

**2021**  
**Modern  
Slavery Act  
Statement**

**Pro-Pac Packaging Limited**

# Letter from Tim Welsh, Chief Executive Officer

## Pro-Pac is a values-based organisation.

Our approach to all we do is based upon the core principle - "Better Lives". We want to create better lives for our employees, shareholders, customers, suppliers and the wider the communities in which we operate.

We recognise that how we deliver our goods and services and what we do impacts the communities in which we work and live. It is vital that as we work toward our vision, we do so in a way which is safe, ethical, and equitable. Operating in alignment with our values ensures we are focused on meeting our purpose of "Better Lives". We live by this purpose and it underpins our pursuit to shape a better world now and into the future.

Modern slavery has no place in the operations or supply chains of the Pro-Pac Group. Our respect for human rights is embedded in our approach to our operations, supplier engagement, and business relationships. Pro-Pac has a responsibility as a company and as an organisation that partners with other organisations to ensure we remain active in reducing the risk of modern slavery in our business.

Our Modern Slavery Statement outlines the steps we have taken during 2021 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.



**Tim Welsh**  
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 2021 (“Reporting Period”) by Pro-Pac Packaging Limited and our subsidiaries that met the reporting threshold, namely, Integrated Packaging Group Pty Ltd, Goodstone International Pty Ltd, Pro-Pac Group Pty Limited, Pro-Pac Industrial Group Pty Limited and Pro-Pac Packaging (Aust) Pty Ltd (referred to as “Reporting Entities”, “Pro-Pac”, “us”, “we” or “our”).

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.

**The work that we have continued to undertake to assess, address and mitigate modern slavery risks in our operations and supply aligns with our aim of “Doing the Right Thing”**

As set out in our Code of Conduct, and is one of the key elements to creating “Better Lives” - the foundation of our Sustainability Charter. We are pleased to share our second

Modern Slavery Statement with the Australian Border Force, our customers, team members, investors and our broader community.

# 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.



“  
How we conduct our business is just as important to us as what we do.”

# 2. Our Structure, Operations & Supply Chains

## 2.1 Our Structure

Pro-Pac Packaging Limited (ABN ACN 112 971 874 ABN 36 112 971 874) 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.

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

- Pro-Pac Group Pty Limited  
ABN 50 095 393 776
- Pro-Pac Packaging (Aust) Pty Limited  
ABN 12 059 499 660
- Pro-Pac Industrial Group Pty Limited  
ABN 32 104 805 361
- Integrated Packaging Group Pty Ltd  
ABN 89 132 697 664
- Goodstone International Pty Ltd  
ABN 36 070 661 460

A group wide corporate consolidation occurred in January 2021, consolidating the activities of each entity into one trading entity- Pro-Pac Group Pty Limited. Prior to this consolidation, each entity engaged in the activities set out in the table below. However, given the consolidation in the middle of the Reporting Period, we refer in this report to the activities of Pro-Pac Group Pty Limited post consolidation, as the principle trading entity of the group. This report nonetheless covers all of the risks of modern slavery in the operations and supply chains of the whole Pro-Pac packaging corporate group and the actions taken to assess and address the risks.

Entity	Pre-consolidation activities
Pro-Pac Group Pty Limited ABN 50 095 393 776	Flexibles division as further described below
Pro-Pac Packaging (Aust) Pty Limited ABN 12 059 499 660	Industrial division as further described below
Pro-Pac Industrial Group Pty Limited ABN 32 104 805 361	Holding company
Integrated Packaging Group Pty Ltd ABN 89 132 697 664	Holding company
Goodstone International Pty Ltd ABN 36 070 661 460	Holding company

# 2.2 Our Operations

Pro-Pac is a diversified manufacturing and distribution business and is an Australian leading end-to-end solutions provider for rigid, flexible and glass food packaging solutions and general industrial packaging. 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.

