

MODERN SLAVERY STATEMENT

REPORT FOR

FINANCIAL YEAR ENDED

30 JUNE

2022



Australian Health & Nutrition Association trading as Sanitarium Health Food Company (**Sanitarium**) (ABN 63 096 452 872) publishes this Modern Slavery Statement (**Statement**) pursuant to the Modern Slavery Act 2018 (Cth).

This Statement covers the reporting period from 1 July 2021 to 30 June 2022 (**current reporting period**) and it is Sanitarium's third Statement, the inaugural Statement for FY19/20 having been submitted with the Australian Border Force in 2020.

Sanitarium continues to take positive steps to assess the risks of modern slavery in its supply chains and operations. Sanitarium is cognisant of the fact that modern slavery can take different forms and given its complex supply chain network, is a risk that requires a systematic approach to mitigation.

The purpose of this Statement is to document Sanitarium's approach to ensuring its business operates in a way that is proactive in its efforts to address modern slavery.

Sanitarium remains committed to minimising modern slavery risks in its supply chains and continues to build on the steps it has already taken to achieve this aim.

REPORTING ENTITY

1. Sanitarium is registered as an Australian Public Company with annual revenue that exceeds \$100 million. Sanitarium is wholly Australian owned and operated and is a registered charity with the Australian Charities and Not-for-profits Commission.
2. Sanitarium has approximately 900 direct employees, all of whom are based in Australia.
3. Sanitarium does not own or control any other entities.

STRUCTURE AND OPERATIONS

4. Sanitarium is a manufacturer and wholesaler of a variety of health food products, which are all plant-based or vegetarian. The main Sanitarium brands include Weet-Bix, Up & Go, So Good, The Alternative Dairy Co. and Vegie Delights. Sanitarium is proud to be able to contribute to the health and wellbeing of Australians by continuing to create great breakfast cereals, dairy free milks, spreads and vegetarian foods.
5. Sanitarium enjoys being able to give back to the community by contributing to several charitable activities including educational and community programs which improve the health and wellbeing of Australian communities.

SUPPLY CHAINS

6. Sanitarium has supply chains that are specific to its manufacturing activities, for example, suppliers of raw materials and supply chains relevant to its general business activities.
7. Sanitarium procures a range of raw materials, the vast majority of which are from within Australia including its supply of wheat.
8. Aside from wheat, Sanitarium's supply chains consist of a range of suppliers who supply a variety of goods and services including other raw materials such as dairy products, flavours, vitamins, packaging materials, transport, machinery, and business services such as marketing and computer software and services.

SANITARIUM'S RISKS OF MODERN SLAVERY PRACTICES IN ITS OPERATIONS AND SUPPLY CHAINS

9. While Sanitarium considers its overall risk of modern slavery to be relatively low, it accepts that there is a risk of modern slavery deeper within its supply chains and operations, which is more difficult to identify.
10. For the reporting period Sanitarium conducted a thorough analysis of its supply chains by combining raw trade data drawn from multiple sources and across a number of countries and industry sectors, and then overlaying the data with several international standards on modern slavery. Further analysis was then undertaken on suppliers identified as potentially high risk. Sanitarium was able to liaise directly with the potentially high-risk suppliers identified, and after further due diligence, was pleased to be able to confirm that despite initial concerns, the suppliers could be re-classified as low risk.

11. As introduced in Sanitarium's inaugural Statement, Sanitarium has developed a robust Modern Slavery Framework (**Framework**) which acts as a guide to Sanitarium's compliance with modern slavery legislation and enables a systematic approach to reducing the risk of modern slavery. Sanitarium has followed the steps outlined in the framework for this current reporting period.
12. Due to changing markets, suppliers and risk factors, Sanitarium applies its framework for each reporting period. This means that Sanitarium undertook a further review of its top suppliers for this reporting period, as identified by expenditure and followed the steps from the framework anew. The approach to review raw trade data and analyse certain risk factors including the industry and geographic location of the suppliers, remain unchanged.
13. The screens across the data are also unchanged and includes whether:
- the supplier itself is a reporting entity
 - Sanitarium has undertaken an audit on the supplier
 - the supplier is a SEDEX member
 - the supplier was reviewed in the last reporting period and identified as low risk
 - there is publicly available information about the supplier or provided by the supplier to indicate it is a low-risk supplier
 - Sanitarium has its own intelligence that indicates the supplier is low risk.
14. For the current reporting period, the process followed by Sanitarium commenced during the reporting period, continued after the reporting period and concluded prior to this report being published. The results were:
- Of the suppliers that were reviewed, the vast majority were identified as being low risk due to one or more of the above screens being applicable.
 - Because of the strain on supply chains during FY21 and the introduction of some new suppliers and supply from different markets, Sanitarium screened out fewer suppliers to intentionally do further assessment on a larger number of suppliers.
 - Sanitarium identified ten suppliers as potential high risk and for further assessment. This is effectively an additional step taken for FY22 and may be repeated in future years where Sanitarium feels it needs to cast the net wider.
 - Given the additional assessment of these ten names, seven were then assessed as low risk and only three were then subject to a further round of assessment.
 - These further assessments of suppliers include engaging in direct correspondence with them to request completion of a Modern Slavery Declaration (Declaration). The purpose of the Declaration is to obtain information such as whether that supplier is actively addressing modern slavery risks in its own operations and supply chains.
 - Of those suppliers assessed, Sanitarium obtained additional information and formed a view based on that further information that, for these suppliers, none remained a potential high risk. This process has yielded positive results as:
 - a) Sanitarium now has more information about those suppliers to assist in better understanding any potential modern slavery risks;
 - b) These suppliers, if they remain as suppliers to Sanitarium, will be screened out for the next few years so that Sanitarium can focus on others that have not yet been selected for further assessment
 - c) The framework and approach that Sanitarium follows have shown to be practical and effective at identifying suppliers of interest and engaging with them to better understand potential modern slavery risks
 - Consistent with the approach throughout this Statement, Sanitarium has maintained the anonymity of its suppliers who have completed a Declaration, which ensures that commercial confidence is preserved and maximises the likelihood of meaningful participation by suppliers in modern slavery risk assessment and mitigation activities.
15. In addition to the updated assessment and analysis of Sanitarium's supply chains as described above, Sanitarium has taken a number of steps during the current reporting period to address the risk of modern slavery in its operations.
- **Screening** – in applying our process for FY22, we added an interim step to screen out fewer suppliers than would ordinarily be the case. This meant that additional assessment was done on more names and the completed process resulted in only three suppliers that required further in-depth work. This extended assessment might be repeated in future years – for FY22, it was as a result of changes to the supply chains.
 - **Training** – during the year, Sanitarium conducted targeted modern slavery training for 22 employees. These employees typically cover the major areas of the business that are likely to be involved in procurement and other areas that could intersect with modern slavery.
 - **Framework Review** – Sanitarium has not found its framework to be lacking at this time and, as it is only the third year of it operating, data from this process is still limited. It is anticipated that the Modern Slavery Oversight Committee will review the framework during 2023 and recommend changes if required.

