

2020

Modern Slavery Statement

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Acknowledgement of Country

Asaleo Care acknowledges the Traditional Owners as the Custodians of the lands on which we are located and conduct our business. We respect their connections to land, sea and community, and we pay our respects to the people, their cultures and the Elders past, present and emerging. In the spirit of reconciliation, we will continue to support initiatives that strengthen and promote Aboriginal and Torres Strait Islander culture to ensure it extends to future generations. Read more about our commitments in our **Reconciliation Action Plan**.

We also work in partnership with the local Iwi in Kawerau, the site for our New Zealand manufacturing facility, to source geothermal steam for our operations.

SECTION 01

About this Modern Slavery Statement

This Modern Slavery Statement has been prepared by Asaleo Care Ltd (Asaleo Care) to meet the Modern Slavery Reporting Requirement of the Commonwealth *Modern Slavery Act 2018*, and covers the calendar year 2020.



The Statement forms part of our annual reporting suite which also includes our 2020 Annual Report and Corporate Governance Statement, which are all available on our website at [asaleocare.com](https://www.asaleocare.com).

This Statement covers all the entities within Asaleo Care Limited, and our approach to tackling modern slavery is applied across the whole of the Asaleo Care group, including application of our policies, procedures, and systems relating to supply chain management, contracting, purchasing and human resources practices. All references to our, we, us, the Group and Asaleo Care refer to Asaleo Care (ABN: 61 154 461 300) and its subsidiaries.

This is our second public Modern Slavery Statement, and the first required under the Commonwealth *Modern Slavery Act 2018*. Our 2019 Preliminary Modern Slavery Statement was prepared voluntarily to

demonstrate our commitment to working toward eliminating modern slavery. Asaleo Care is not required to report under modern slavery legislation in any other jurisdictions.

This 2020 Statement has been prepared by management representatives responsible for the Asaleo Care Responsible Sourcing Program, human resources management, governance and procurement functions, with review by the Asaleo Care Modern Slavery Committee.

The Statement was approved by Asaleo Care's Board of Directors on 16 February 2021.

A professional headshot of Sid Takla, a man with dark hair, wearing a dark suit jacket, a white shirt, and a patterned tie. He is smiling slightly and looking directly at the camera. The background is a blurred office setting.

SECTION 02

Letter from the CEO and Managing Director

SID TAKLA
CEO AND
MANAGING
DIRECTOR

I am pleased to share Asaleo Care's 2020 Modern Slavery Statement under the *Modern Slavery Act 2018*, our second public statement, which outlines the steps we are taking to tackle modern slavery in our supply chain.

At Asaleo Care we recognise the scale and prevalence of modern slavery globally and are committed to playing our part in conjunction with businesses and governments all working together in the global economy, to prevent, find and address the issue.

As a leading producer of personal care and hygiene products, Asaleo Care welcomes the Commonwealth *Modern Slavery Act 2018*, and the opportunity to help raise awareness of this important issue and communicate the steps that we are taking.

Asaleo Care has been identifying, assessing and reporting on supply chain and human rights risks and activity since

2014. With a multi-tiered complex supply chain, we take a risk-based approach and prioritise our efforts on higher risks and in the supply chains where we can have more impact.

We recognise the inherent dignity of all people and the importance of respecting and promoting human rights. We also recognise that some workers are more vulnerable to modern slavery practices, such as migrants, seasonal and temporary workers.

Grappling meaningfully with human rights risk is not a straightforward matter for any organisation. There is no fast track or fool-proof method for the complex issue of modern slavery, which can be hidden deep in local and global supply chains. But we do everything we can to make a difference.

Collaboration is key in this regard. We work in partnership with our suppliers, their business partners, our customers and other industry and multi-stakeholder forums and networks to work together to eliminate modern slavery from our operations and supply chains.

Modern slavery practices including human trafficking, forced labour, debt bondage, forced marriage and other abuses of basic human rights are unacceptable and have no place in our business or supply chains. It is up to all of us, both individually and collectively, and across business, government and civil society, to use our leverage and to work together to bring about this crucial change.



Sid Takla CEO and Managing Director

16 February 2021

2010

Forest Stewardship Council®
(FSC®) FSC- C101950 certification

2014

Launched Responsible
Sourcing Program

Publicly listed on the ASX

Joined Sedex

SECTION 03

Responsible Sourcing Milestones

2018

Updated Responsible Forestry and Fibre Sourcing Policy to include No Tropical Peatland, No Deforestation, No Exploitation commitment for pulp and paper reels

Supported the Modern Slavery Act by participating in industry consultations and submissions

2019

Preliminary Modern Slavery Statement

Launched Ethical Sourcing Policy

Refined our Responsible Sourcing Program

Mapped our salient human rights issues

2015

Launched our Responsible Forestry and Fibre Sourcing Policy

2016

Fibre due diligence system

We have been working on human rights aspects in our supply chain for many years. Our programs have matured over time and we will continue to strengthen our processes and controls as we learn more about the modern slavery risks in our supply chain.

2020

10 years of FSC certification
Established Modern Slavery Committee
Ethical audits at Asaleo Care manufacturing sites
Published Supplier Handbook

Strengthened due diligence of labour hire suppliers
Refined our modern slavery risk assessment
Internal training
Engaged Fiji and Pacific Islands industry in modern slavery action

SECTION 04

About Asaleo Care

Our Purpose

Asaleo Care is a leading personal care and hygiene Company that manufactures, markets, distributes and sells essential everyday consumer products across the Feminine, Incontinence and Baby Care, Consumer Tissue and Professional Hygiene product categories. Care, comfort and confidence every day is our purpose: to make it easier for hygiene, health and wellbeing to be part of everyday life.

Our Values

We are guided by our values – Pride – Integrity – Courage. We know we are successful when we exceed the expectations of our customers, consumers and shareholders and we create a workplace where our people perform at their very best every day.



Pride

We are proud of our Company and its brands and take pride in working safely, collaboratively and supporting one another to get the job done.



