

Probiotec Limited

MODERN
SLAVERY
STATEMENT
2023



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 2022 to 30 June 2023.

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



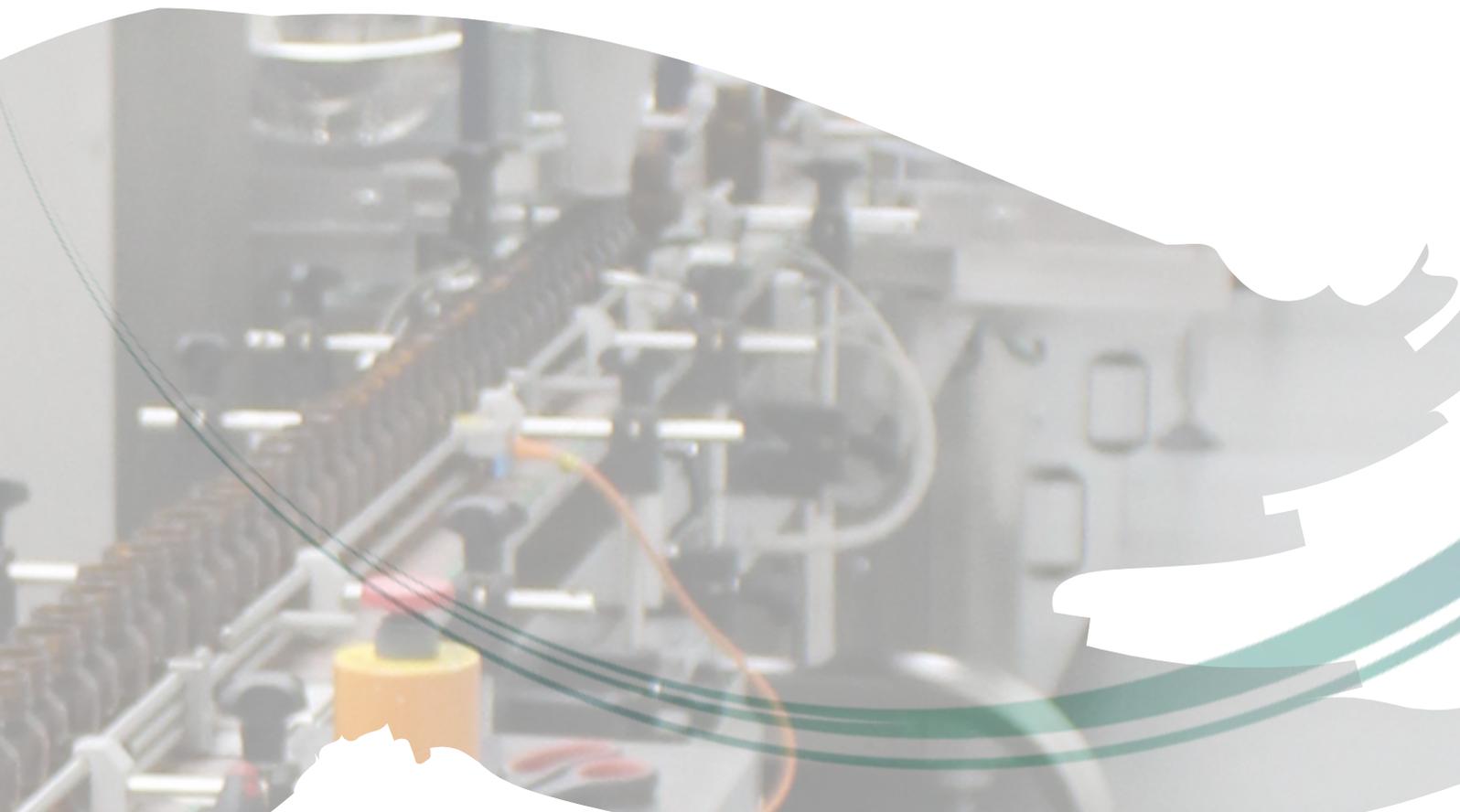
Wesley Stringer

Chief Executive Officer

PROBIOTEC APPROACH

Probiotec Limited (hereinafter referred to as The Probiotec Group) is committed to ethical business practices and the eradication of modern slavery in all its forms. The Probiotec Group has continued in upholding our commitment for continuous improvement with this statement reflecting our dedication to respecting human rights, promoting fair and ethical labour practices, and ensuring that our business operates with integrity and responsibility.

Our ongoing efforts to identify, prevent, and address modern slavery risks within our business and supply chain is inclusive of an approach that includes alignment to internationally recognised human rights set out in the United Nations Universal Declaration of Human Rights. The Probiotec Group values the inherent rights and dignity of every individual and endeavour for our operations and supply chains to remain free from any type of exploitation. We strive to be a business with a positive impact to combating modern day slavery.



STRUCTURE, OPERATIONS AND SUPPLY CHAIN

The Probiotec Group includes Probiotec Pharma Pty Ltd, South Pack Laboratories (Aus) Pty Ltd, ABS (Aus) Pty Ltd, LJM Marketing Services Pty Ltd, Multipack-LJM Pty Ltd and HH Packaging Pty Ltd. The business structure and operations remains the same as last reporting period. The group reports under Probiotec Limited as a company listed on the Australian Stock Exchange (ASX:PBP).



