

Modern Slavery Statement FY 2021


future fibre



employer
of choice

work safe
home safe

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Acknowledgement of Country

In pursuit of our common interest for reconciliation, Forico acknowledges and pays respect to the Tasmanian Aboriginal Palawa and Pakana people as the Traditional Owners and spiritual custodians of the land on which we do business. We acknowledge the Palawa and Pakana Elders – past, present and emerging.



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 2021 unless otherwise stated.

This statement has been approved by the Forico Board of Directors 16 December 2021.



Bryan Hayes
Chief Executive Officer
16 December 2021

Our 2021 highlights

- Adoption and implementation of a Modern Slavery Policy.
- Continuing the rolling out and implementation of Modern Slavery clauses in new and renewed supplier contracts.
- Review of supplier “*Risk Profiles*” (origin of source and activity).
- Consideration for the drafting of a Supplier Code of Conduct to form part of the company’s approach and policy framework to address and manage both Modern Slavery and Safety, Health and Environmental risks in the supply chain.



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

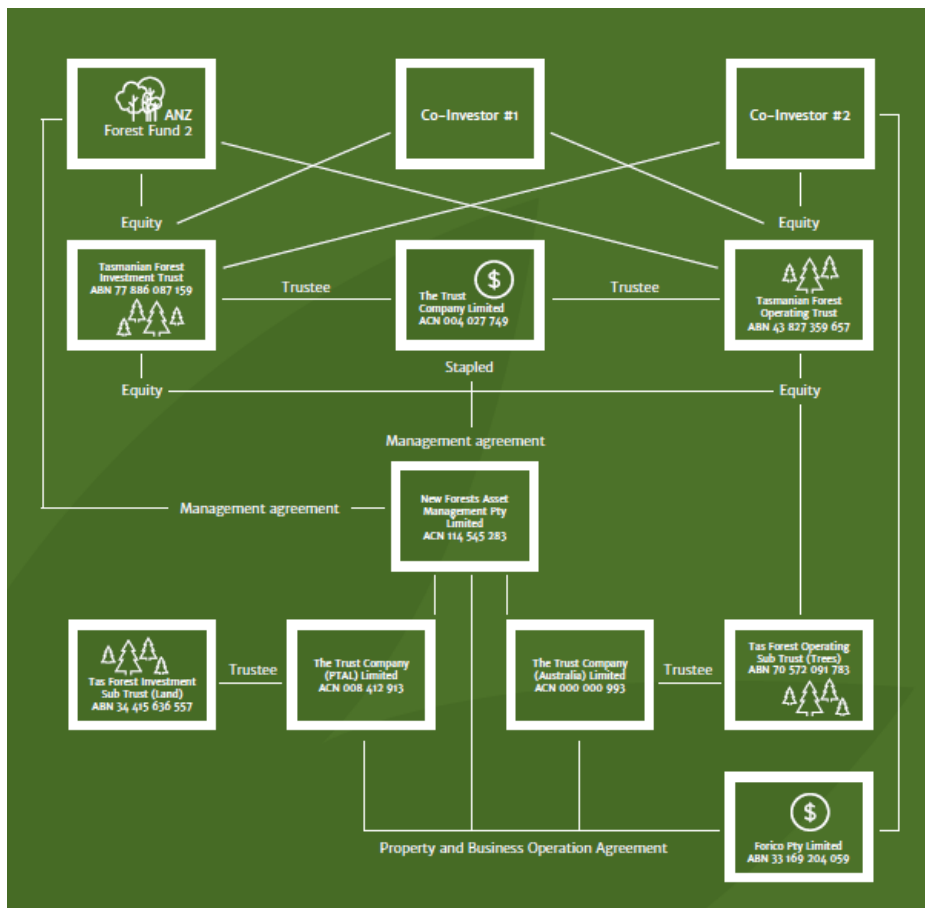
and the company's principal place of business is:

16 Techno Park Drive, Launceston Tas 7250.

Principal Activities

Forico was established in 2014 to manage and operate, 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):