Integrity

We do what we say we will do and act in an open, honest and transparent manner.



Courage

We confront our challenges and have the confidence to make difficult decisions and are always seeking to do things better.

4.1 Our Operations

Asaleo Care employs more than 680 direct employees across three manufacturing facilities and 11 distribution centres in Australia, New Zealand and Fiji.

We manufacture and sell essential products including tampons, pads and liners, incontinence products, toilet tissue and paper towels. Our popular products are recognised household and industrial brands including Libra, TENA, Tork, Purex, Treasures, Orchid, Viti, Softly, Drypers, Handee (New Zealand) and Sorbent (New Zealand).

The company has been operating in Australasia for more than 60 years and was listed on the Australian Securities Exchange (ASX) in 2014.

Company Overview



Australia 265 employees

Distribution centre // **Perth**

Distribution centre // **Brisbane**

Distribution centre // **Sydney**

Distribution centre // **Melbourne**

Manufacturing facility // **Springvale**

Product Categories: Feminine Care, Incontinence Care and Professional Hygiene
Brands: Libra, TENA and Tork

Distribution centre // **Adelaide**



New Zealand 326 employees

Distribution centre // **Auckland**

Distribution centre // **Tauranga**

Manufacturing facility // **Kawerau**

Product Categories: Consumer Tissue and Professional Hygiene
Brands: Sorbent, Handee, Purex and Tork

Distribution centre // **Palmerston North**

Distribution centre // **Christchurch**

On 25 June 2020, Asaleo Care announced its withdrawal from its Baby Diaper business in New Zealand, resulting in the closure of the Te Rapa manufacturing facility.



Fiji 89 employees

Distribution centre // **Labasa**

Distribution centre // **Nadi**

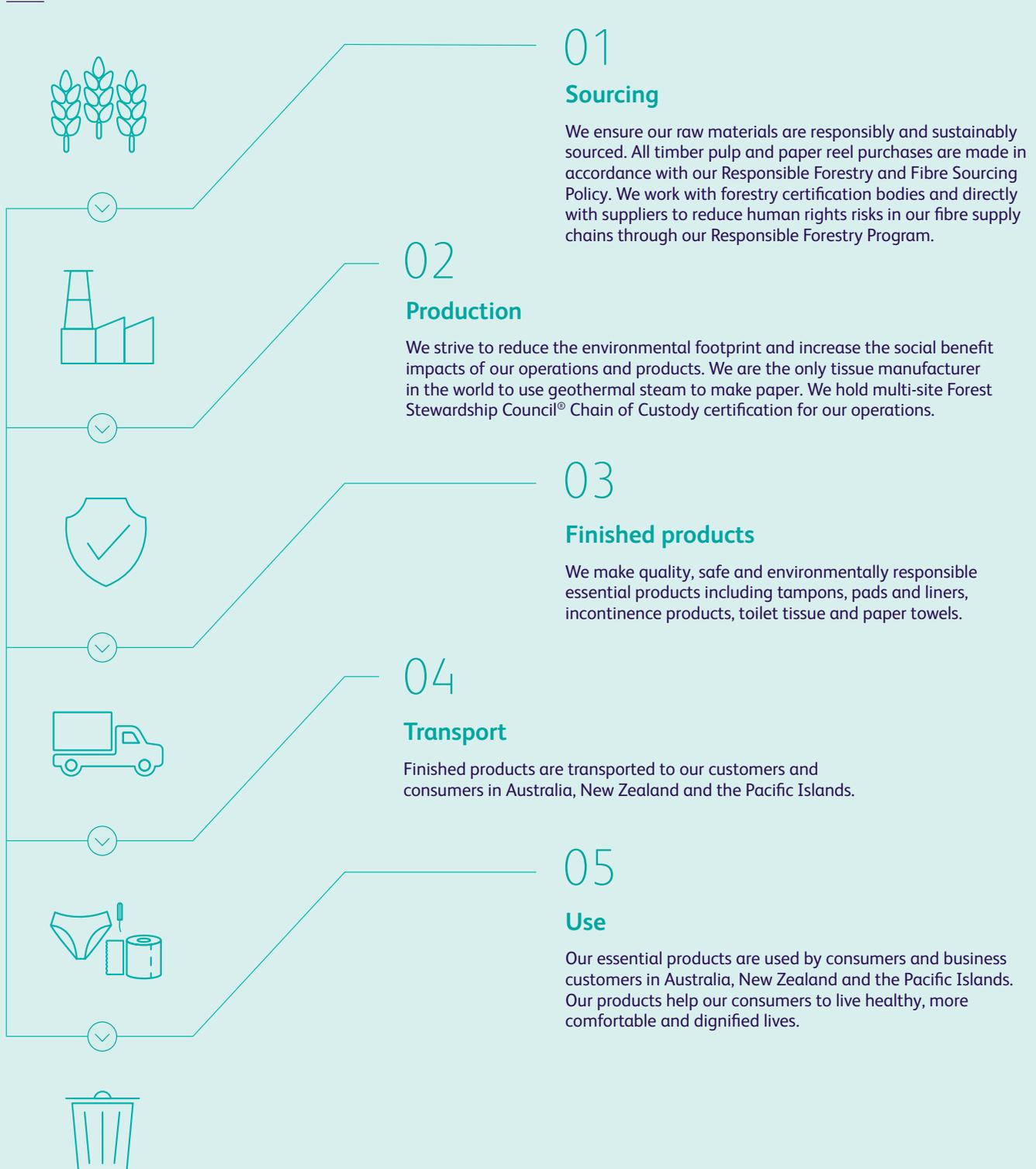
Manufacturing facility // **Nakasi**

Product Categories: Consumer Tissue and Professional Hygiene
Brands: Orchid, Viti, Softly and Tork

