 audit covered Labour Standards , Health & Safety (plus Environment 2-Pillar), Environment 4-pillar and Business Ethics with no material ongoing issues requiring rectification identified.

We have also received a "GOLD" achievement in excellence for 100% compliance to PVC Stewardship program through our Kirrawee site. The aim of the Australian PVC Stewardship Program (the Program) is to enable raw material suppliers, products manufacturers and distributors to be joint stewards of the safe and beneficial production, use and disposal of PVC products. All are to share in the management of health, safety and environmental aspects of PVC products throughout their entire life cycle.



7. Consultation & Approval

The Reporting Entities consist of Pro-Pac Packaging Limited, and its wholly owned subsidiary Pro-Pac Group Pty Limited, which is the principle trading entity within the Pro-Pac group of companies. Jonathan Ling is the director of Pro-Pac Group as well as the Board Chairman of the parent entity. Kathleen Forbes is the Company Secretary of both Reporting Entities and every Australian subsidiary within the Pro-Pac group of companies. She has taken an active role in the preparation of this Modern Slavery Statement and ensuring that there has been knowledge sharing and collaboration between the management of the Reporting Entities.

This Statement was approved by the Board of Pro-Pac Packaging Limited on 25 October 2022.

This Statement was approved by the Board of Pro-Pac Packaging Limited on 25 October 2022

Signed,



Jonathan Ling
Chairman

25 October 2022



Pro-Pac is an Australian and New Zealand business that is focussed on using its investment and manufacturing expertise to capitalise on key industry trends including innovation and sustainability.

Pro-Pac is listed on the Australian Securities Exchange (ASX:PPG).

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