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 product range is diversified and addresses more than just packaging needs. It includes Corrugated Cartons, Flexible Films, Stretch and Pallet Wrap, Plastic Bottles, Lids and Closures, Food Processing Products, Void Fill Solutions, Packaging Supplies and Consumables, Machinery and Machine Service, Safety and PPE, Gloves, Bags and Liners, Washroom and Janitorial Products, Cleaning Supplies, Labels and Signs.

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.

Our corporate office in Melbourne oversees an international footprint which includes Australia, New Zealand and Malaysia, with warehousing, sales and customer service in capital cities and major regional areas.

## Australian & New Zealand Sites

PPG has 21 sites across Australia & New Zealand <sup>1</sup>



<sup>1</sup> 14 Manufacturing Sites, 7 Distribution Sites

## In Australia, we operate under three broad divisions:

### Flexibles



Bespoke flexible packaging solutions specifically tailored for the industrial, food and beverage, health and agriculture sectors

Stretch & shrink wrap, agricultural silage packaging, fresh produce bags, barrier and lidding films, industrial protective films

High value-added laminated films and pouches for the FMCG market

### Industrial



Manufactures, sources and distributes high performance packaging and combines with bespoke service

Focused on innovative solutions for the food & beverage, industrial and health and pharmaceutical industry sectors

Sourcing partner to global supermarkets

### Rigid



Partners with small to medium sized customers seeking technical and business support with tailored, bespoke product and supply chain services

Closure technologies, jerrycans, jars, bottles, measures, pumps and triggers

Focused on specialty 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 Envire range of composite recycled plastics products at its Mildura factory in north western Victoria.

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 Envire range from our patented mix that 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 railway sleepers, boardwalk sub frames, dunnage and specialty pallets.

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

**integrated.**  
RECYCLING

**Envire**  
**DURATRACK®**

## 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 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.

Also included in this division is the Blowcon business which is an extrusion blow moulding manufacturer of plastic bottles, jars and custom products.

**PB Packaging** BEV-CAP PTY LTD

## Malaysia

Our operations in Malaysia are limited to the provision of "back of office" support to the Australian and New Zealand operations, including the operation of some of our finance functions such as accounts payable and accounts receivable, and some administration and procurement support.

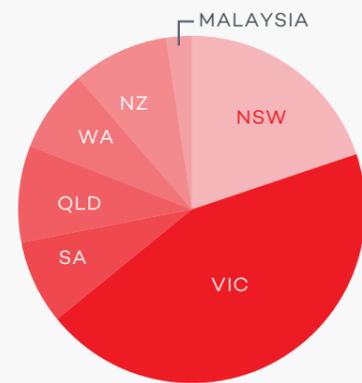


“  
Delivering  
packaging  
solutions with high  
levels of service  
and expertise.”

## 2.3 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. As of 30 June 2021, the Company employed 837 people – 745 in Australia, 69 in New Zealand and 23 in Malaysia. Of the 837 employees, 96% were permanent versus 4% as contract or casuals.

Pro-Pac Packaging Employees



During the Reporting Period, the Pro Pac group employed approximately 850 people across our various locations as depicted in the chart

In Australia, our operational employees are covered by 12 Enterprise Agreements during the Reporting Period – 3 of which are for our Chester Hill site which has now ceased operations, 1 Memorandum of Understanding and 6 Awards. Our non-operational and enabling employees are covered by common law contracts. In New Zealand, operational employees are covered by one of 2 Collective Agreements. Our non-operational employees are covered by Individual Employment Agreements. In Malaysia, our people are employed on Individual Employment Agreements.