BUSINESS SEGMENT	PRODUCT CATEGORY	PRODUCTS	MANUFACTURING FACILITIES*	ROUTE TO MARKET
Retail Contributes 46% of FY20 EBITDA	Feminine Care	Libra Pads, tampons, liners and pants	Springvale, Australia	Retailers Coles, Woolworths, Metcash, Pharmacy, Costco, Foodstuffs Web shops (Customer list is not exhaustive)
	Incontinence Care	TENA Incontinence pads, pants and liners	Various products produced at Springvale, Australia	
	Baby Care	Drypers Nappies, nappy pants and wipes	Imported from Malaysia	
	Consumer Tissue New Zealand and Pacific Islands	Sorbent, Purex, Handee Orchid, Viti and Softly Toilet tissue, facial tissues, paper towel and napkins	Kawerau, New Zealand Nakasi, Fiji	Foodstuffs, Woolworths (Customer list is not exhaustive)
Business-to-business Contributes 54% of FY20 EBITDA	Professional Hygiene	Tork Hand towel, toilet tissue, napkins, soap, facial tissues and other hygiene accessories	Kawerau, New Zealand Nakasi, Fiji	Distributors Bunzl, OfficeMax, WINC (Customer list is not exhaustive)
	Incontinence Care	TENA Incontinence pads, pants and liners	Springvale, Australia	Healthcare Hospitals, aged care facilities, community care

4.2 Our Value Chain

Most of our products started their life in a forest, and we are committed to sustainable sources of timber pulp and pulp-based products.



4.3 Our Supply Chains

In 2020, Asaleo Care traded with over 1,300 Tier 1 goods and services providers in 31 countries, with a total procurement spend of \$264.65 million.

Total procurement spend of
\$264.65 million



SUPPLY PARTNERS

- Over **1,300** active suppliers
- From **31 sourcing countries**
- 34%** Australian based suppliers engaged



RESPONSIBLE SOURCING PROGRAM

- 110 active suppliers** in 2020 onboarded
- Covering **62.9%** of total procurement spend

Asaleo Care employs local people at our sites and purchases local goods and services that help support local and regional economies.

Of our Tier 1 suppliers 89% are based in the countries in which we operate, with the remaining based in Europe, North America, Asia and other countries (Chart 1). We spent nearly 20% of our total procurement spend in Australia, approximately 32% in New Zealand and Fiji where we also operate and 48% in other overseas procurement (Chart 1).

Our Procurement team manages the procurement of goods and services, including contractual arrangements with suppliers ranging from one off transactional purchase orders governed by standard terms and conditions, through to multi-year, large value fixed term contracts.

Our supply chains can be grouped into the following categories:

Materials



Services

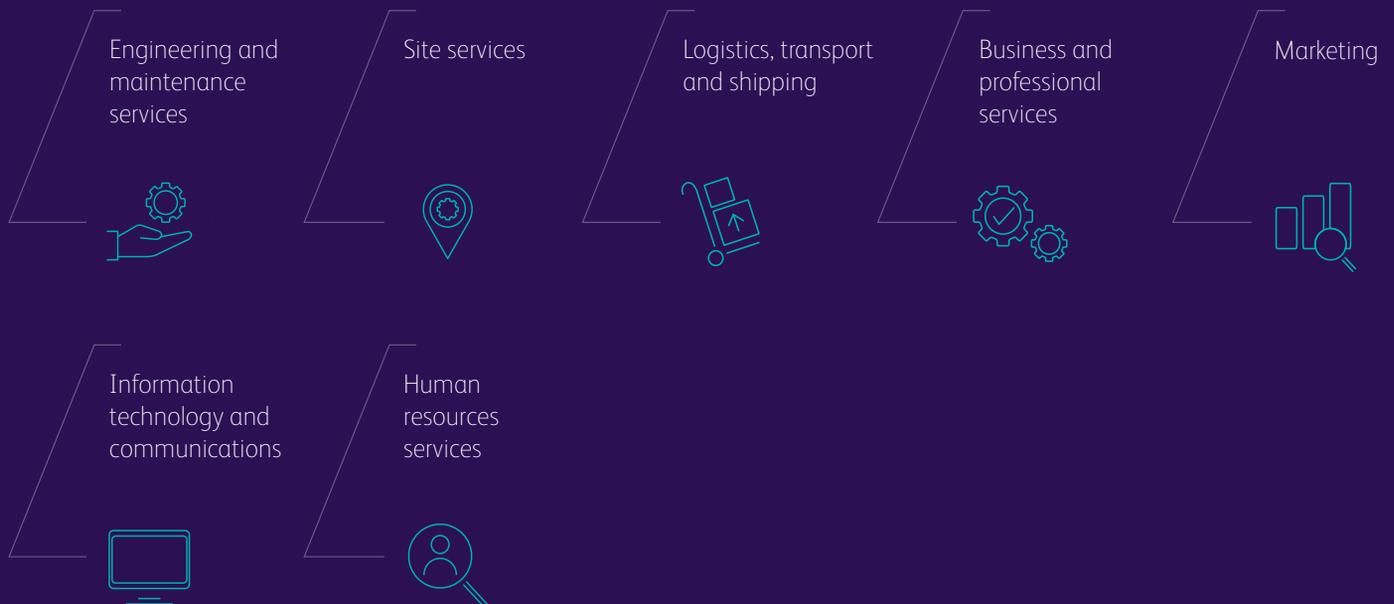
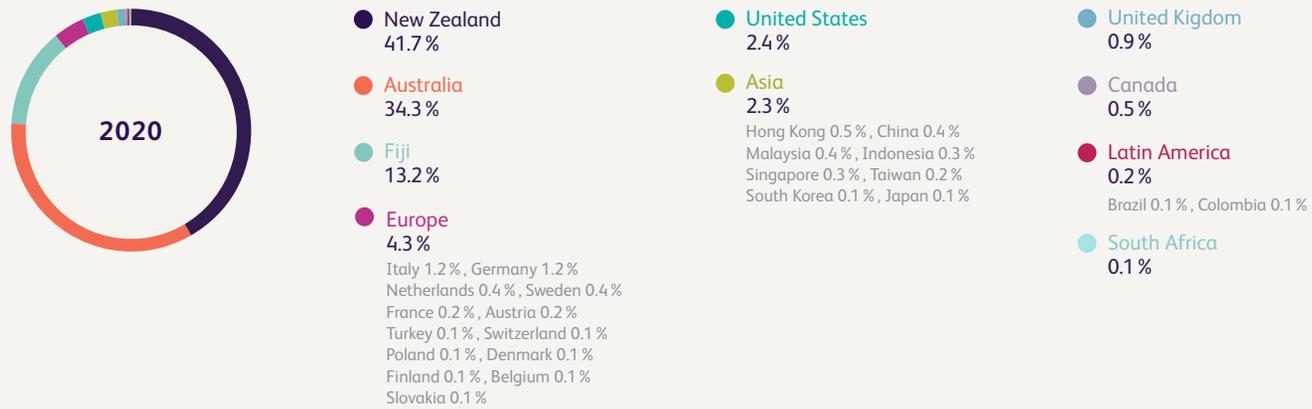


