

Probiotec Limited



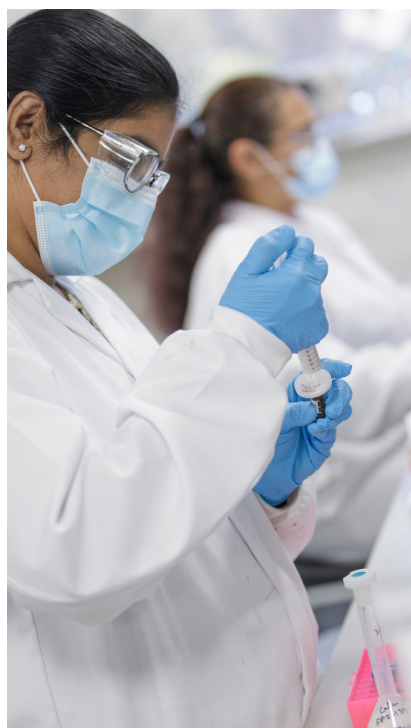
2022

MODERN SLAVERY STATEMENT

PROBIOTEC APPROACH

Probiotec Limited (hereinafter referred to as The Probiotec Group) is committed to eliminating the risk of modern slavery in its operations and supply chain. We recognise that we must have absolute resolve to identify and monitor these risks to ensure that as a business we deliver the highest standards of service in an ethical way. Modern slavery can take many forms; it is complex and multi-faceted for which instances described as modern day slavery refer to those as defined within The Modern Slavery Act 2018 (Cth).

Our approach is inclusive of the internationally recognised human rights set out in the United Nations Universal Declaration of Human Rights. We are committed to ensure that there is no modern slavery or child labour in our operations and supply chains. Modern day slavery amounts to a violation of an individual's fundamental human rights with the Probiotec Group diligently taking action to limiting the risk of modern slavery occurring within its own business, infiltrating its supply chains or through any other business relationship. Through continuous improvement we will operate our business in a responsible manner addressing modern day slavery.



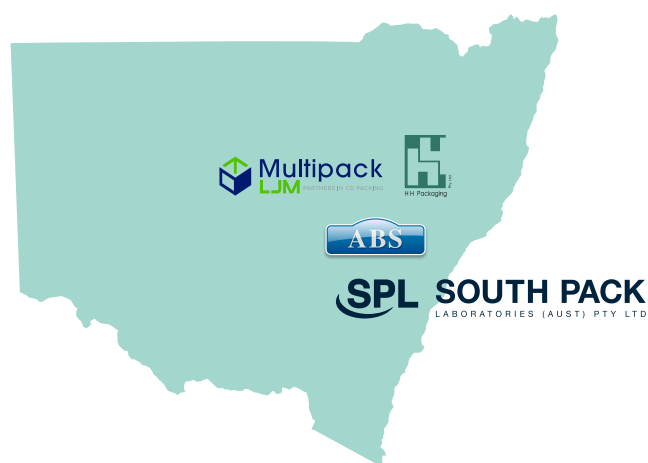
STRUCTURE, OPERATIONS AND SUPPLY CHAIN

Probiotec Limited is a company listed on the Australian Stock Exchange (ASX:PBP). The Probiotec Group includes Probiotec Pharma Pty Ltd, South Pack Laboratories (Aus) Pty Ltd, ABS (Aus) Pty Ltd, LJM Marketing Services Pty Ltd and Multipack-LJM Pty Ltd. As of August 2021, HH Packaging Pty Ltd became a new business addition to the Probiotec Group.

