

Modern Slavery Statement

FY 2022

Borg Manufacturing Pty Limited (Borg) has prepared this Modern Slavery Statement for the financial year ending 30th June 2022 in accordance with the Modern Slavery Act 2018 (Cth)

BORG





the Challenge

Borg is committed to playing its part in the joint global effort to combat modern slavery, by continuing to evolve and continuously improve on its approach to addressing the risks modern slavery in its supply chain and operations.

The Modern Slavery Act 2018 (Cth) defines the term 'modern slavery' by reference to the Commonwealth Criminal Code, the "Trafficking Protocol" and the "Worst Forms of Child Labour Convention". The concept includes various forms of human trafficking and worker and child exploitation, usually involving some form of coercion, threat or deception.

It is estimated that there are 50 million people in modern slavery on any given

day, with 12 million of those children¹. These numbers have increased in both real and relative terms since 2016².

In its recently released report: Global Estimates of Modern Slavery: Forced Labour and Forced Marriage, the International Labour Organisation (ILO) recognised that "the challenge of forced labour is too big, and its myriad root causes too complex, for national governments or other stakeholders to address on their own" and warned against businesses or governments

looking to go-it-alone³. True progress will only be achieved if all organisations act to identify, mitigate, and prevent, modern slavery and other human rights abuses in their operations and supply chains.



¹ Global Estimates of Modern Slavery: Forced Labour and Forced Marriage International Labour Organization (ILO), Walk Free, and International Organization for Migration (IOM), Geneva, 2022, p 19.

² Ibid. p 23.
³ Ibid. p 94.

about Borg

Borg is a leader in Australian manufacturing, with four major manufacturing sites located in Mount Gambier, Oberon, Charmhaven and Somersby. These sites are supported by fifteen distribution sites around Australia and over 1500 workers.

Borg is a manufacturer of Medium Density Fibreboard (MDF), Particleboard and associated products, suitable for a range of joinery applications in kitchens, living areas, bathrooms, laundries, wardrobes, home offices, furniture and commercial spaces.

Borg's key customers include medium to large secondary manufacturers, decorative material and panel resellers and distributors.

Borg is committed to minimising waste and maximising efficiency and undertakes a series of sustainability measures via circular resource recovery initiatives. Not only is this cost-effective, but also allows for affordable products and services, and benefits the environment. Ensuring the production of the highest quality product in the most cost-effective manufacturing processes is integral to Borg's aim of delivering superior value to its customers.

In addition to its circular economy initiatives, the vertical integration of Borg's business also means its supply

chain is largely dominated by entities within the group. However, Borg does source a portion of its raw materials and wood-based products from external suppliers. While most of Borg's expenditure is within Australia, some products are sourced internationally.

Borg sources materials from 29 countries outside of Australia. Of these, more than two thirds are developed economies (primarily in Europe) where there is a lower modern slavery risk. However, given the closeness of the region to Australia and large number of manufacturers, approximately 30% of Borg's expenditure is with suppliers in Asia. While Borg purchases from suppliers in more advanced Asian economies like Hong Kong and Singapore, several suppliers are based in developing countries such as China and Malaysia⁴, nations historically associated with a higher risk of modern slavery.



⁴ By reference to the list of developing countries as declared by the Minister for Foreign Affairs for the purposes of the Overseas Aid Gift Deduction Scheme established by the Income Tax Assessment Act 1997.

Identifying Borg's Modern Slavery Risks

In order to recognise the practices that may constitute modern slavery and identify where these may occur, Borg have completed an initial scoping exercise to identify which parts of its entities and operations may involve modern slavery risks.



As suggested by the United Nations guiding principles, we have focused on potential 'hotspots' where modern slavery is most likely to arise, for example high risk services or geographic locations.

Research shows that activities such as IT procurement, sourcing of promotional merchandise and facilities management (such as cleaning and building maintenance), for example, all give rise to the risk of modern slavery. High risk geographies can include conflict-affected zones, countries where there is a weak rule of law, high corruption or a significant population of migrant workers. We will continue to focus on achieving continual improvement in our ability to identify, manage, address and remediate modern slavery risks and impacts.

 **OPERATIONAL**

We consider that the risk of modern slavery in our operations is low. We have controls in place to ensure all employees are employed in accordance with the Fair Work Act 2009 (Cth), any relevant Award and/or enterprise agreement (where applicable).

The areas of our operations at greatest risk are:

- Use of labour hire companies;
- Hiring of foreign workers.

