

Modern Slavery Statement FY 2020

forico
future fibre



employer
of choice

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About this Statement

This Statement covers the activities of Forico Pty Limited (Forico) a proprietary company incorporated and domiciled in Australia under the Corporations Act (Cth) 2001. Forico is a reporting entity for the purposes of the *Modern Slavery Act 2018 (Cth)*. Forico does not have any subsidiaries nor does it own or control any other entities. All references to a year are the financial year ended 30 June 2020 unless otherwise stated.

This statement has been approved by the Forico Board of Directors 27 January 2021.



Bryan Hayes
Chief Executive Officer
27 January 2021

Our 2020 highlights

- Rolling out and implementation of Modern Slavery clauses in new and renewed supplier contracts.
- Consideration of supplier “*Risk Profiles*” (origin of source and activity).
- Consideration for the drafting of a Modern Slavery Policy.



About Forico

Corporate Information

Forico Pty Limited is a proprietary company incorporated on 24 April 2014 and domiciled in Australia. Forico's parent entity is **The Trust Company Limited** (ACN 004 027 749) as Trustee for **Tasmanian Forest Operating Trust** (ABN 43 827 359 657).

Forico's registered office is:

Level 23, 141 Walker Street, North Sydney NSW 2060

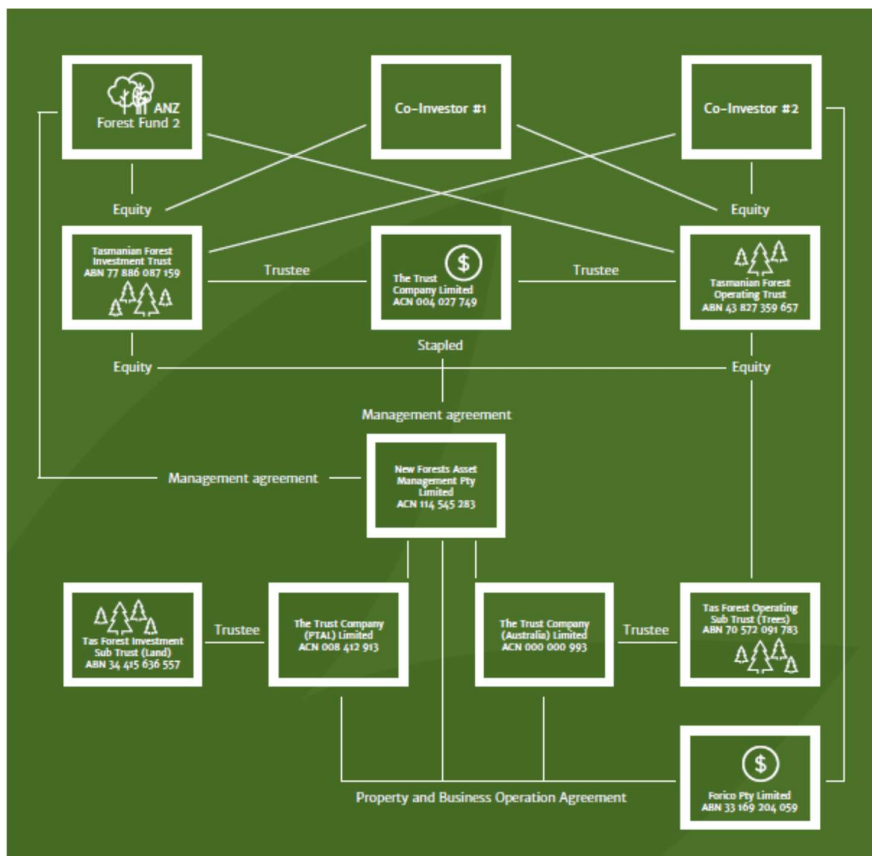
and the company's principal place of business is:

16 Techno Park Drive, Launceston Tas 7250.

Principal Activities

Forico was established in 2014 to manage, land and forest assets in Tasmania for institutional investors who have directly invested into the Fund Manager's pooled fund Australia and New Zealand Forest Fund 2 (ANZFF2). Forico is engaged by the Fund Manager, New Forests Asset Management Pty Ltd on behalf of the Trustees.