VIC



NSW



BUSINESS OVERVIEW

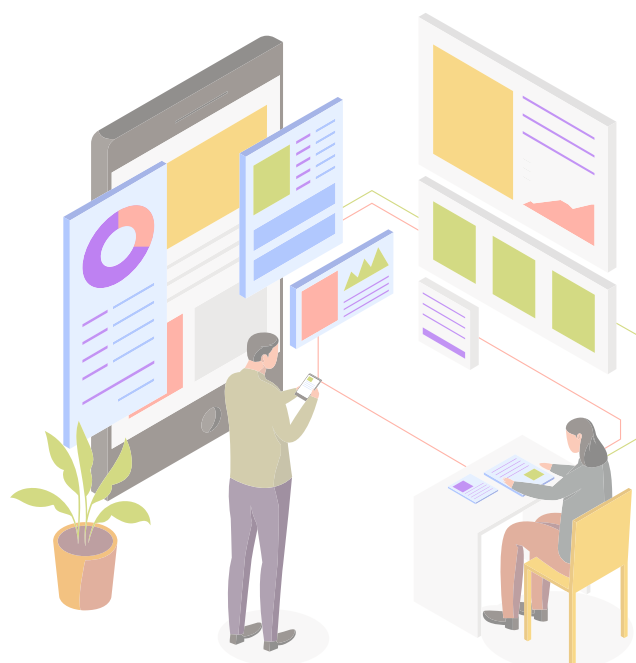
The Probiotec Group provides contract manufacturing and packaging (primary and secondary) servicing the pharmaceutical, consumer health, food and beverage, FMCG and veterinary sectors.

GROUP DETAILS

Across all companies within the Probiotec Group we employ over 1000+ employees and our business sites are located in Victoria (VIC) and New South Wales (NSW), Australia. Our headquarters and registered office is situated at the Probiotec Pharma site in Laverton North, VIC.

SUPPLY CHAIN

The operations run by the Probiotec Group requires procurement activities that sources materials for manufacturing and packaging components. Our suppliers for this part of the supply chain are both local and international. Additional procurement requirements also include service providers that maintain our various sites and these are generally local providers.



MODERN SLAVERY RISKS

The key business activities of the Probiotec Group have remained broadly consistent with those in the last reporting period. The Probiotec Group continues to serve several sectors where our range of suppliers vary depending on product to be produced (manufacturing) or service to be executed (packaging).

In regards to our contract manufacturing operations, our supply chain is often influenced and strongly directed by our customers and their requirements whilst internal operations have greater ability to align with suppliers that meet our strategic objectives.

The identified risks of modern slavery from our initial considerations in our inaugural report were reviewed and further evaluated. Scoping on risks that had higher priority to be addressed was part of this year's process.

The below table provides a high-level categorisation of specific areas within our business operations and supply chain considerations. These currently encompass areas of possible exposure to modern day slavery. Details of activities executed in the current reporting period has been included to indicate our continuous improvement actions.

Table 1. Probiotec Business Group Risk Categorisation

Business Activity	Detail	Reporting Period Activities	Risk Analysis
Operational on-site services	<ul style="list-style-type: none"> On-site maintenance for site operations and engineering processes. Professional services contributing to business activities. Events (catering) and cleaning/waste services. 	This area in our supply chain was not a main focus this year. We do acknowledge that there may be local industries that may require periodic re-assessment.	With operations based in Australia we determined our engagements with local businesses relating to these activities to be low risk.
Contracts with preferred suppliers (customer directed)	<ul style="list-style-type: none"> As a contract manufacturer we typically engage with our customer's preferred suppliers who are often compliant to their own internal policies around ethical procurement. 	Many of our customer's executed workshops regarding modern day slavery as part of their strategy on engaging with their suppliers. These workshops were attended by our Environment and Sustainability Lead as well as other business leaders in Probiotec.	Our engagements with these suppliers directed by our customers have been deemed low risk whereby the due diligence has been performed primarily by our customers who have a robust sourcing team evaluating their suppliers. They also engage with manufacturers like Probiotec for education programs on modern day slavery.
Raw Material Sourcing	<ul style="list-style-type: none"> In our manufacturing site at Laverton we produce products for our customers as well as new product development services and will source material as required for work orders and customer projects. 	Geographic regions were identified by our sourcing team. We are looking to evaluate regions of high priority from our list of current sourcing countries. We foresee this part of our strategy to require a well considered process to move into monitoring program.	As our raw materials are both sourced locally and internationally, we recognise that there is a degree of risk particularly when sourcing internationally in particular geographic regions. Additionally, the interactions further upstream in the supply chain also increases risk where we have less control on indirect suppliers.
Packaging and Labelling	<ul style="list-style-type: none"> Many of our packaging and labelling falls under the direction of our customer. When seeking new packaging innovations and for our own business purposes we have direct engagements. We connect with our preferred suppliers for packaging and labelling solutions. 	Our primary packaging suppliers were also included in geographic region identification activities in tandem with raw materials. In terms of tertiary packaging and labelling suppliers these are primarily local Australian business engagements and have lowered risk.	For suppliers from certain geographic regions we recognise risks can arise from their upstream suppliers where there is a distant engagement to Probiotec. For the local suppliers, suppliers with Australian offices and suppliers directed by our customers there is a lower risk.



