

MODERN SLAVERY STATEMENT

REPORT FOR FINANCIAL YEAR ENDED 30 JUNE 2020



1. Sanitarium accepts that, like all global businesses of a certain scale, the incidence of modern slavery very deep within its supply chains is possible, and is not a hypothetical concept. Sanitarium views appropriate diligence on this risk as an important component of its broader corporate social responsibility and human rights obligations.
2. Sanitarium is committed to a long-term effort to reduce and work to eliminate incidents of modern slavery that come to its attention from its supply chains and operations. To that end, it has developed a Modern Slavery Framework (Framework) in consultation with subject matter experts on modern slavery. This Framework will allow Sanitarium to systematically identify and mitigate the risks of modern slavery in its supply chains.
3. Sanitarium recognises that the efforts and measures described in this inaugural Statement are early formal steps in its targeted efforts to identify and mitigate risks from modern slavery. What is contained in this Statement is the initial roadmap to build upon the positive initial steps that have already been taken.

CRITERIA 1 & 2: IDENTIFY THE REPORTING ENTITY AND DESCRIBE ITS STRUCTURE, OPERATIONS AND SUPPLY CHAINS

Reporting entity

4. Australian Health & Nutrition Association Limited, trading as Sanitarium Health Food Company ABN 63 096 452 872 (Sanitarium).
5. Sanitarium is registered as an Australian Public Company with annual revenue that exceeds the Act's minimum mandatory reporting threshold of \$100 million. Sanitarium is wholly Australian owned and operated. It has offices, warehouses and distribution centres in various locations across Australia, including Berkeley Vale, Cooranbong, Warnervale, Moorooka and Carmel.

Structure and operations

6. The major commercial component of Sanitarium's business involves the production and wholesale of healthy food products to the Australian market. The Sanitarium brand is widely recognised in mainstream Australian culture, particularly products such as 'Weet-Bix' breakfast cereal, 'Up&Go' liquid breakfast and 'So Good' non-dairy milk products.
7. Sanitarium is registered as a charity with the Australian Charities and Not-For-Profits Commission and is wholly owned by the Seventh-day Adventist Church
8. Sanitarium directly employs approximately 800 Australians. It is also a major contributor to the Australian economy through the purchase of Australian wheat and other raw materials, and its partnership with many industry-associated Australian businesses.
9. Further details of Sanitarium's commitment to its social purpose are publicly available at www.sanitarium.com.au/social-purpose.

Supply chains

10. Sanitarium's supply chains are both local and international and includes those supply chains specific to its manufacturing activities and those of its general business activities.
11. The vast majority of Sanitarium's supplies of raw materials are procured from within Australia, including wheat.
12. Through a thorough analysis of company spend data, Sanitarium has been able to map its supply chains and consolidated the data into its top 500 suppliers by spend – this data will be the principal focus area for ongoing analysis in each future reporting period. For each future reporting period, the data analysed will be updated accordingly.

CRITERIA 3: DESCRIBE THE RISKS OF MODERN SLAVERY PRACTICES IN THE OPERATIONS AND SUPPLY CHAINS OF THE REPORTING ENTITY AND ANY ENTITIES IT OWNS AND CONTROLS

Initial assessment

13. It is not possible to easily or accurately identify actual slavery in supply chains. Of course, where actual slavery exists and is identified, it can be addressed. However, there are risk factors that can be assessed which might show areas, regions or industries where slavery is more prevalent and/or where the risk of slavery might be higher.
14. Sanitarium's approach is to have the Framework within which to assess the risk of modern slavery in the supply chains through overlaying high-risk factors with Sanitarium's data and to focus on these risks
15. A modern slavery risk profile is generated by combining raw trade data drawn from multiple sources across 190 countries and in relation to more than 15,000 industry sectors, and overlying that data with a number of international standards on modern slavery. The risk of modern slavery in Sanitarium's supply chains is considered to be low. Desk based audits have been undertaken on suppliers who were deemed to be higher risk.

Screening

16. It is important to recognise that any initial risk profile is highly subjective as it is based on a wide variety of external data sources and assessment by others. It is thus necessary to screen for assessed low risk so that the focus can be on the higher risk end of the spectrum. Screens were applied using a variety of factors including SEDEX members and suppliers who are reporting entities in Australia.
17. There were 12 suppliers flagged as potential high risk for this reporting period; they include suppliers who provide IT services, consultancy services and marketing services and are located in Thailand, India and China. These suppliers were subject to a more in-depth analysis.

Research

18. Further analysis is required for any such suppliers identified as potentially high risk. One step Sanitarium has taken is to engage with the potentially high risk suppliers by asking them to complete a modern slavery self-assessment. The Committee (please see paragraph 21 below for more details) has met to discuss the responses and progress more generally.
19. A key objective of this further research is, in conjunction with the results of the preliminary assessments, to identify those particular suppliers (or class of suppliers) who have the highest calculated modern slavery risk in Sanitarium's supply chains and operations.