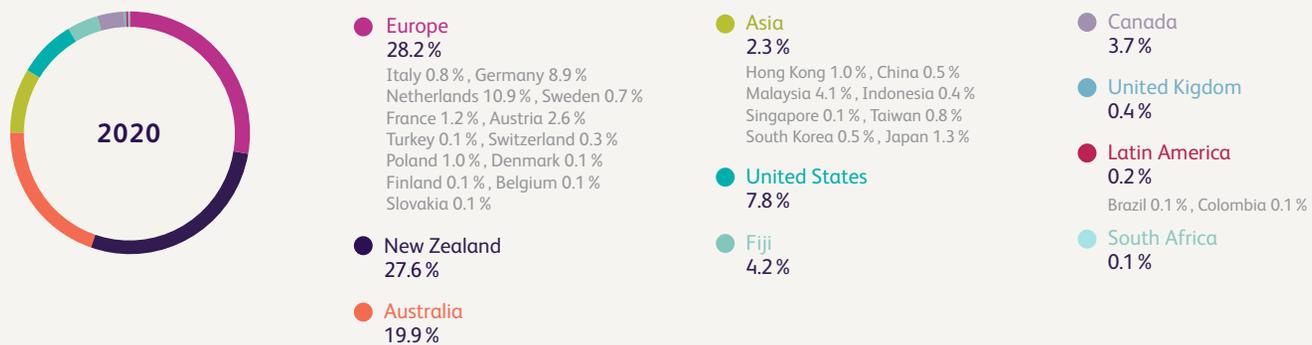
CHART 1

Percentage of Tier 1 (direct) suppliers



"NB: All procurement figures represent the spend with our Tier 1 suppliers and may not represent the source country of these goods."

Percentage of procurement spend by country



"NB: All procurement figures represent the spend with our Tier 1 suppliers and may not represent the source country of these goods."

4.4 Our Human Rights Approach

We recognise our responsibility to respect human rights and are committed to eliminating modern slavery within our supply chain and source goods and services free from the exploitation of workers. Our approach to tackling modern slavery is an integral part of our approach to broader human rights and workers' issues, and is based on the following internationally recognised declarations, standards and codes:

- » The UN Universal Declaration of Human Rights
- » The International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work
- » The UN Guiding Principles on Business and Human Rights
- » The Base Code of the Ethical Trading Initiative (ETI)

4.4.1 Asaleo Care Policies and Processes

We have a comprehensive set of relevant policies and procedures for managing risks and instances of modern slavery, broader human rights issues and workers' rights issues within our business and supply chains, as outlined in Table 3.

TABLE 3 – ASALEO CARE POLICIES AND PROCESSES

POLICY	OUTLINE
POLICIES AND PROCEDURES	
Code of Conduct ¹	Sets out the minimum ethical standards expected of all employees of the Company, as well as contractors, sub-contractors, suppliers, and agents.
Whistleblower and Reporting of Improper Conduct Policy ²	Sets out standards for appropriate workplace behaviours and conduct, and provides the avenue for reporting incidents or improper conduct.
Workplace Health and Safety Policy ³	Outlines Asaleo Care's commitment to the protection of the health and safety of all employees and any visitors to our sites or within our operations.
Other relevant internal Policies including Recruitment and Selection, Workplace Behaviours, Diversity and Inclusion, and Ethics and Anti-bribery	Other internal policies and standards relating to human resources inform the way we work and ensure that we aim to respect human rights in the way we do business.
Ethical Sourcing Policy ⁴	Through our policy, we prohibit the use of forced, bonded or involuntary labour or child labour in our supply chains, and support freedom of association, a living wage and non-discrimination.
Responsible Forestry and Fibre Sourcing Policy ⁵	This includes a No Deforestation, No Peat, No Exploitation (NDPE) commitment for the purchase of our pulp and paper reels. We are the first in our industry to make a tropical-peatland free commitment for our forestry and fibre sourcing.
PROCESSES	
Supplier Handbook ⁶	The Supplier Handbook is designed to acquaint potential and existing suppliers with Asaleo Care's 'way of working' with our suppliers to achieve quality, ethical and sustainable products and supply chains.
Supplier Ethical Assessment and Management Process (Responsible Sourcing Program)	Outlines the process for managing our Responsible Sourcing Program, including supplier site assessment, monitoring and management of labour and environmental risks in in our supply chains. It is applicable to all material supplier relationships and sites.

1. Code of Conduct – <https://www.asaleocare.com/about-us/code-of-conduct/>

2. Whistleblower and Reporting of Improper Conduct Policy – <http://www.asaleocare.com/globalassets/downloads/corporategovernance/corporate-policies/whistleblower-and-improper-conduct-policy.pdf>

3. OH&S Policy – <https://www.asaleocare.com/sustainability/ohs-policy/>

4. Ethical Sourcing Policy – <https://www.asaleocare.com/sustainability/ethical-sourcing-policy/>

5. Responsible Forestry and Fibre Sourcing Policy – <https://www.asaleocare.com/sustainability/responsible-forestry-and-fibre-sourcing-policy/>

6. Supplier Handbook – <https://www.asaleocare.com/sustainability/supply-chain-management/>

4.4.2 Human Rights Governance

Our approach to corporate governance is explained in our 2020 Corporate Governance Statement, available on our website at asaleocare.com. Our governance roles and responsibilities are detailed in Table 4.