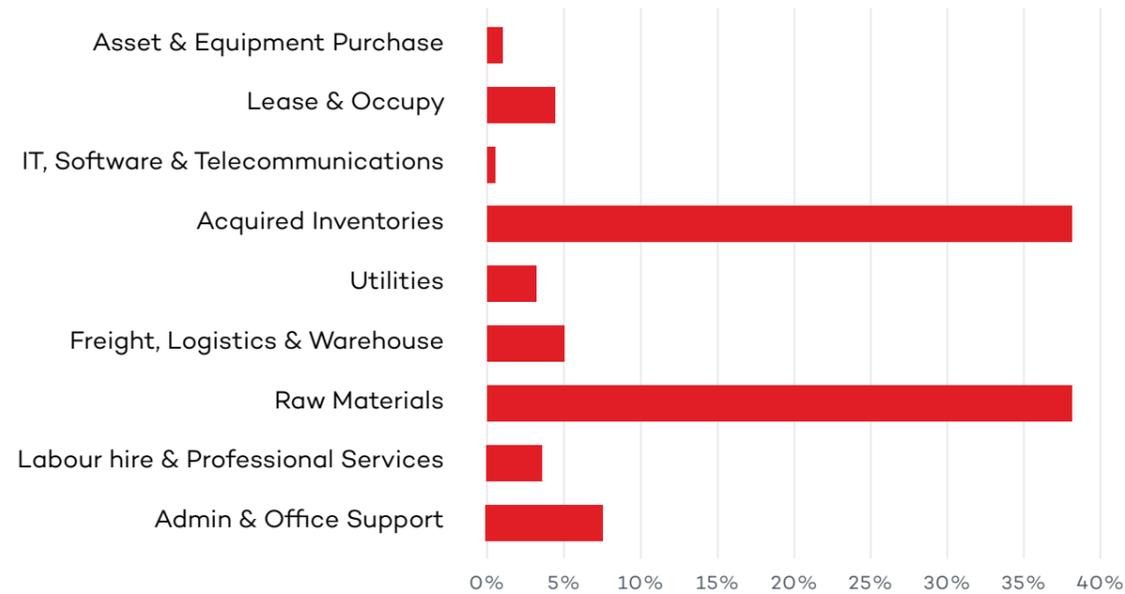
Regular internal and external audits are conducted of our employee data, payroll data and employment conditions to ensure we meet the obligations of the country of employment as well as our own

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.

In our first year of reporting under the Act, we had conducted a payroll, superannuation and enterprise agreement audit in Australia. During this Reporting Period, we initiated a second and more detailed audit in this area, having engaged both external legal and financial experts to ensure our compliance is 100%. This review, currently in progress, covers New Zealand. Malaysia is out of scope as we are progressively bringing those roles back to Australia, and will be closing down our Malaysian operations from the end of 2021.

# 2.4 Our Supply Chain

Top spend categories are set out on the graph below:



**6,000**

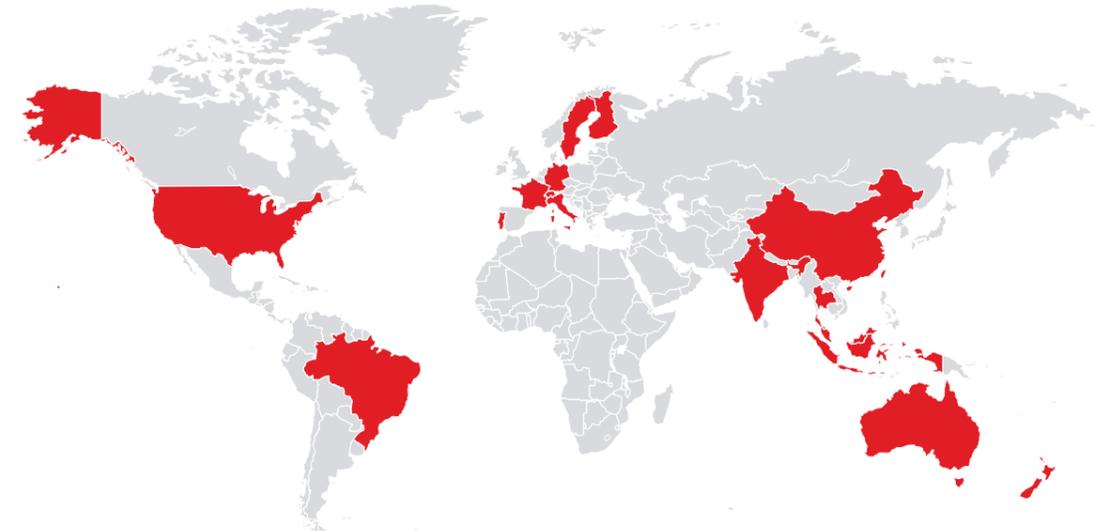
During the Reporting Period, we had approximately 6,000 direct suppliers of goods or services recorded on our systems.