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

The Probiotec Group employee count is 1100+ across our operations 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 assets and these are predominantly local providers.

MODERN SLAVERY RISKS

During this reporting period modern day slavery risks within our supply chain were formalised as a key material area to the Probiotec business and integrated into our internal sustainability roadmap.

The key business activities of the Probiotec Group have remained relatively unchanged with those in the last reporting period. The Probiotec Group continues to serve the same sectors for co-manufacturing and packaging activities.

This year we assessed against a market accessible report; The Global Slavery Index 2023 by Walk Free [1], to have greater awareness of modern slavery risks. The supplied information furthered our knowledge of risks across various industries, geographic and product risks; this is reflected within our analysis for this year's risks assessment. The report highlighted that the top risk products of relevance to Probiotec was electronics.

Consistent with the last reporting period, we remain with a supplier base that is largely dependent on customer directed or preferred vendors where verification of vendor has been processed through our customer's internal processes as well as captured within Probiotec operations. With regards to site contractors, the Probiotec Group has more control in vendor selection.

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 (eg. catering/campaigns) and cleaning/waste services | This area in our supply chain currently has low activity. We will be looking to encapsulate this risk category after addressing the higher risks. | With operations based in Australia our engagements with local businesses relating to these activities are regarded as low risk. |
| Contracts with preferred suppliers (customer directed) | <ul style="list-style-type: none"> Our engagement with a large percentage of our supplier base is highly dependent on our customer's preferred suppliers Suppliers are often compliant with our customer's procurement requirements Vendors are chosen often through collaboration with our customer | Our customers provided workshops regarding modern day slavery furthering on the content delivered in the last reporting period. These workshops were attended by our Environment and Sustainability Lead as well as other business leaders in Probiotec. | We work collaboratively with our customers and value their input. We are often guided by their supplier preferences consequentially part of the de-risking strategy. Customers, with strong sourcing teams conduct a large amount of the due diligence required. |
| Raw Material Sourcing | <ul style="list-style-type: none"> Our manufacturing site at Laverton has production activities as well as new product development (NPD) services where raw material sourcing is performed. | Analysis against the Global Slavery Index report 2023 highlighted where geographic risk are prevalent and this was compared to our current activities. This in turn assisted to further inform where best to direct our priority surveillance. | According to the Global Slavery Index report 2023, high risk geographic regions, which would require higher priority, broadly did not show significant correlation with our raw material sourcing activities. We aim to confirm a more determined level of risk here as part of our ongoing processes. |
| Packaging and Labelling | <ul style="list-style-type: none"> Many of our suppliers regarding packaging and labelling are customer directed. Where there are packaging innovations implemented (eg. sustainability focused changes) we will perform the required due diligence engagements for new solutions that our outside our current supplier base. | Our overall packaging suppliers (primary, secondary and tertiary) remained largely the same as last reporting period. For NPD projects where sustainability innovations in packaging were involved our Environment & Sustainability Lead was involved or engaged. | Local suppliers and distributors, those with Australian offices, and those directed by our customers pose a lower risk. We acknowledge there may be present potential elevated risks from upstream suppliers in specific regions and will take this into consideration in future. |
| Product Procurement | <ul style="list-style-type: none"> Office equipment in relation to electronics purchasing. | Newly identified risk and our IT departments have been engaged. Determined from Global Slavery Index report 2023. | Electronics purchasing is largely sourced from local Australian businesses. Level of risk to be ascertained and strategy to address this will be developed. |

[1] Walk Free 2023, The Global Slavery Index 2023, Minderoo Foundation. Available from: <https://walkfree.org/global-slavery-index/>

ADDRESSING AND MANAGING MODERN SLAVERY RISKS

Increasing on the knowledge built from last year, we continued the engagement of modern day slavery understanding across various departments and business sites:

- Ensured awareness to up to date available resources eg. Walkfree report and current legislative reviews
- Environment & Sustainability lead utilisation of external resources to update knowledge for internal leads
- Continuous consultation with relevant teams; sourcing, supply chain, quality to maintain strategy
- Attendance to customer led workshops on modern day slavery

As part of our continuous improvement we are investigating improvement opportunities to elevate our current processes. A survey of market solutions may increase effectiveness of our risk assessment processes. We are considering the possibility to utilise external risk analysis methodologies taking advantage of a regularly reviewed management system to better capture data and supplier engagement activities. Key criteria would be the ability to scale in tandem with business growth.

To comment on the current protocol, this has remained largely the same as last year in term of internal documentation and processes. 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 again will remain diligent in uncovering these issues within our business.

In an event of a suspected modern day slavery practice we have our processes in place to conduct a formal investigation. We maintain our preparedness to evaluate any reported suspect activities. If a concern arises with a supplier in our supply chain, a prompt review will be initiated. Subsequent measures will be implemented if evidence of a policy violation is found. Depending on severity, this may involve requesting issue resolution, supplier re-qualification, or terminating the engagement. Employee breaches may result in disciplinary action per company procedures, with serious violations treated as gross misconduct, potentially leading to immediate dismissal.