TABLE 4 – HUMAN RIGHTS GOVERNANCE, ROLES AND RESPONSIBILITIES

RESPONSIBLE PERSON AND/OR POSITION	ROLES AND RESPONSIBILITIES
Asaleo Care Board	Governance oversight Policy approval and governance Risk oversight Endorsement of Modern Slavery Statement
Modern Slavery Steering Committee	Program review Supplier compliance oversight Key decision-making on management of non-compliant suppliers
Executive GM Supply	Overall responsibility for Program compliance
General Manager Sustainability	Regulatory and industry relationships and updates Training and competency development Identify and recommend best practice opportunities Maintenance of guidance documents and procedures Annual program maintenance, review and revision
Sustainability team	Maintenance of supply chain records Supplier site risk assessment
Procurement team	Supplier engagement Supplier Sedex onboarding Contract compliance with Program
People and Corporate Services team	Sourcing and recruitment in compliance with Modern Slavery requirements Management of third-party labour suppliers

4.5 Consultation with Subsidiaries

This modern slavery statement is made by Asaleo Care, and all its subsidiaries in Australia, New Zealand and Fiji. The Asaleo Care Modern Slavery Committee includes members of the Company's 3 operating Companies. In preparing this Statement, relevant management representatives of the operating entities were consulted and provided with an opportunity to have input and review.

TABLE 5 – ASALEO CARE LTD OPERATING ENTITIES

JURISDICTION	COMPANY NAME	ACTIVITIES	ABN
Australia	Asaleo Personal Care Pty Ltd	Manufacturing, distribution and sale of personal care and hygiene products	55 005 442 375
New Zealand	Asaleo Care New Zealand Ltd	Manufacturing, distribution and sale of personal care and hygiene products	Co No: 1470756
Fiji	Asaleo Care (Fiji) Limited	Converting, distribution and sale of personal care and hygiene products	Co No: 718

CASE STUDY

Celebrating 10 years of FSC Certification

Many of our products started their life in a forest.

Forestry is recognised globally as a potentially high-risk industry for modern slavery practices, including risks of forced labour and trafficking.¹ In addition to safety risks, the sector can include exploitative conditions, excessive working hours, potential use of migrant workforces and other vulnerable workers, exploitative labour contracting and recruitment practices, and long, complex and thereby non-transparent supply chains.²

Asaleo care recognises this supply chain as one on which we can have a material influence, and we look to sustainable

sources of pulp and pulp-based products that effectively manage both environmental and human rights risks. Through our Responsible Forestry Program, including Forest Stewardship Council® (FSC®C101950) certification of product input materials and finished products, we can achieve supply chain transparency and a level of assurance against human rights abuses.

This year we are proud to celebrate 10 years of holding FSC certification, a significant milestone in our journey to promote responsible forestry, with 332 certified products available to our customers in 2020.

1. Global Slavery Index 2018; US Department of Labour, 2018 List of Goods Produced by Child Labour or Forced Labour; Verite 2017. Strengthening Protections Against Trafficking in Persons in Federal and Corporate Supply Chains.
2. Verite 2017. Strengthening Protections Against Trafficking in Persons in Federal and Corporate Supply Chains; and Know the Chain. Investor snapshot: forced labour in forestry (incl. paper and forest products).



SECTION 05

Identifying Risks of Modern Slavery

We take a risk-based approach to tackling modern slavery, identifying possible sector, geographical or other reported emerging risks in our supply chains, and engaging with our suppliers based on the assessed level of risk.

We have operated a Responsible Sourcing Program since 2014 and choose to utilise the Sedex (Supplier Ethical Data Exchange) portal and tools to assess, monitor and address modern slavery, human rights and workers' rights issues. The Sedex risk assessment tools provide us with internationally recognised risk data in the areas of labour, health and safety, business ethics and environment.

Suppliers that provide materials or finished goods for our products, or that are contracted above a contracted spend threshold, are covered by the Program, and are required to join Sedex and share their full site risk information with Asaleo Care. Asaleo Care is still in the process of rolling out these requirements in our supply chain, and onboarding suppliers to Sedex.

Through the Sedex tools, we are then able to map our supply chains and screen for inherent geographical and sector risks, and combine these with specific site-based operational risks based on detailed Self-assessment Questionnaires (SAQs) and the findings of previous independent ethical audits. We also apply the Sedex forced labour and modern slavery indicators over this to further inform our modern slavery risk assessment.

Asaleo Care also uses publicly available documents such as the Global Slavery Index and the US Department List of Goods Produced by Forced Labour to further inform our risk identification process. We will continue to refine our risk mapping process as we learn more about our supply chain and the key drivers and root causes of modern slavery.

We have assessed risk in both our own operations and our supply chains, as detailed in Table 6, and identified the geographic areas of higher risk, and the salient human rights and workers' rights risk that apply.

