

Modern Slavery Statement

Wespine Industries Pty Ltd

Reporting Period: 1 July 2021 to 30 June 2022

This statement covers the activities of Wespine Industries Pty Ltd (**Wespine**) (ACN 052 954 337) and its wholly-owned and controlled entity Staxa Pty Ltd (ACN 651 790 751) (**Staxa**) for the year ended 30 June 2022. Wespine and Staxa together are referred to as the 'Wespine Group'. For the purposes of this modern slavery statement, the reporting entity is Wespine.

This is Wespine's second modern slavery statement under the *Modern Slavery Act 2018* (Cth) (**Modern Slavery Act**) and outlines the actions we have taken to assess and address modern slavery risks in our operations and supply chains.

This modern slavery statement has been approved by the Board of Wespine.

Introduction

At Wespine and Staxa, we are committed to conducting business responsibly and ethically, and to mitigate the risk of modern slavery in our operations and supply chains. We reject any form of modern slavery, such as servitude, human trafficking, debt bondage, forced marriage, forced labour or service, and any form of child labour. Our efforts are directed at ensuring that human rights are understood and respected within our operations and supply chains.

Our structure and history

Wespine is a company incorporated in Australia and our registered office is located at 241 Moore Road, Dardanup West, Western Australia. Wespine is owned equally by Wesfarmers Limited and Fletcher Building Ltd, which are both ASX listed companies. Over the last 25 years, production has consistently grown, with capacity now between 400,000m³ and 500,000m³ of softwood plantation sawlog input each year.

Staxa is 100% owned by Wespine and was incorporated on 8 July 2021. Staxa only operates in Australia.

Wespine vision and values

Wespine's vision is: A united innovative team safely providing Australia's best softwood timber products to our customers.

Staxa's vision is: To be the preferred supplier in Australia of high-quality timber products working with the leading domestic distributors of those products.

Wespine and Staxa's core values are:

1. **Having Integrity** – Being honest and accountable, doing the right thing and keeping our promises.
2. **Caring for Each Other** – Safety first in everything we do, supporting and respecting each other.
3. **Being One Team** – Working as one for Wespine, collaborative and inclusive in our style and communicating widely and regularly.
4. **Courage to Innovate** – Trialling of new ideas and not afraid of failure.
5. **Striving To Excel** – Seeking excellence in our business processes, providing the right product on time and learning from mistakes.

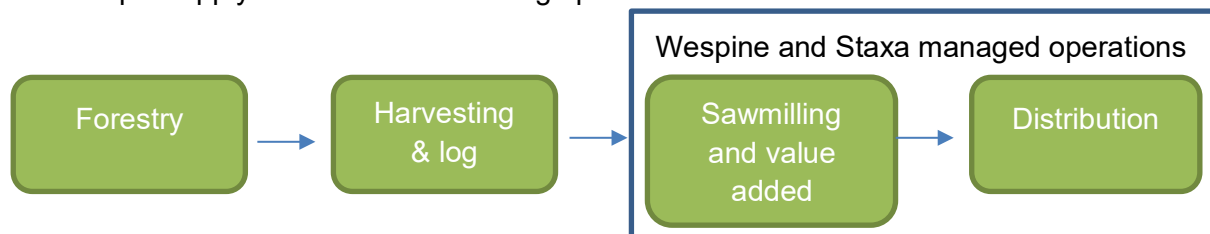
6. Taking Action – Being positive and making it happen.

Our operations

Wespine is a softwood manufacturer, importer and distributor of softwood plantation products, operating a single sawmill in the south west of Western Australia. Wespine imports a relatively small volume of timber to supplement its own manufactured product. The quantity of imported product is adjusted to meet market demand through its subsidiary Staxa. Wespine manufactures structural timber used in the construction industry along with landscaping, packaging and other timber products.

Staxa is the exclusive distributor of Wespine products along with a range of imported sawn and engineered timber products. Staxa imports wood from Programme for the Endorsement of Forest Certification (**PEFC**) and Forest Stewardship Council (**FSC**) certified partners around the world. Staxa deals with the sales and marketing operations of Wespine. As timber from Staxa is sourced predominantly from Wespine, the manner in which Wespine addresses the risk of modern slavery directly affects Staxa.

Wespine Group's supply chain for its sawmilling operation is as follows:



During the reporting period, Wespine engaged approximately 390 suppliers to supply a range of goods and services, with 97% of these suppliers based in Australia.

Wespine's largest supplier is the Forest Products Commission (**FPC**), which is an agency of the Western Australian Government. Payments to the FPC made up approximately 45% of total supplier payments, with payments to seven local transport and energy suppliers making up approximately 20% of supplier payments.

Wespine's overseas suppliers are based in the following regions:

- New Zealand;
- United States of America;
- Canada; and
- Europe.

Overseas suppliers provide timber, plant and equipment, and associated spares and technical services.

Wespine prioritises the sourcing of services and equipment from local Western Australian suppliers that operate in the communities around Wespine's operation and provides an annual local content report to the Western Australian Government, which summarises material procurement from domestic and overseas suppliers. In FY2021/22 Wespine sourced approximately 90% of its products and services from Western Australia.