Within our management framework, we strive for continuous improvement, aiming to enhance our abilities to addressing modern slavery risks.





ASSESSING EFFECTIVENESS OF OUR ACTIONS

Determining the effectiveness of our actions primarily relies on the implemented processes around supplier engagement through questionnaires and post questionnaire evaluations and reviews. This year there was also 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.

In our continuous improvement efforts, we are exploring effective assessment opportunities concurrent with our management processes. Market solutions may enhance our processes, capturing data and conducting comparative analysis for increased transparency in how our supply chain addresses modern slavery risks.

Our forthcoming position will potentially initiate a set of engagement activities that complements existing initiatives (eg. certain business units currently undergo SMETA audits). This aligns to our aforementioned internal roadmap. This process may involve identifying pertinent key performance indicators (KPIs), identify any needs of supplier training and awareness, and more. Increasing communication between the Probiotec Group, our customers, and supply chain stakeholders plays a vital role to establish future processes in this area.

THE PROCESS OF CONSULTATION ACROSS THE PROBIOTEC GROUP

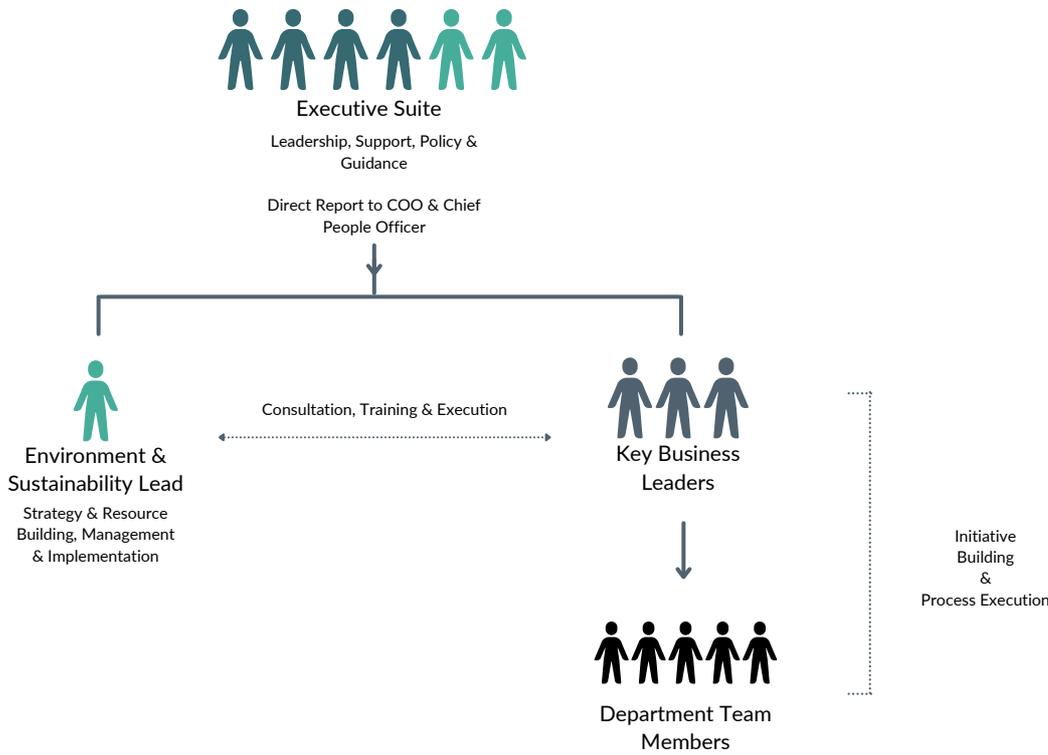


Figure 1. Consultation Overview for Probiotec Group

The role of Environment and Sustainability Lead has been integral to the consultation process across the Probiotec Group. Building on last period's efforts to eradicate modern-day slavery, this was integrated into an internal sustainability roadmap. Recognised as a key touchpoint for modern slavery risk management, the Environment & Sustainability Lead is well-positioned within the Probiotec Group.

The Executive Team's responsibilities at Probiotec remained consistent with the previous reporting period. Reporting directly to the Chief Operating Officer and the Chief People Officer, the Environment and Sustainability Lead ensures top-level awareness and oversight of actions against modern-day slavery in both operations and the supply chain.

Emphasising engagement this year, the Environment and Sustainability Lead prioritised activities with business leaders, focusing on training and awareness of modern slavery compliance. Key findings highlighted process enhancements and future readiness in light of the Modern Day Slavery Legislative review.

Integrating anti-slavery strategies into our sustainability roadmap reflects our dedication to improvement. With a streamlined consultation process within the Probiotec Group, we ensure thorough oversight across operations and the supply chain. The Environment & Sustainability Lead's engagement initiatives and key findings position us strongly for ongoing compliance against the backdrop of evolving legislation, underscoring our collective responsibility against modern-day slavery.

Probiotec Limited



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