Both areas only form a very small part of Borg's overall approach to engaging personnel.

 **SUPPLY CHAIN**

We consider the risk of modern slavery in our Australian supply chain to be low. However, Borg does engage with several international suppliers operating in high-risk sectors such as manufacturing and raw material production.

The risk of modern slavery is greater when sourcing through:

- low cost countries;
- conflict-affected geographies; and
- private raw material producers.

actions taken to Address Those Risks



OPERATIONAL

In FY2020, Borg developed a Modern Slavery Policy to ensure compliance with the Modern Slavery Act 2018 (Cth). The policy is reviewed on an annual basis.

- Employees involved in the recruitment process have completed our modern slavery training.
- We have developed a training program based on our Modern Slavery policy.
- Our Modern Slavery statement and policy are included in our induction for all new sales employees throughout the country.

We undertake a yearly internal payroll audit to ensure all our employees are employed in line with minimum employment entitlements as stipulated by the Fair Work Act 2009 (Cth) and any relevant Award. Our payroll is also externally audited throughout the year.

Foreign Workers

Prior to being employed with Borg, all employees provide us with either their birth certificate or passport to ensure they have working rights in Australia. Anyone who is working in Australia under a temporary visa has their working rights confirmed via the Department of Home Affairs, both at the pre-employment stage and during their employment with Borg. Borg do not employ people who do not have the right to work in Australia.

Labour Hire

Labour hire companies do not form a major part of Borg's workforce or our recruitment strategy. We only use such services on a limited basis, as necessary. However, any labour hire company we do engage, agrees to terms of service with

us that include provision that all minimum Award rates and entitlements are adhered to.

Policies & Procedures

Borg's Modern Slavery Policy forms part of its broader Corporate Social Responsibility strategy. Borg has several policies and procedures under this strategy that set out its commitment to human rights, including with respect to modern slavery:

- Grievances Policy
- EEO, Affirmative Action, Discrimination, Harassment and Workplace Bullying Policy
- Gender Equality Policy
- Modern Slavery Policy
- Whistleblower Policy



SUPPLY CHAIN

We have conducted a review into the operations of several of our major external suppliers and their efforts to remove risks of Modern Slavery from their operations. This review did not uncover any concerns surrounding exposure to breaches of the Modern Slavery Act 2018 (Cth) or evidence of Slavery within our supply chain.

Borg undertook spot checks on several suppliers during the reporting period. These spot checks focus on a sample of organisations taken from Borg's largest suppliers and include a review of their modern slavery statements and an assessment of their performance with their modern slavery obligations.

Key supply chain and purchasing employees have also completed our modern slavery training, with the program to be rolled out

across all purchasing employees in the FY23.

The following case studies are practical examples of steps taken by Borg to address risks of modern slavery when negotiating contracts up and down its supply chain.

Example 1

During the reporting period, we negotiated a supply agreement with a long-term customer. The customer sought contractual assurances from Borg with respect to modern slavery. We engaged in discussions with the customer on the intent of the clause, key concerns and their expectations, before settling on the appropriate commitment with the nature of the contract in mind.

Example 2

During the reporting period, we negotiated a supply agreement with an Australasian supplier. The purchasing team identified that the supplier had potential to source its products from conflict-affected areas and low-cost countries. As part of the negotiations, we made enquiries about the supplier's commitment to addressing modern slavery risks and sought assurances with respect to modern slavery in the supply contract.

assessing our Effectiveness

In assessing the effectiveness of the actions taken, Borg reviewed the following:

- The results of our modern slavery spot checks.
- The number of instances that an employee raised a potential modern slavery issue under the Modern Slavery Policy.
- The effectiveness of our internal investigation and response to such instances.
- The Issues Paper titled 'Australia's Modern Slavery Act 2018', published by the Attorney-General's Department in 2022.
- The Modern Slavery Statements of comparable businesses.



Consultation

This statement for FY22 was largely developed by representatives from the People and Culture and Supply Chain business units in consultation with Borg employees. Additional contributions were made by the legal and commercial teams, along with Borg's Chief Executive Officer. On publication, this statement will be communicated to relevant employees and senior management throughout the organisation.

This Statement has been reviewed and approved by the Board of Borg Manufacturing Pty Ltd.

This Statement has been approved by Jim Snelson, Chief Executive Officer of Borg Manufacturing Pty Ltd.

A handwritten signature in black ink, appearing to read 'Jim Snelson'.

Jim Snelson
Chief Executive Officer
Borg Manufacturing Pty Ltd

December 2022