Wespine employs approximately 230 employees at its sawmill. All employees are Australian residents, with no employees on temporary work visas. Wespine conducts its own recruitment, other than

recruitment for specialist senior roles where employment agencies may be engaged. Conditions for employees working within the sawmill operational areas are as per an enterprise agreement. This agreement covers wages, overtime, allowances and redundancies. The agreement is registered with the Australian Fair Work Commission. All other employees, including staff and manager positions are employed under individual employment contracts.

Managing modern slavery risks

Wespine manages its business risks through an annual risk review process and risk management systems that are overseen by the Wespine Board. Wespine has a number of policies relating to the management of the modern slavery risks, including Code of Conduct and Whistleblower Policies. These policies apply to all staff of the Wespine Group, as well as suppliers.

The Whistleblower Policy covers disclosure of modern slavery reporting, and may be accessed here: www.wespine.com.au/whistleblower-policy/.

Using the guidance outlined in the Modern Slavery Act 2018 – Guidance for Reporting Entities, we have assessed the risks associated with our operations and supply chains as follows:

Sector and industry: The sawmill manufacturing industry within Australia is considered by Wespine to be low risk. Organisations within the industry produce timber products at mills in Australia with timber grown in and procured from Australia. These operations are overseen by Australia laws and regulatory systems and there have been no reports of modern slavery within the industry.

Products and services: All goods and services procured within Australia have been assessed as low risk for modern slavery due to Australia's strong regulatory framework and due diligence by Wespine's procurement team. Plant and equipment, and associated spares and technical services, procured from overseas have been assessed as low risk, as these products/services have specific engineering requirements, are hi-tech and require a skilled workforce, which is less likely to be subject to modern slavery risks. All timber purchased from overseas is considered low risk, as we only purchase from Programme for the Endorsement of Forest Certification (**PEFC**) or Forest Stewardship Council (**FSC**) certified suppliers. PEFC and FSC standards require certified organisations to comply with local and national work conditions and wages.

Geographic: All suppliers are located in countries with a low risk of modern slavery. No geographic risk has been identified.

Specific entity: No entity related risks have been identified with any supplier.

Our risk assessment indicates that Wespine Group's operations and supply chains have low potential for modern slavery violations. Wespine acknowledges that further action is required to assess the risks and this will be undertaken over the coming years.

Actions to assess and address risks – 2022 reporting period

Wespine understands the importance of working collaboratively with employees, suppliers, and the broader industry to combat modern slavery by clearly documenting and communicating Wespine's expectations to these groups in order to uphold our values.

This includes working with team members to address any instances of behavior that is not aligned with Wespine's Code of Conduct. In FY2021/22, Wespine did not record any grievances reported to Protected Disclosure Officers, supervisors, managers or the external service provider, Whistleblowing Services, that Wespine considered to be reportable conduct under the Whistleblower Policy.

Wespine's longstanding approach is to purchase from within Australian where possible (preferably locally within Western Australia). For any goods and services that were not able to be sourced from within Australia, Wespine only purchased from suppliers from developed countries with strong regulatory framework which ensures that minimum wage is paid to workers and there are safety regulations in place. All timber imports were sourced from PEFC or FSC certified suppliers.

Wespine issues its standard terms and conditions to new suppliers. These terms and conditions have been updated to include a clause requiring the supplier to comply with the Modern Slavery Act.

A procurement policy has been developed that addresses the modern slavery risks and ensures that the Modern Slavery Act is considered during the procurement process.

Wespine's Code of Conduct outlines the standard of behavior and conduct that is expected of our employees in the performance of their duties and interactions in the workplace. Wespine's values underpin the Code of Conduct and we expect all employees to be lawful, ethical and responsible when dealing with our company's finances, products, partnerships and public image.

Wespine Board members visit Wespine sites on a regular basis to view operations, meet with senior managers and employees.

Wespine's Whistleblower policy is available to the public on our website. Wespine encourages the reporting of any instances of suspected unethical, illegal, fraudulent or undesirable conduct involving Wespine's business, and provides protections and measures so that those persons who make a report may do so confidentially and without fear of intimidation, disadvantage or reprisal. Wespine has procedures in place to investigate all matters reported under this policy.

Covid-19 had no impact on Wespine's sourcing of supplies or any other matters covered under the Modern Slavery Act.

Actions to assess and address risks in the 2023 reporting period

A questionnaire is to be developed for significant new suppliers that will allow Wespine to assess modern slavery risks. This questionnaire will be utilised to assess a selection of existing suppliers that are not required to report under the Modern Slavery Act. For suppliers reporting under the Modern Slavery Act, submitted statements will be reviewed to ensure the supplier is committed to addressing modern slavery.

Wespine plans to hire staff to focus on the development of an Environmental, Social and Governance (ESG) Framework including a focus on modern slavery risk management.

Assessing our effectiveness

Wespine's 2022 reporting period focused on developing a further understanding of modern slavery risks. This has allowed us to determine actions Wespine can take in the 2023 reporting period to ensure we continue to have a low potential for modern slavery risk. Once these actions have been implemented, Wespine will review the outcomes and effectiveness of these actions through selected criteria.

This statement was approved by the Board of Wespine Industries Pty Ltd at a meeting of the Board of Directors on 22 December 2022 and approved electronically by the Managing Director through the Wespine Electronic Document Management system.



Patrick Warrand
Managing Director
Wespine Industries Pty Ltd