

Finisar Australia Pty Ltd

ABN 45 098 184 582

Modern Slavery Statement

Reporting Year 2021

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1 Introduction

The Commonwealth Modern Slavery Act 2018 established Australia’s national Modern Slavery Reporting Requirement. This Modern Slavery Statement has been prepared to address applicable disclosure requirements under that Act.

1.1 Managing Director’s Statement

Finisar Australia is committed to the use of responsibly sourced materials and services, and compliance with the requirements set out in the Commonwealth Modern Slavery Act.

As a subsidiary of II-VI Incorporated, Finisar Australia is guided by the II-VI Code of Ethical Business Conduct, which supports fundamental human rights – values inherent to all human beings. This means that we aim to treat all people with dignity, fairness, and respect. We require our suppliers and contractors do the same, to care for the health and safety of their workers, and to comply with human rights laws. II-VI does not accept forced labor, human trafficking, degrading treatment of individuals, or unsafe working conditions.

Finisar Australia is opposed to any and all forms of slavery in its supply chains and its own operations. We adhere to a range of II-VI procedures in order to ensure that our supply chain and our local operations do not include products or services which rely on the use of slave labour.

This statement is approved by the Finisar Australia Board of Directors.



Andrew Bartos
General Manager and Director,
Finisar Australia Pty Ltd

2 About Finisar – Structure and Operations

2.1 Finisar Australia

Finisar Australia Pty Ltd (“Finisar”), is located in Rosebery NSW, it is a subsidiary of II-VI Incorporated (“II-VI”).

Finisar designs and manufactures high-technology communication products for optical fibre telecommunication networks and provides wavelength management components and subsystems, including wavelength selective switch (WSS) products, to leading networking equipment manufacturers around the world.

As of July 2021, Finisar had 274 employees.

2.2 II-VI Incorporated

II-VI Incorporated (Nasdaq: IIVI) is a global leader in engineered materials and opto-electronic components. It is a vertically integrated manufacturing company that develops innovative products for diversified applications in communications, industrial, aerospace & defense, semiconductor capital equipment, life sciences, consumer electronics, and automotive markets. (<https://ii-vi.com>)

Headquartered in Saxonburg, Pennsylvania, II-VI has research and development, manufacturing, sales, service, and distribution facilities worldwide. The company produces a wide variety of application-specific photonic and electronic materials and components, and deploys them in various forms, including integrated with advanced software to support our customers.

In 2019, II-VI acquired the Finisar Corporation, a US-based manufacturer of optical communication components and subsystems, consequently at that time the ownership of Finisar Australia transitioned to II-VI.

II-VI now operates more than 35 factories around the world and as of 2021, the company had 22,961 employees.

2.3 Finisar Operations

Finisar Product Development (Engineering Design), and final assembly of modules (Production Assembly Operations) is conducted in-house in Rosebery, and the resources to do this are managed locally.

Fabrication of printed circuit boards assemblies and sub-assemblies for inclusion into the final module assembly is outsourced to specialist manufacturers or built at II-VI manufacturing sites in China.

Support functions such as Quality, Human Resources (HR), IT, Finance and Supply Chain are represented locally and underpinned by II-VI corporate support functions.

Supply Chain Management systems including Purchasing services are provided by the II-VI centralised purchasing office.

3 Supply Chain Risks

Components and materials for inclusion in printed circuit boards assemblies, sub-assemblies and final module assemblies are defined in Bills-of-Materials (BOMs) by Finisar and sourced (purchased) by the II-VI purchasing office.

Components, raw materials and products arriving in Australia for inclusion into final modules come by air freight, ocean shipping, and subsequently road transport to reach the Finisar warehouse. Final modules are provided to global customers, as of 2021 Finisar exported all its products and had no domestic customers in Australia. Final products are collected by road couriers from the warehouse and are subsequently transported by air freight to their intended destination.

The purchasing office as part of II-VI follow a range of internal policies and processes to ensure Suppliers are qualified and meet company prerequisites for quality, capability of supply and regulatory compliance of operations (including social corporate responsibility). The purchasing office administer these processes, and as such the direct exposure of our Finisar operations to modern slavery risks is low.

4 Risk Assessment of Suppliers and Remediation

4.1 Supplier Assessment

II-VI has implemented an integrated system of Supplier Management processes which incorporate quality requirements, regulatory, supplier performance, business conditions, and compliance expectations for our suppliers. This system also integrates Environmental, Social, and Governance (ESG) into supplier management, as a part of the company's policies and practices related to environment, health & safety, labor rights, community involvement, and ethical behavior.

When suppliers are selected and qualified in accordance with the procedure, compliance requirements are included as part of that assessment criteria.

Identified prospective Suppliers are evaluated as per the risk assessment criteria in the procedure and then supplier performance is monitored using the defined tools. As well, some identified suppliers are audited on a regular basis, although on-site auditing of suppliers has been on hold for the last 12 months due to COVID and COVID related travel restrictions.

Also additional supplier evaluation has been undertaken as part of determining the information for II-VI's Conflict Minerals disclosure. The following extract from the II-VI Specialized Disclosure Report provides some insight into the detail of that assessment:

"The assessment program was developed to facilitate disclosure and communication of information regarding conflict of minerals into a company's supply chain. Responses were evaluated for plausibility, consistency, and gaps both in terms of which products were stated to contain or not contain necessary 3TGs (tantalum, tin and tungsten), as well as the origin of those materials.