ADDRESSING AND MANAGING MODERN SLAVERY RISKS

Last year's initial actions to address and managing modern slavery risks, resulted in alignment of policy across the group,. This year's efforts focused around knowledge building. This included:

- The newly appointed Environment & Sustainability lead to have consultation with key personnel in supply chain teams across all business in the group inclusive of the newly joined H&H Packaging business.
- Attendance of customer held workshops on modern day slavery by the Environment & Sustainability lead and business leaders. This training providing further internal resources as well as further our customer's own efforts in their actions to address modern day slavery.
- Furthering knowledge on geographical risks for raw material sourcing. Identifying raw material origins in consultation with the sourcing team.

The protocol remained the same as last year in term of suspected modern slavery practices and addressing these within Probiotec. A formal investigation would be launched to evaluate; should the issue raised involve a supplier within our supply chain that supplier will be reviewed. Further actions would take place should any evidence of a breach to our policies occur. Depending on the severity this could include a request to remediate the issue, re-qualification as a supplier or a termination of engagement. A breach to our policy by an employee may lead to disciplinary action being taken in accordance with the company's disciplinary procedures, whilst serious breaches may be regarded as gross misconduct and could lead to immediate dismissal.

Relevant Information to Reporting

The Probiotec group maintained safe COVID protocols and prioritised the health and well-being of our workforce to ensure our continuous operations. Whilst we implemented actions to minimise impact to the business due to continuation of restrictions arising from COVID-19 pandemic the first half of the financial year did have a considerable impact in terms of interruption to strategy execution.

ASSESSING EFFECTIVENESS OF OUR ACTIONS

Our assessment regarding the effectiveness of our actions primarily relies on the implementation of supplier questionnaires, post questionnaire risk assessments and supplier review processes. Incorporation of modern slavery indicators through the aforementioned processes allow each business to have a periodic opportunity to assess.

The Probiotec Group approach is to integrate a permanent element in supplier review processes regarding modern day slavery risks. One of our recently acquired businesses was able to adopt this having previously not having these indicators in their previous periodic supplier audit. As part of our continuous improvement process, we are determined to have all businesses integrate their processes to have periodic opportunities to assess. Further refining the assessment criteria to enhance our remediation processes will also be a priority. Our focus will address higher degree risks and will continue to move the strategy forward to the best of our ability.

This year there was no discovery of non-compliance or known public communication on modern slavery allegations with regards to any of our suppliers in our supply chain. We will remain diligent in uncovering these issues within our business.



THE PROCESS OF CONSULTATION ACROSS THE PROBIOTEC GROUP

This year a new role, Environment and Sustainability Lead, was created within the Probiotec Group who was tasked to lead the strategy in addressing modern slavery across the Probiotec Group. Onboarding of this position occurred in the second quarter of FY21-22.

