

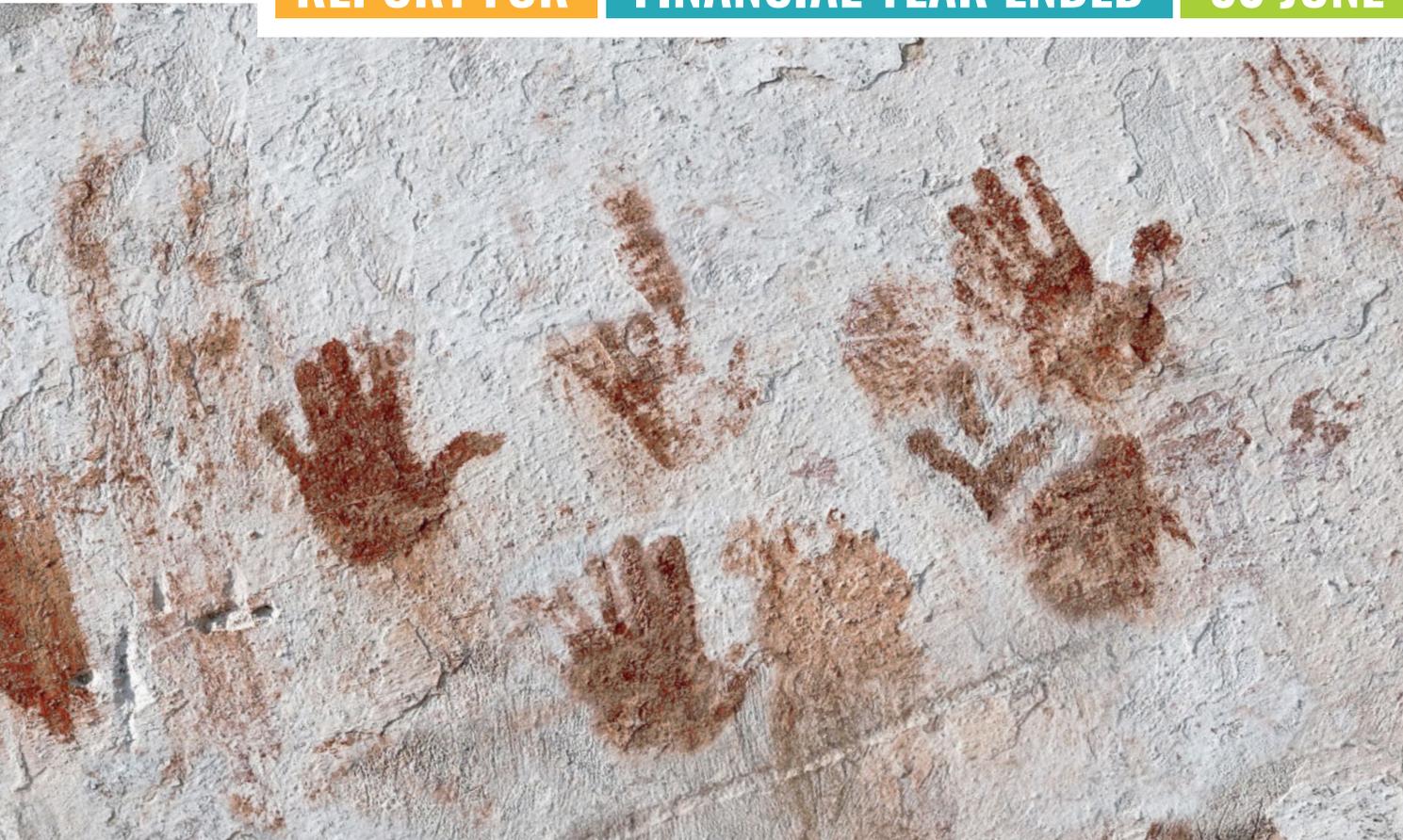
MODERN SLAVERY STATEMENT

REPORT FOR

FINANCIAL YEAR ENDED

30 JUNE

2023



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 2022 to 30 June 2023 (**current reporting period**) and it is Sanitarium's fourth Statement. Sanitarium recognises that changes in how we do business and how we operate impact our supply chains and that focus is required to assess the risks of modern slavery through such changes.

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 in order 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 1000 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 a number of 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 also 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, or where we did not have sufficient information to conclude otherwise. Sanitarium was able to liaise directly with the potentially high-risk suppliers identified, and as a result of further due diligence, due diligence, was pleased to be able to confirm that those identified suppliers could be re-classified as low risk..

11. Sanitarium's Modern Slavery Framework (framework) 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.
 - As was the case in the previous reporting period, Sanitarium screened out fewer suppliers to intentionally do further assessment on a larger number of suppliers.
 - Sanitarium identified ten suppliers flagged as potential high risk and conducted further analysis on these suppliers.
 - Given the additional assessment of these ten names, five were then assessed as low risk and the other five were then subject to a further round of assessment.
 - The further assessment of the other three suppliers included 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.
 - 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
 - This reporting period was the first time that Sanitarium made specific follow up enquiries with known low risk suppliers for the sole purpose of diligence – verifying what we believe to be true.
 - a) In one instance, a claim by a supplier to be a member of and certified by a global industry group could be verified with up to date certifications; that global industry group has modern slavery-related member requirements and, therefore, a certified member would represent a lower risk than a non-certified member.
 - b) The other instance involved enquiries to confirm progress of their modern slavery policy and process which were in draft during the prior year. Where a supplier says they have a policy or are putting a policy in place, it is then proper for Sanitarium to follow up on the progress of such mooted actions.
 - 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.

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

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 FY23 and as we did in FY22, we screened 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 with uncertain risk status that required further in-depth work, and two suppliers where we chose to do confirmatory work.

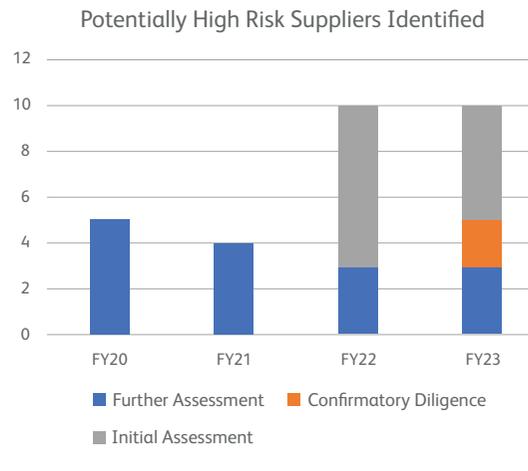
- **Training** – during the year, Sanitarium conducted targeted modern slavery training for 27 employees. These employees typically cover the major areas of the business that are likely to be involved in procurement and other areas that could intersect with modern slavery.
 - **Framework Review** – Sanitarium has not found its framework to be lacking at this time and we have been able to adjust the process slightly as mentioned above for the last two reporting periods. The Modern Slavery Oversight Committee will review the framework further during 2024 and recommend changes if required.
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.

CRITERIA 7: ANY OTHER RELEVANT INFORMATION

20. Post COVID-19, which interrupted travel both domestically and internationally, Sanitarium’s regular review and audit processes are slowly returning to normal. While travel is now possible, many suppliers remain stretched for time and resources and, as a result, there is a backlog of supplier audits. We expect this backlog to ease in FY24.
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. By involving as many of the people who make purchasing decisions in the application of the Framework, Sanitarium is creating awareness outside of the formal training program and bolstering its commitment to minimising modern slavery risks in its supply chains.

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 FY23 a larger number of suppliers was 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.
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.





**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
16 October 2023

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

ABN 63 096 452 872