Additional Supplier contacts were conducted to address issues including: (i) implausible statements regarding no presence of 3TGs, (ii) incomplete data on EICC-GeSI Templates, (iii) responses that did not identify smelters or refiners, (iv) responses that indicated sourcing location without complete supporting information from the supply chain, and (v) organizations identified as smelter or refiners, but not verified as such through further analysis and research."

4.2 Remediation, Code of Conduct and Policy Enforcement

II-VI expects suppliers to operate in accordance with laws and regulations, adhere to Environmental, Social, and Governance (ESG) principles, standards and to expect the same of their sub-tier suppliers. It is the responsibility of the supplier to verify and monitor compliance of this code at their operations and sub-tier source operations.

Systems are in place to address supplier non-compliance to requirements as per the Supplier Corrective Action procedure. The Supplier and Purchaser parties are involved in the remediation solution.

5 Policies and Systems for Supply Chain Management

II-VI is committed to compliant and ethical business conduct and to responsibly sourcing materials. To this end II-VI has implemented Supplier Management processes to effectively manage the supply chain and has put into place a due diligence program to ensure its contributions to upholding human rights and responsible practices across the supply chain.

5.1 Key Documents to Manage Supply Chain

The following is a list of key documents II-VI has implemented to manage and ensure its Supply Chain meets and continues to conform to applicable government, compliance and II-VI requirements.

5.1.1 Supplier Quality Requirements Manual

The purpose of this manual is to inform II-VI Inc. suppliers of the core expectations we have regarding the Suppliers' quality management systems, design requirements, and manufacturing process controls required for the purpose of doing business with II-VI. This manual describes what II-VI Inc. expects its Suppliers to do to ensure that all II-VI requirements and expectations are met.

This document includes a Supplier Code of Conduct section which covers

- Compliance with Laws & Regulations
- Responsible Minerals Sourcing
- Product Safety
- Substances Restriction in Materials or Components
- Business Ethics
- Code of Conduct and Policy Enforcement
- Adhere to Social, Environmental, And Business Ethics Standards

II-VI mainly adopts the latest version of the Responsible Business Alliance's Code of Conduct as its Supplier Code of Conduct in Social & Environmental responsibility and business ethics. The specific Codes cover the following areas:

Labour, Health & Safety, Environment & Sustainability, Business Ethics and Management Systems related to the content of this Code

*As a bottom line, **suppliers are required not to have any issues that are widely recognized as the most serious Social & Environmental compliance violations.** II-VI reserves the right to assess the impacts and determine necessary actions. Examples of critical issues include:*

Underage labour, Forced labour, Severe harassment or abuse, Use detention or physical punishment to discipline employees, even if those practices are allowed by local law, Imminent threats to workers' lives and safety

5.1.2 Procedure Global Supplier Management

This document defines II-VI expectations for suppliers and defines the process for monitoring and reporting a Primary supplier's performance. Content covers supplier classification and risk scoring, compliance risk, green compliance requirement, requirement for conflict materials survey and supplier score for Corporate Social Responsibility.

5.1.3 Procedure Supply Chain Corporate Social Responsibility (CSR) Mgt

This document defines a code of conduct for its suppliers based on Responsible Business Alliance (US) Code of Conduct. The Code reflects the basic tenets of responsible management agreed upon by the electronics industry or industries in which electronics is a key component.

5.1.4 II-VI Code of Ethical Business Conduct

This Code of Ethical Business Conduct has been written using everyday language, so it is clear and understandable. It provides a framework for all employees to make good business choices.

The Code centers around the II-VI Core Values, “I CARE” which stand for

- Integrity – Create an environment of trust
- Collaboration – Innovate through the sharing of ideas
- Accountability – Own the process and the Outcome
- Respect – Recognize the Value in everyone
- Enthusiasm – Find a sense of purpose in Work

It includes but is not limited to topics such as

- Ethical decision making,
- avoiding conflicts of interest,
- treating people and the planet with respect, which includes respecting human rights and implementation of fair labor practices

5.1.5 Procedure Global Conflict Minerals Due Diligence and Reporting

US Conflict Minerals laws work to remove financial support to armed militaries in central Africa who use mining profits as a source of funding. This procedure describes how II-VI meet the reporting requirements for this Act. (Conflict Minerals Disclosure Report). As some illicit sources conflict minerals may involve the use of slave labour, the application of this procedure has the additional benefit of also addressing potential situations involving slave labour.

5.1.6 II-VI Conflict Minerals Disclosure Report

The II-VI Conflict Minerals Disclosure Report provides information through the supply chain regarding mineral country of origin and the smelters and refiners being utilized. II-VI’s Conflict Minerals Disclosure is not product-specific. Based on best-practice recommendations from the Responsible Minerals Initiative (RMI), II-VI issues a company-level declaration and smelter disclosure list representing the consolidated supply chain responses annually. This one report is provided to all customers regardless of the product(s) purchased.

6 Staff Training

II-VI employees are trained on relevant work procedures and a record of that training is maintained.

Furthermore II-VI employees are trained on our “I CARE” Values and Code of Conduct upon hire and undergo regular refresher training thereafter. II-VI also provides information and training to its global Procurement team directly involved with the selection of new suppliers and the ongoing management of current suppliers.

7 Ongoing Commitment

II-VI is committed to compliant and ethical business conduct and to responsibly sourcing materials. As such, the Company has put into place a due diligence program to ensure its contributions to upholding human rights and responsible practices across the supply chain.

Finisar Australia as part of II-VI incorporated is committed to complying with the corporate systems and processes to identify, resolve and prevent modern slavery issues within our business, operations, and supply chains.