**\$400,000,000**

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

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

Australia, Brazil, China, Finland, France, Germany, Hong Kong, India, Indonesia, Italy, Korea, Malaysia, The Netherlands, New Zealand, Portugal, Sri Lanka, Sweden, Switzerland, Taiwan, Thailand, USA, Vietnam.



Our Top 10 major suppliers across the group were from Australia, USA and China.

# 3. Modern Slavery Risks in our Operations & Supply Chains

## 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. Accordingly, we implement periodic audits of our operations in this location, commensurate with the

associated risk profiles, and conducted a desk top audit in the Reporting Period. To date, no reports of modern slavery have been raised with the board or management.

Our operations in Malaysia 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.



**We have measures in place to mitigate risks.**



## 3.2 In Our Supply Chain

We recognise that there are increased modern slavery risks associated with the labour hire industry and international freight and logistics, 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



By virtue of the global nature of supply chains of entities such as ours, there are inherent risks of being directly linked to modern slavery. The risks are higher where we procure products manufactured in countries where there are increased modern slavery risks. Having regard to the increased risks in our supply chain, we continue to assess our supply chain for modern slavery impacts.

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. The utilisation of labour hire of low skills labour, particularly in higher risk countries, increases the risk of modern slavery in the manufacturing sector.

**A number of the products we acquire originate from jurisdictions assessed to be high risk for modern slavery, such as:**

- chemicals e.g. paints, inks
- cotton as a raw material
- rubber products
- plastics
- glass

We are aware of the inherent risks in the raw materials we use. We have looked at the modern slavery compliance with our key raw material suppliers and are satisfied with their compliance and compliance processes.

Note that we do not have a supply relationship with the grape growers whose grape covers are recycled and used to produce our Envire range of products in our Integrated Recycling business. We collect the bags ourselves.

We understand that each of our suppliers, have their own suppliers, which in turn may expose us to modern slavery risk. For example, rubber plantations are a known risk for forced labour and child labour due to the operations in higher risk countries where there are typically less regulation. The cultivation of rubber is also a labour intensive process which can heighten the risk of modern slavery. Other raw materials have a lower exposure to modern slavery where they are manufactured in factories as opposed to cultivated in an agricultural context. However, the utilisation of a low skilled and vulnerable workers in these factories can lead to modern slavery practices irrespective of the country location.

The manufacturing risks apply equally in the ink and PPE manufacturing industries where there have been reports of modern slavery in some parts of Asia which have become heightened during the COVID-19 pandemic.

# 4. Actions Taken To Assess & Address Modern Slavery Risks

## 4.1 In Our Operations

### During the Reporting Period:

- Mandatory online compliance training covering modern slavery and anti-bribery was provided to, and successfully completed by 99% 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. The course contains practical scenarios relating to issues affecting organisations with modern slavery in their supply chains. These scenarios equip staff to identify and take steps to prevent modern slavery from occurring.
- All personnel in our “Source and Sell” business completed and passed additional modern slavery training, facilitated by Aldi. We also extended this training to our key suppliers who are involved in manufacturing products for this business.
- We initiated a more detailed payroll, superannuation and enterprise agreement audit covering Australia and New Zealand, having engaged both external legal and financial experts to assist.
- We developed and implemented a Sustainability Charter, with the core principle of “Better Lives” at its centre. The Sustainability Charter encompasses civil society issues such as the alleviation of poverty, gender inequality, diversity and inclusion, health and wellbeing, supply chains and modern slavery and community participation and investment.

### Our commitment to sustainability falls across 3 areas of impact

#### Business, Planet and Communities.

Each of these are supported by measurable targets and key performance indicators. The board receives and reviews an annual assessment of progress against these targets.