TABLE 6 – IDENTIFIED MODERN SLAVERY AND WORKERS' RIGHTS RISKS

IDENTIFIED SECTOR-BASED RISKS	IDENTIFIED GEOGRAPHIC-BASED RISKS	SALIENT MODERN SLAVERY AND WORKERS' RIGHTS RISKS
ASALEO CARE OPERATIONS		
Labour hire	M Australasia	Wages and benefits Recruitment debt Working hours
Outsourced services (cleaning, IT, maintenance, security)	M Australasia	Wages and benefits Recruitment debt Working hours

IDENTIFIED SECTOR-BASED RISKS	IDENTIFIED GEOGRAPHIC-BASED RISKS	SALIENT MODERN SLAVERY AND WORKERS' RIGHTS RISKS
SUPPLY CHAIN		
Forestry, pulp and paper manufacturing	<p>M North America Australasia</p>	<p><i>Health and safety</i> <i>Wages and benefits</i> Recruitment debt <i>Working hours</i> <i>Land rights</i></p>
	<p>H Asia South America</p>	<p><i>Health and safety</i> Forced labour Recruitment debt <i>Living wage/wages and benefits</i> <i>Working hours</i> <i>Freedom of association and collective bargaining</i> Child labour</p>
Other raw materials and chemicals	<p>M Europe North America Australasia</p>	<p><i>Living wage/wages and benefits</i> <i>Working hours</i></p>
	<p>H Asia</p>	<p>Forced labour Recruitment debt <i>Living wage/wages and benefits</i> <i>Working hours</i> <i>Freedom of association and collective bargaining</i> Child labour</p>
Third party manufacturing	<p>M Australasia Europe</p>	<p><i>Living wage/wages and benefits</i> <i>Working hours</i></p>
	<p>H Asia</p>	<p>Forced labour Recruitment debt <i>Living wage/wages and benefits</i> <i>Working hours</i> <i>Freedom of association and collective bargaining</i> Child labour</p>
Logistics and shipping	<p>M Australasia</p>	<p><i>Health and safety</i> <i>Living wage/wages and benefits</i> <i>Working hours</i></p>

M Medium **H** High

SECTION 06

Mitigating and Remediating Modern Slavery Risks

6.1 Supplier Engagement and Due Diligence

Our Procurement team undertakes due diligence for prospective suppliers, including pre-qualification checks, vendor pre-qualification forms and contract terms that ensure suppliers agree to our policies and standards, including:

- » Code of Conduct
- » Ethical Sourcing Policy
- » Responsible Forestry and Fibre Sourcing Policy
- » OHS Policy
- » Procurement Policy

All contracted suppliers are monitored, and regular engagement is maintained by the Procurement team.

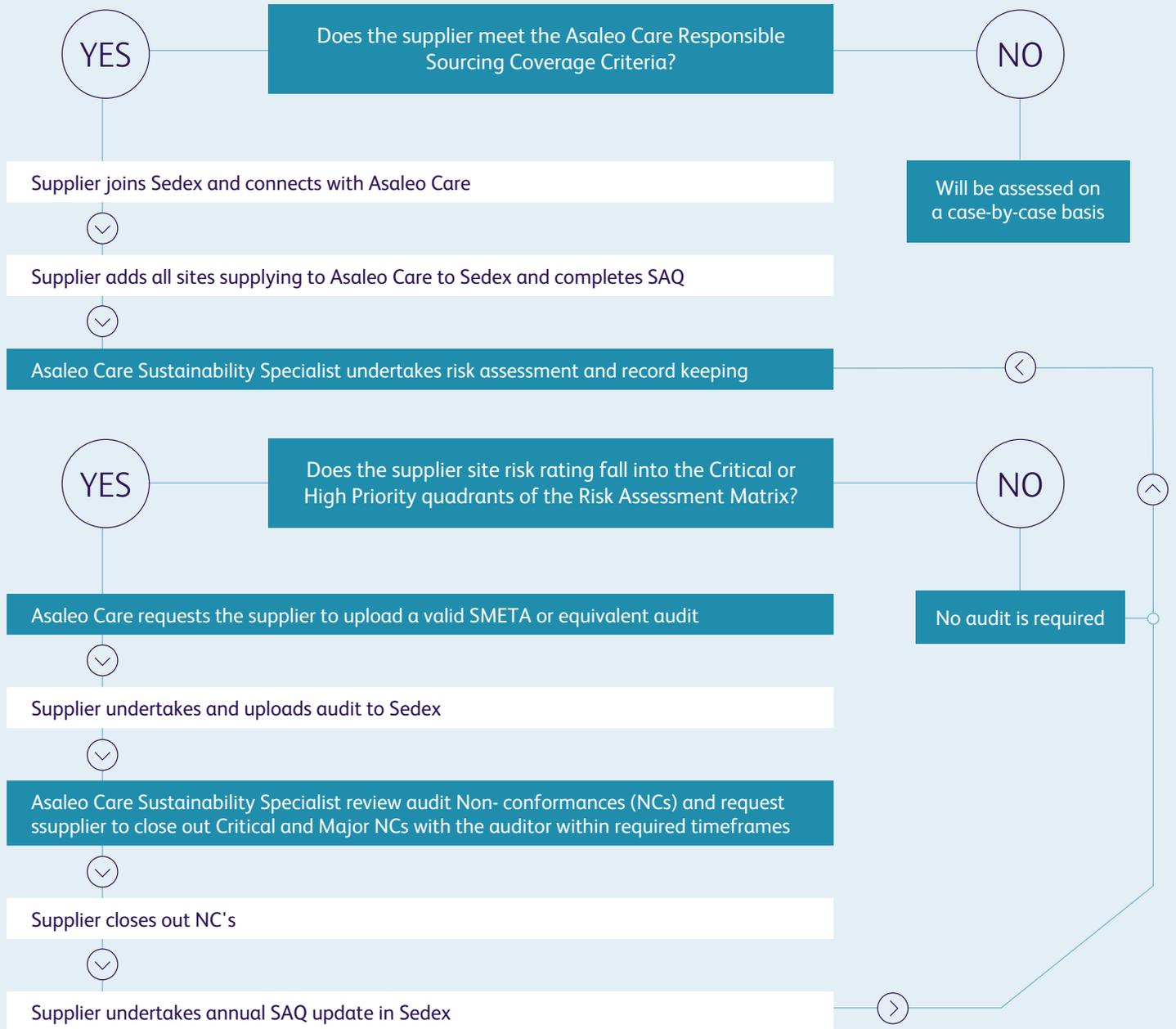
In 2020, we reviewed our supplier standards, procurement processes and contract templates to strengthen our procurement systems and further embed our approach to tackling modern slavery. We updated our Supplier Handbook to reflect this and included modern slavery aspects in supplier contract terms and conditions.