CRITERIA 4: DESCRIBE THE ACTIONS TAKEN BY THE REPORTING ENTITY AND ANY ENTITIES IT OWNS OR CONTROLS TO ASSESS AND ADDRESS THESE RISKS, INCLUDING DUE DILIGENCE AND REMEDIATION PROCESSES

Framework

20. Sanitarium's focus for this initial year of complying with the Act was threefold:
 - a. developing the Framework – Sanitarium's view is that it is necessary to approach compliance with the Act in a systematic way so that over time, the data generated from the repeatable processes can help Sanitarium reduce risk of modern slavery and also improve the Framework.
 - b. using the Framework – the FY20 reporting period was the initial application of the Framework and it produced a risk profile, flagged potential high-risk suppliers and allowed a structured way in which to do further work with a subset of those identified suppliers.
 - c. other steps – Sanitarium is also taking other steps that will raise the awareness of modern slavery within Sanitarium's workforce and key decision makers who are responsible for procurement. These are summarised below.

Modern Slavery Oversight Committee

21. The Modern Slavery Oversight Committee (the Committee) has been established to review the results of the screening processes from the Framework in order to make an assessment on the most appropriate course of action and to make recommendations to the business on a risk reduction strategy.

Policy review

22. Notwithstanding that the Act does not, by its terms, require any policy review or implementation of any specific internal policy or governance standard, Sanitarium has undertaken such reviews.
23. Key policy updates have been prepared and are now incorporated into Sanitarium's existing suite of internal policies - the Framework documents the overall approach and process Sanitarium has taken in addressing modern slavery while a new Modern Slavery Policy provides the governance required to achieve this, for example, by establishing the Oversight Committee.

Internal training

- 24. Sanitarium acknowledges that increasing employee awareness about the prevalence and nature of modern slavery risks within its supply chains and operations is important both for risk reduction and remediation.
- 25. Sanitarium has engaged external subject matter experts to provide training that was developed especially to address the modern slavery risks identified in Sanitarium's operations and supply chains.
- 26. The educational efforts have focused on those internal stakeholders that have more of a direct responsibility for the business relationships with suppliers.
- 27. To date, approximately 32 Sanitarium employees have undertaken tailored modern slavery training during the reporting period. This includes a large proportion of senior executives and all employees with relevant procurement responsibilities.
- 28. The secondary mode of internal education and training is via online training modules, which will be made available to all employees and will form part of the Sanitarium on-boarding process for all new personnel in the next reporting period.

CRITERIA 5: DESCRIBE HOW THE REPORTING ENTITY ASSESSES THE EFFECTIVENESS OF THESE ACTIONS

- 29. As this was the initial application of Sanitarium's new Framework for assessing and mitigating the risk of modern slavery in its supply chains, it is not yet possible to effectively measure the effectiveness of this Framework. The process has meant that there is a greater degree of communication and transparency between the departments within Sanitarium.
- 30. Sanitarium has an existing supplier review process, which pre-dates the Modern Slavery legislation, that includes undertaking physical audits of suppliers.

CRITERIA 6: DESCRIBE THE PROCESS OF CONSULTATION WITH ANY ENTITIES THE REPORTING ENTITY OWNS OR CONTROLS

- 31. Not applicable – there has not been a process of consultation because AHNA does not control or own any entities.

CRITERIA 7: ANY OTHER RELEVANT INFORMATION

- 32. COVID-19 has affected the normal operations of Sanitarium in a minimal way. One such impact was that one of Sanitarium's usual suppliers could not supply on time or in full and, therefore, Sanitarium used an alternative approved supplier for a limited time.



MAPPING SUPPLY CHAINS

Analysis of company spend data.

500

Through a thorough analysis of company spend data, Sanitarium has been able to map its supply chains and consolidated the data into its top 500 suppliers.



TARGETING CHANGE

Screening.

12

There were 12 suppliers flagged as potential high risk.



OUR ACTIONS

Tailored modern training.

32

To date, approximately 32 Sanitarium employees have undertaken tailored modern slavery training during the reporting period.



WHAT IS CONTAINED IN THIS STATEMENT IS THE INITIAL ROADMAP TO BUILD UPON THE POSITIVE INITIAL STEPS THAT HAVE ALREADY BEEN TAKEN. **SANITARIUM IS COMMITTED TO A LONG-TERM EFFORT TO REDUCE AND WORK TO ELIMINATE INCIDENTS OF MODERN SLAVERY THAT COME TO ITS ATTENTION FROM ITS SUPPLY CHAINS AND OPERATIONS.**

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



KEVIN JACKSON
Chief Executive Officer and Board Member
29 October 2020