**Committing to these improvements set out in our Sustainability Charter will contribute to the following UN Sustainable Development Goals:**



**Following on from the last reporting period:**

- Our Audit Business Risks and Compliance Committee continued to receive regular compliance reports from management covering compliance with legislative obligations. That report specifically refers to any instances of modern slavery. The Committee also receives an annual compliance report consolidating all compliance activities.
- We continued to monitor the reports made pursuant to our Whistleblower Policy. Reportable conduct includes unethical conduct, breaches of laws, and a breach of the Code of Conduct. The Policy allows anonymous reporting and there is a hotline operated by an independent third party provide to further protect the anonymity of the whistleblower.
- Our Code of Conduct remained in place, requiring us to:
  - only use suppliers that comply with our Ethical Sourcing Policy or their own equivalent policies particularly in relation to modern slavery commitments; and
  - regularly review our trade partners' contractual arrangements; ensuring that our buying and procurement processes are transparent and in accordance with our Ethical Sourcing Policy.



## 4.2 Impact of COVID-19

The global health pandemic slowed down the implementation of our modern slavery project overall. However, we continued our supplier review processes, albeit in the absence of physical attendances to verify and audit over and above those performed by third parties such as BSCI and Sedex.

“  
**Better Business.  
Better Planet.  
Better Communities.**

## 4.3 Our Supply Chain

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 developed specifically for this purpose and these are regularly being used. Our Ethical Sourcing Code forms part of our tender materials.

We also continue to have a process requiring our suppliers to comply with our Ethical Sourcing Policy and our Supplier Conduct of Conduct incorporated therein. Our Ethical Sourcing Policy makes it clear that “[we] consider non-compliance by a supplier with specific requirements, such as the use of forced/ bonded labour, to be unacceptable and will cease to deal with a supplier until improvements are made. We are committed to integrating responsible corporate behaviour into every aspect of our operations.” As part of this process, key suppliers are required to complete a Supplier Self-Assessment form within 30 days of receipt. This form contains questions in relation to modern slavery risk management programmes of the 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.

We promote our suppliers’ achievement of the Ethical Sourcing Code standards through a staged compliance program. Once first tier suppliers are compliant, they are encouraged to promote compliance with the Ethical Sourcing Code to their subcontractors, business partners and second tier suppliers. A part of the programme design is that those suppliers capable of demonstrating high levels of compliance with the Ethical Sourcing Code may be awarded with “preferred supplier status” and providing first-to-quote opportunities for new business.

### Case Study

**In mid-2021, an Amfori social audit was conducted of one of our larger suppliers in Lianyungang China.**

This particular supplier manufactures homewares which are supplied by our Source and Sell business. Whilst most categories received an “A” rating, the most significant finding was that employee monthly overtime

exceeded the limits imposed by local law. The findings have been discussed with the management and we are working with this Supplier to encourage implementation of a remediation plan.

During the Reporting Period, the processes set out above were implemented in respect of some, but not all suppliers. It is to be noted that our supplier of PPE products in Malaysia is under further investigation. Whilst that supplier cleared our supplier review process in 2021, we are aware of recent reports of actions taken by both the US and Canadian governments in relation to issues of forced labour in Malaysia. We are also aware that our supplier is undertaking an independent audit to assess if it has any non-compliances in this area. We have requested a copy of this audit and will assess the results when received.

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. 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 has

the ability to 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.

In this Reporting Period, we relied upon, but added to, our supplier risk assessment conducted in 2020 by reference to the country risk of our suppliers, annualised spend (as a percentage of volume), type of goods suppliers, whether the suppliers are branded and control evaluation looking at the number of years as a supplier, current contract, site visits per year and policies in place. New suppliers were added to this process.

We continued the process of ensuring suppliers are then required to complete a Self-Audit Check List, Declaration of compliance with our Ethical Sourcing Code and a Supplier Self-Assessment Form. The information provided by the suppliers was then assessed in accordance with our supplier risk assessment process and allocated a bronze, silver or gold compliance standard. Where this process was implemented we kept a record of whether remediation was required, whether the declaration was completed and any key non-compliance issues.

No modern slavery was identified through the risk assessment process. We have not yet completed this process in respect of all material suppliers, and the process is an ongoing one.