The Trust and Sub Trust relationships in the Australian and New Zealand Forest Fund 2 are depicted in the following diagram (*Figure 1*):

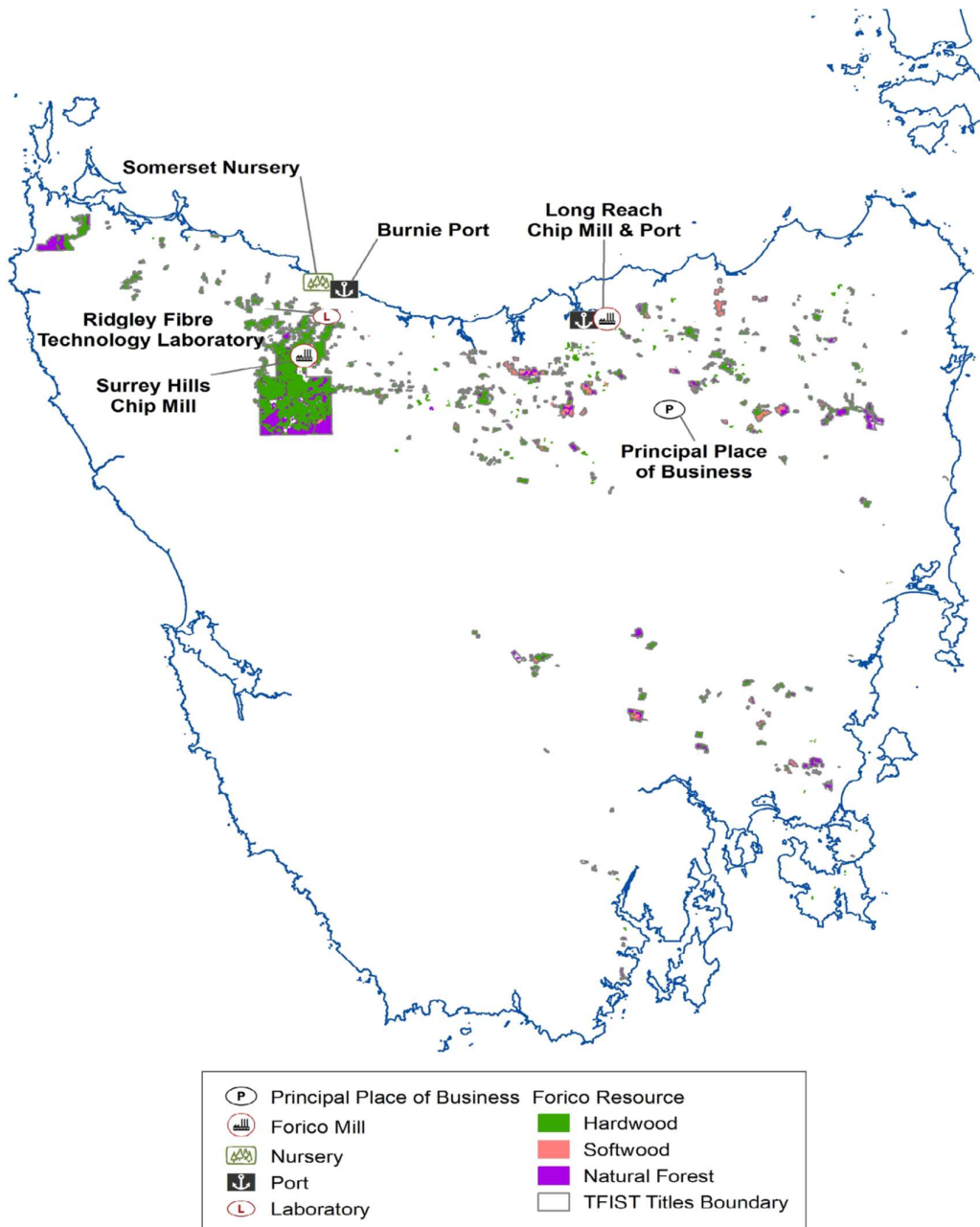


Forico is Australia's leading certified sustainable plantation asset management company and Tasmania's largest privately owned landscape manager.