The responsibility of the Probiotec Group’s Board of Directors remained the same. Board engagement ensures that adequate support can be provided; inclusive of the leadership and guidance ensuring the effectiveness of any actions and initiatives. The Environment and Sustainability Lead would have a reporting line to the Chief Operating Officer and would liaise with the Chief People Officer regarding their aligned goals.

Strategy building was a priority activity this year. The Environment and Sustainability Lead initiated this across the Group through consultation with the leadership team.

Key supply chain personnel and business leaders of each of the business entities within the group were briefed on modern slavery reporting requirements and the importance of the strategy to assess modern slavery risks. This allowed a continuation of last year's endeavour of alignment across the Probiotec Group where further steps were taken in the supply chain to boost knowledge on modern day slavery and importance of capturing information of our suppliers.

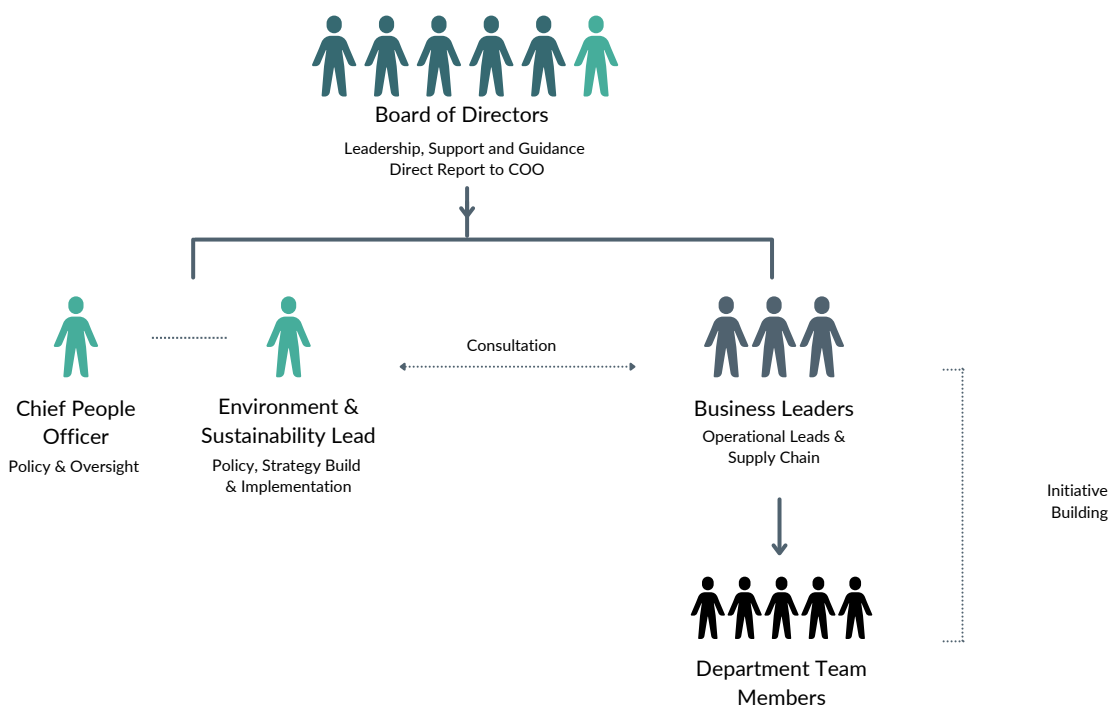


Figure 1. Consultation Overview for Probiotec Group

This Modern Day Slavery Statement has been prepared by Probiotec Limited (The Probiotec Group) in accordance with the Modern Slavery Act 2018 (Cth). The Statement details the actions undertaken by the Probiotec Group in addressing modern slavery risks for the financial year reporting period from 1 July 2021 to 30 June 2022.

Our Board has approved this Statement for lodgement, in accordance with the Act's requirements.



Wesley Stringer

Chief Executive Officer



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