We remain committed to working with our suppliers to address issues so as to prevent and remedy any actual instances of modern slavery.

During the Reporting Period we undertook a risk assessment and compliance review of higher risk facility service providers including cleaners, labour hire providers and freight providers. We created a database of these providers, conducted a review of their modern slavery and labour practices, health, safety and environmental practices, and business ethics, and allocated each a compliance level based on the results. No material issues were identified. We implemented a new contractual template for our labour hire suppliers and our freight providers that specifically addresses compliance with our modern slavery requirements.

If, hypothetically, we found that our business had caused or contributed to modern slavery, we would take guidance from the United Nations Guiding Principles on Business and Human Rights, which provides that businesses in this situation need to remediate the impact by taking a person centred approach protecting the safety, privacy and wellbeing of the affected person. We would undertake a full investigation of the situation to ensure that an appropriate corrective action plan is implemented and assess how similar impacts could be avoided in the future.

## Case Study

**Raw Materials are the highest procurement spend category, and of this resin constitutes our biggest single raw material.**

Our 3 largest suppliers of raw materials, covering resin, and ink, have cleared our supplier review processes to our satisfaction in 2021. We are comfortable their risks are being managed.

## Case Study

**In May 2021, we looked at using labour hire resources based in the Philippines to supplement our finance team resources.**

Whilst the project did not ultimately proceed, as a part of our due diligence an ethical sourcing probe was commenced in respect of the preferred and most competitive partner, which was an Australian based company specialising in the provision of BPO resources. Ultimately, we were satisfied with the prospective partner's compliance and in particular that:

- Only staff over the age of 18 are hired
- There is a direct relationship with each employee, with no labour hire agencies, brokers or middlemen to subcontract labour.
- Each employee is paid twice monthly into a bank account held in their own legal name.
- Rates of pay are well above minimum wage, and generally above market rates for the roles.
- No staff are paid in kind with no accommodation, food or other essential services provided in lieu of salary.
- No loans or salary advances are provided to staff.

# 5. Assessing the Effectiveness of Our Actions

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 developed specifically for this purpose and these are regularly being used. Our Ethical Sourcing Code forms part of our tender materials.

## Action

## 2021 Status

Complete the process outlined in section 4.3 in respect of all material suppliers (expenditure over \$1m per annum)	Ongoing.  A change in senior management, and implementation of system improvements will see improved focus in respect of this ongoing initiative.
Incorporate a modern slavery clause into our labour hire contracts;	Completed.
Consider the modern slavery statements submitted by our existing key suppliers and potential suppliers in order to better understand the modern slavery risks in our supply chain and to inform our purchasing decisions going forward	Completed. This is an ongoing process.
Evaluate the adequacy of our supplier risk assessment processes as part of our commitment to continuous improvement	Completed.
Monitor any reports made via our reporting channels in relation to human rights impacts.	Completed. This is an ongoing process.
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.	Not yet commenced. This will carry forward to our next reporting period.

## During the coming year, we will be focussing on the following activities:

- Establishment of a new Environmental Social and Governance committee of the Board with specific oversight of modern slavery;
- Continuing to implement our supplier review processes as described in this report;
- 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;
- Continuing to monitor any reports made via our reporting channels in relation to human rights impacts;
- 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
- 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.

Consistent with our increasing focus on sustainability we are appointing a sustainability manager who will commence in late 2021, who in conjunction with the procurement manager will increase our focus on modern slavery risk management.

We will assess the effectiveness of our actions by reference to the above goals set for our 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 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 are also a member of the Australian Packaging Covenant and Chemistry Australia.



# 7. Consultation & Approval

The Reporting Entities, and every Australian subsidiary within the Pro-Pac group all have one director, Tim Welsh, who is also the CEO and Managing Director and is therefore on the board of the parent entity. Kathleen Forbes is the Company Secretary of all of the Reporting Entities and every Australian subsidiary and 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 17 December 2021.

Signed,



**Tim Welsh**  
Chief Executive Officer & Managing Director

17 December 2021



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**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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