Forico maintains and operates a vertically integrated forestry business from seed production through to the export of wood fibre. This includes components of property management, land care, conservation, forestry management, plantation operations, fibre harvest and haulage, nursery operations, laboratory and mill operations and facility maintenance (See Figure 2 – Forico footprint and operations FY2020).

This integrated model operating in Tasmania provides Forico with supply chain security and control which accounts for a significant portion of the procurement spend in financial year 2020.

Figure 2 – Forico footprint and operations FY2020



The activities of the business are predominantly located, geographically across Northern Tasmania.

Suppliers

Forico procures products and services from a broad range of industries in support of the vertically integrated forestry business, including log supply, harvest and haulage, fixed plant, consumables/commodities, freight and logistics, labour hire / contractors, energy, information technology and storage.

Two of the largest categories of spend, harvest and haulage and log supply combined represent just under 60% of the Company's overall procurement spend. The suppliers of these activities are predominantly Tasmanian / Australian based service providers.

Risk in Supply Chain

Forico is committed to conducting business in an ethical and socially responsible manner. Respecting human rights is inherent to our core value of promoting growth and fostering respect, trust and transparent engagement in the treatment of our people. As part of our commitment we do not tolerate Modern Slavery and human trafficking within our business or our supply chain.

In 2020, Forico undertook a review of potential risks of Modern Slavery practices across its operations. During the assessment process Forico considered risks that may possibly cause, contribute and/or be directly linked to Modern Slavery practices, in accordance with the Australian Government Home Affairs Commonwealth Modern Slavery Act 2018 Guidance for reporting entities document.

As part of this assessment process Forico considered risk factors as identified in the guidance document including geographic locations, industry and type of products. As a result, Forico has been able to identify areas with no or low risk of Modern Slavery in operational activities directly undertaken by its employees which are covered by internal processes.

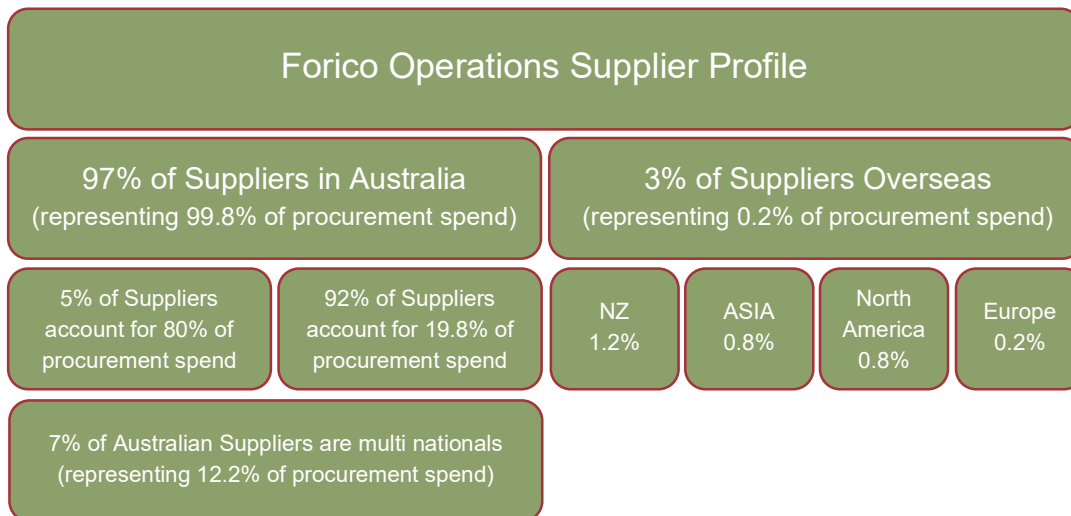
Forico did however identify potential "Risk hotspots" as follows:

1. Sourcing products directly from overseas suppliers e.g. plant and equipment, assets and asset spare parts.
2. Sourcing from multinationals with a local presence e.g. plant and equipment, assets, asset spare parts, consumables, saleable product and chemicals.
3. Local retail / distributors sourcing products from overseas (i.e. Tier 2 supply) e.g. fuel, tyres, assets and asset spare parts, supplies, uniforms and technology.
4. Labour hire / contract services e.g. use of casual / itinerant seasonal workers (nursery work and tree planting).