6.2 Monitoring through our Responsible Sourcing Program

Asaleo Care identifies, monitors, mitigates and remediates modern slavery and workers' rights risks through our Responsible Sourcing Program. Suppliers that provide materials or finished goods for our products, or that are contracted above a contracted spend threshold, are covered by the Program, and are required to join Sedex and share their full site risk information with Asaleo Care.

The program process is represented in Figure 1.

FIGURE 1 RESPONSIBLE SOURCING PROGRAM PROCESS



At end 2020, **62.9%** of our total procurement spend was covered by our Responsible Sourcing Program, with **110 relevant active suppliers** in the Program. During the reporting period, **4 independent audits** were received via Sedex for review at **8 identified high risk supplier sites**.

6.3 Mitigation and Remediation

If critical or major non-conformances with the Asaleo Care Ethical Sourcing Policy are identified at a supplier site, either through the Sedex SAQ, an independent audit or other reliable means, suppliers are required to remediate these non-conformances in a timely manner.

No instances of modern slavery were identified during the audits in 2020, however 24 major non-conformances with our Ethical Sourcing Policy at high-risk supplier sites were identified and uploaded by auditors in Sedex. These non-conformances were in the areas of health and safety, working hours, and wages and benefits. Asaleo Care requests suppliers to close out identified critical or major non-conformances and monitor this remediation action via Sedex and through direct correspondence with suppliers.

One potential issue in relation to worker documentation was identified by Asaleo Care staff during a supplier site visit. We worked with the supplier to have this issue remediated and successfully resolved within a short timeframe, with evidence of the remediation viewed by Asaleo Care representatives and confirmed through randomly selected interviews with workers at the site.

If suppliers do not meet the remediation requirements under the Asaleo Care Ethical Sourcing Policy and Code of Conduct and are unwilling to work with us, Asaleo Care can suspend supply. No suppliers were needed to be terminated in this manner in the reporting period.

6.3.1 Mitigating Risks in Forestry

As fibre-based materials and products are a key part of what we sell and manufacture, and forestry has been identified as a sector risk, Asaleo Care has developed our Responsible Forestry Program to mitigate the risks in this supply chain.

We hold FSC Chain of Custody certification and support credible independent certification and third-party verification of Forest Management and Chain of Custody systems which address both environmental and human rights risks. In 2020, we provided 332 FSC chain of custody certified products. Asaleo Care is the first and only company in our industry committed to prevent fibre sourced from drained tropical peatlands from entering our fibre supply chain. Our Policy commits us to No Deforestation, No Peat, No Exploitation. We will not purchase pulp and paper from controversial sources including:

- » Illegally logged timber
- » Timber from High Conservation Value Forests
- » Timber from drained tropical peatlands
- » Timber from areas where human or indigenous peoples' rights are violated

We conduct source of origin due diligence to map our fibre supply chains and trace the origin of our pulp and paper reel purchases from the country of harvest to the point of purchase from our suppliers. We have implemented an innovative web-based system to help us collect higher quality information from our suppliers and perform faster due diligence. Traceability helps us manage the fibre supply chain and manage each specific risk in an appropriate way with control measures commensurate with the risks. At the end of 2020, 38 pulp and paper reel suppliers, covering 82.6 per cent of relevant suppliers, were screened according to our due diligence criteria. All pulp and per reel purchases are screened, and 100 per cent of these purchases in 2020 met our Responsible Forestry and Fibre Sourcing Policy.

We understand that supply chain modern slavery risks can often occur beyond Tier 1 (or direct) suppliers, so we have commenced mapping and assessing our supply chains in our fibre supply chains, where we can have the greatest impact.

6.4 Grievance Mechanisms

Asaleo Care operates a Whistleblower and Reporting of Improper Conduct mechanism that is available for both internal and external stakeholder reporting of any ethical issues, including human rights and modern slavery. We will continue to build grievance process and promote these to our suppliers.

No instances of modern slavery were reported through the Whistleblower and Reporting of Improper Conduct mechanism in 2020.

6.5 Education, Training and Capacity Building

The Asaleo Care Sustainability team undertook responsible sourcing and modern slavery education and training of the following internal teams in 2020:

- » Executive Leadership Team
- » Procurement Team
- » Logistics Managers

Going forward, we will develop and deliver an internal education campaign for all our people to increase their understanding and awareness of modern slavery risks in our operations and supply chain.

6.6 Collaboration and Partnerships

We recognise that we can't tackle modern slavery alone, and have formed partnerships and joined industry collaboration groups to work together on this issue. Our partnerships are presented on Table 7.

This year, the COVID-19 global pandemic impacted on face-to-face collaboration, however we engaged in several on-line industry events including the Sedex Asia Pacific Conference 2020, and the 1st UN Pacific Forum on Business and Human Rights in December 2020. Through our membership with Fiji Commerce and Employers Federation (FCEF), we initiated discussions on human rights and modern slavery risks with FCEF members, the Fiji Government and the Pacific Islands Private Sector Organisation (PIPSO), which represents industry in 20 Pacific Island countries.

TABLE 7 – PARTNERSHIPS AND COLLABORATION



We have held FSC certification since 2010 for our manufacturing sites and trading operations. FSC is internationally recognised as the gold standard for sustainable forest management, and it allows our customers to trust that the pulp and paper we use has been legally, responsibly and sustainably sourced. In 2013, we also became a member of FSC Australia.



We have been members of Sedex since 2014 and utilise this platform to assess and manage our suppliers within our Responsible Sourcing Program. Sedex is a membership organisation that provides one of the world's leading online platforms for companies to manage and improve working conditions in global supply chains.



Founded in 1995, the Australian Food and Grocery Council is an industry association that has been helping member companies and the food and grocery supply industry to sustain Australia. The AFGC was active in industry consultations for the establishment of the *Modern Slavery Act 2018*.