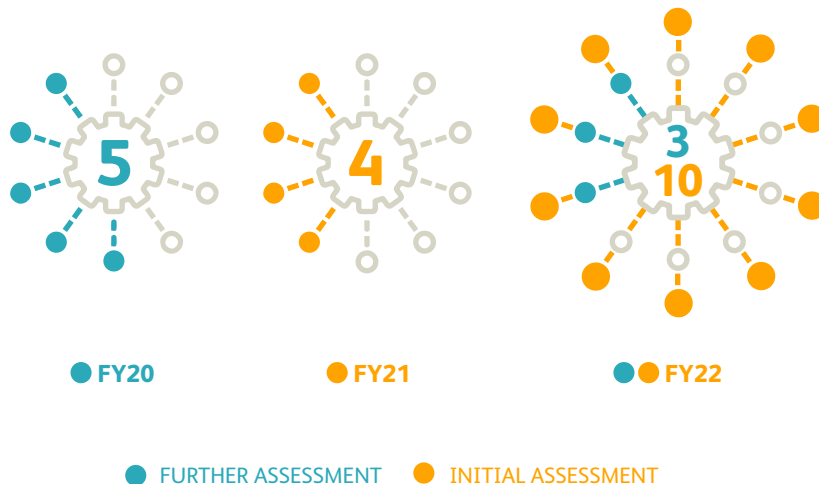
ACTIONS TAKEN BY SANITARIUM TO ASSESS AND ADDRESS THESE RISKS, INCLUDING DUE DILIGENCE AND REMEDIATION PROCESSES

16. Sanitarium ensures that each of its raw material and packaging suppliers is provided with a copy of its Supplier Code of Conduct, which details the standards it expects suppliers to adhere to. Any supplier could be subject to Sanitarium audits and/or selected for further modern slavery-related assessment at any time.

HOW SANITARIUM ASSESSES THE EFFECTIVENESS OF THESE ACTIONS

17. A key indicator of the effectiveness of the actions taken by Sanitarium is that the vast majority of the suppliers that were assessed were determined to be low or no risk. As mentioned above, for FY22 a larger number of suppliers were identified as potentially high risk and, after additional assessment, only three of those continued to be identified as potentially high risk requiring further investigation – that investigation cleared all three of those suppliers.

Potentially High Risk Suppliers Identified



18. Following the thorough analysis of its supply chains, Sanitarium is confident that the steps it has taken to identify modern slavery risks in its supply chains are working.

19. A further indication that the steps Sanitarium has taken have been effective is the awareness that the business, as a whole, now has about modern slavery. This means that modern slavery is a real consideration for employees undertaking procurement activities.

CRITERIA 7: ANY OTHER RELEVANT INFORMATION

20. COVID-19 has interrupted travel both domestically and internationally and that has, in turn, curtailed Sanitarium's regular review and audit processes. While COVID-19 restrictions have eased, travel has not yet returned to normal levels. It is expected that the procurement and related teams will again conduct on-the-ground supplier reviews, assessments and audits in accordance with their policies and procedures in the coming year.

21. Sanitarium is considering, in consultation with the Committee, how to incorporate an additional review mechanism for parts of Sanitarium where purchasing decisions are not made by the procurement team. This work is ongoing, and no definitive actions have yet been identified.

22. The period under review has challenged most supply chains in Australia and Sanitarium is no different. Ensuring ongoing production and supply to our customers, was Sanitarium's primary aim. This meant that some new suppliers were introduced, and some goods were sourced from different markets. For next year's review process, there will be a specific focus on new suppliers introduced during this year's supply chain challenges.



**SANITARIUM
REMAINS
COMMITTED
TO MINIMISING
MODERN SLAVERY
RISKS IN ITS SUPPLY
CHAINS AND CONTINUES
TO BUILD ON THE STEPS
IT HAS ALREADY TAKEN
IN ORDER TO ACHIEVE
THIS AIM**



*This statement has been endorsed by the Board of
Australian Health & Nutrition Association Limited.*



Kevin Jackson
Chief Executive Officer and Board Member
13 December 2022

Australian Health & Nutrition Association Limited,
trading as Sanitarium Health Food Company.

ABN 63 096 452 872