Further analysis of Forico's supply chain has identified that most of the procurement spend is local, that is in Tasmania (Australia) suggesting a significant reduction in the risk to Modern Slavery within first-tier suppliers (see *Figure 3 - Forico operations supplier profile FY2020*).



Figure 3 – Forico operations supplier profile FY2020



Addressing Risk of Modern Slavery

A threefold approach to address Modern Slavery risk was undertaken in the 2020 financial year comprising of:

1. The addition of Modern Slavery clauses in supplier contracts;
2. High level risk assessment of suppliers;
3. Review of internal policies and procedures to comply with the Modern Slavery legislation.

1. Modern slavery clause in supplier contracts

During 2020 all new and or renewed supplier contracts were reviewed and Modern Slavery clauses added to heighten the level of awareness of the supplier to comply with the current legislation and conduct their business in alignment with the principles and objectives of laws in relation to Modern Slavery.

2. High level risk assessment of existing suppliers

A high-level desk top review was conducted of the annual procurement spend on suppliers and direct offshore suppliers - (see *Figure 3 – Forico operations supplier profile FY2020*), against the risk factors identified in the Australian Government Home Affairs Commonwealth Modern Slavery Act 2018 Guidance for Reporting Entities document. The review revealed a low risk of Modern Slavery in Forico’s supply chain based on the product type and location of existing suppliers¹. Forico is committed to continue to review all existing suppliers to ensure a low risk of Modern Slavery in its supply chain.

¹ Global Slavery Index, 2019



3. Review of internal policies and procedures

During the reporting period as part of the continual review processes Forico reviewed policies and procedures for alignment with the Modern Slavery requirements. An overarching Modern Slavery Policy was developed to support business activities. The objective of the Policy is to create awareness and understanding across the business with the purpose of:

- ensuring that goods and services purchased through Forico's supply and value chains are ethical and socially responsible to minimise or eradicate Modern Slavery risks;
- setting out the responsibilities of Forico, its employees, operations and suppliers in observing and upholding Forico's position on Modern Slavery; and
- providing information and guidance to employees on how to recognise and deal with Modern Slavery issues.

Effectiveness of our Approach

Forico has put the first critical steps in place to review and understand the risk of Modern Slavery in its supply chain. Internal controls and procedures have been put in place to ensure effective compliance to the Modern Slavery legislation in Australia. Existing documents such as the Forico Code of Conduct and Speak-up (Whistleblowing) Standard support the company's commitment to social responsibility.

Forico's Code of Conduct outlines the company's zero tolerance position on bribery and corruption. The Speak-up (Whistleblowing) Standard is supported by a 3rd party independent and confidential reporting service to encourage the reporting of actual or potential misconduct, including Modern Slavery activity within the supply chain.

It is expected that as the Modern Slavery Policy is adopted and the internal procedures in Forico mature, additional monitoring and audit systems will be developed and implemented.

Next Steps in 2021

Notwithstanding any unforeseen disruption due to COVID-19, several steps will be undertaken in the 2021 Financial Year to support Forico's Modern Slavery program.

These steps include:

- Adoption and implementation of the Forico Modern Slavery Policy.
- Development and execution of a Modern Slavery training program for key procurement/purchasing officers in the organisation to increase overall awareness of risk factors when engaging suppliers.
- Extending supply chain reviews based on known potential Modern Slavery risk factors.
- Review risk profiling for the contracting of suppliers (new and existing) and implement any changes where necessary.
- Conduct a questionnaire across identified higher risk suppliers as to the source of products, materials and business practices and compliance with Modern Slavery policies and objectives.