PREQUAL New Zealand



We use PREQUAL New Zealand for local New Zealand suppliers. PREQUAL is an independently managed service that:

- » Enables a contractor to demonstrate they have been independently assessed and can be trusted to work safely and to get the job done
- » Removes the hassle of a client organisation having to assess the health and safety systems and other critical measures used by a contractor
- » Provides a manager (or employer) of contractors with an indication of a contractors' ability to perform work safely.

Asaleo Care Fiji is a member of the Fiji Commerce and Employers Federation (FCEF), Fiji's national private sector body representing approximately 269 industry members in Fiji. FCEF helps promote best practice labour relations in Fiji.



PIPSO represents 20 National Private Sector Organisations (NPSOs) in the Pacific region. The key role of the NPSOs is to advocate for the interests of the private sector at the country level and participate and contribute to the policy development and strategies for private sector development. NPSOs are required to be inclusive of Small and Medium Enterprises (SMEs) and Women in Business as their members. Fiji works with PIPSO through FCEF to promote Modern Day Slavery awareness across the Pacific region.

CASE STUDY

Taking action in the Pacific Region

Modern slavery is a present and persistent issue in the Pacific region, with a recent report finding that forced labour for labour exploitation, sexual exploitation, child labour, and forced and early marriage were identified across the region.¹

High risk industries in the Pacific region for forced labour include fisheries, construction, agriculture, logging, hospitality, and domestic services. Many of these industries employ a high percentage of migrant workers, including seasonal workers who are more vulnerable to exploitation by labour recruitment agents and sub-contractors.² However, significant knowledge gaps remain regarding the nature and extent of forced labour and trafficking in the region.

Our business activities do not directly intersect with the identified high-risk sectors, however, as a large employer in Fiji, we are committed to upholding and promoting best labour practice in our own operations and in our local supply chains.

Through our membership with FCEF, we have initiated industry engagement on the topic of human rights and modern slavery risks in the region. This engagement has also included initial engagement with the Fiji Government and the PIPSO, which represents industry in 20 Pacific Island countries.

We will continue this journey to tackle modern slavery risks in our supply chains in the Pacific region.

1. Walk Free Foundation 2020. Murky Waters – a Qualitative Assessment of Modern Slavery in the Pacific Region. Available at: <https://cdn.walkfree.org/content/uploads/2020/10/06163210/Walk-Free-Foundation-Pacific-Report-04-2020.pdf>

2. Verite Responsible Sourcing Tool – <https://www.responsiblesourcingttool.org/visualizerisk>

SECTION 07

Responding to COVID-19

The year 2020 was unprecedented with the effects of the global COVID-19 pandemic. We recognised that this could lead to increased vulnerability of workers in the supply chain.

We conducted an initial COVID-19 risk assessment on suppliers in our program, based on Sedex guidance and requested key suppliers to complete a COVID-19 specific self-assessment questionnaire which covered the following:

- » Impacts of the pandemic on the business or site.
- » Direct impacts of on the workforce.
- » Measures put in place to minimise the spread and infection of COVID-19,

support any ill workers, to communicate health and safety information to workers, and support workers with financial impacts or stress caused by the pandemic.

- » Actions taken by the business to respond to the crisis, including actions with suppliers.
- » Level of support provided by customers.

Asaleo Care was recognised as an essential service in Australia, New Zealand and Fiji, and we continued to provide safe workplaces, with our manufacturing and logistics operations continuing to operate under COVID-safe plans and office-based staff working remotely. In addition to measures to support physical health, we provided mental health support to our team members throughout the impacted period.

SECTION 08

Tracking our Progress and Effectiveness

We recognise the value of continuous improvement and in tracking our progress and effectiveness of our actions to tackle modern slavery.

With oversight from the Modern Slavery Committee, our Sustainability team leads our evaluation process which includes:

- » Regular review of our risk assessment processes through our Responsible Sourcing Program to ensure it remains up to date.
- » Supplier pre-selection risk assessment in procurement processes.
- » Annual screening review of the risk level of our active suppliers.
- » Monitoring and tracking the number of high-risk suppliers with non-conformances.
- » Following up non-conformances with suppliers, and the number of these being remediated and closed out.
- » Regular review and tracking of supplier SAQs against labour, human rights, health and safety and other indicators.
- » Deeper supply chain mapping and risk assessment for key risk materials (such as timber fibre and cotton).
- » Development of procurement policies for key materials to mitigate risk.
- » Accessing networks and resources to identify best practice improvement opportunities and emerging risks.

SECTION 09

Looking Ahead

We recognise that we are on an on-going path to addressing Modern Slavery in our supply chains, and our Modern Slavery Committee has set the following priorities for calendar year 2021.

TABLE 8 – 2021 MODERN SLAVERY PRIORITIES

AREA	PLANNED ACTIONS
Policies and processes	Update recruitment policies to include enhanced provisions and specific clauses on human rights and modern slavery compliance.
Human Resources and Operations	<p>Continue review of our human resources, employment and third-party labour provider management processes and practices in our operations in high-risk countries across the Pacific region.</p> <p>Following the registration of third-party labour hire providers to Sedex, conduct risk assessment and identify areas of vulnerability across our operations.</p>
Procurement Processes	<p>Ongoing supplier due diligence.</p> <p>Promote updated Supplier Handbook to direct suppliers.</p> <p>Engage suppliers in closing out non-conformances.</p>
Risk Mapping	<p>Bi-annual risk mapping of supplier sites.</p> <p>Commence assessment of risk beyond Tier 1 for key fibre supply chains.</p>
Training	Develop and deliver an internal education campaign for our people to increase their understanding and awareness of modern slavery risks in our operations and supply chain.
Grievance Mechanisms and Remediation	Promotion of mechanism within our supply chains
Progress and Effectiveness	Strengthen our KPIs to monitor the effectiveness of our strategies, with a focus on our suppliers and Responsible Sourcing program and training.
Collaboration and Engagement	<p>Continue to engage with suppliers to raise awareness and improve performance.</p> <p>Continue to engage with industry.</p>

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