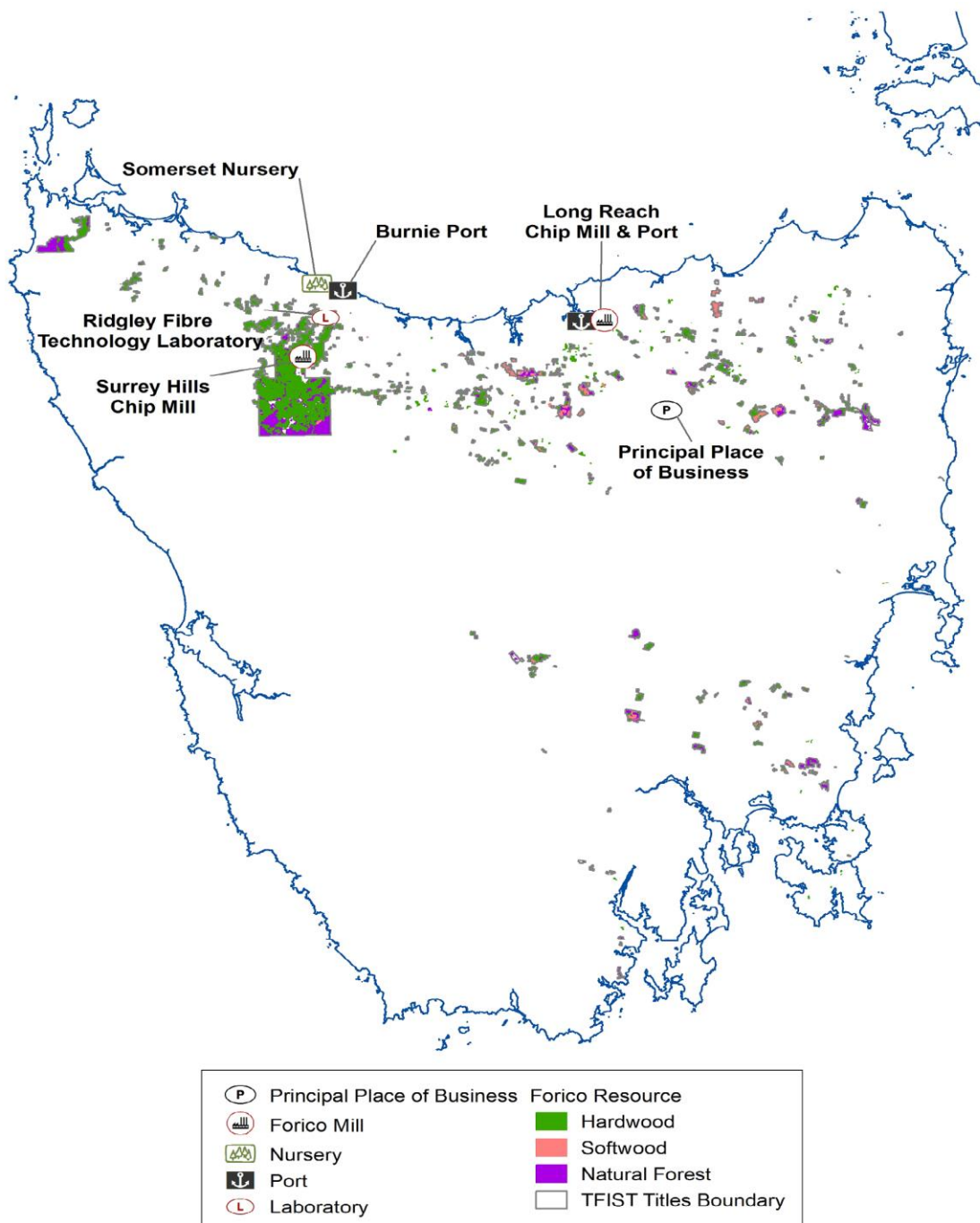


Forico is Australia's leading certified sustainable plantation asset management company and Tasmania's largest privately owned landscape manager.

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 FY2021).

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 2021.

Figure 2 – Forico footprint and operations FY2021.



Risk in Operations

The activities of the business are predominantly located, geographically across Northern Tasmania which is considered to have a low to zero risk of modern slavery practices. Australia has strong labour rights, regulatory framework and related enforcement which is supported by internal Forico policies and procedures. The risk of modern slavery is further mitigated as we remunerate our employees and contractors above the living wage, our contracts of employment protect the rights of the individual and we have been recognised as an Employer of Choice by the Tasmanian Government.

Forico has a strong and ongoing commitment to sustainability principles. Forico's forests are certified to the Responsible Wood (RW) and Forest Stewardship Council® (FSC®) Certification Schemes which demonstrates a commitment to responsible forest management. The Responsible Wood Certification Scheme is endorsed by the Programme for the Endorsement of Forest Certification Schemes (PEFC). Forico is also certified to the FSC® and RW Chain of Custody (CoC) Standards. Chain of Custody traces material through all stages of the supply chain so wood fibre products can be sold with certification claims, this includes ensuring compliance with modern slavery requirements.

Independent third-party auditing is completed on an annual basis to demonstrate compliance. Internal auditing complements this process to ensure continual improvements are achieved.

Forico has a Speak-up (whistleblowing) standard and to date we have not received any items raised which relate to modern slavery. Should any incidents of negative human rights or pertaining to modern slavery be raised they will be escalated through the organisation; Supervisor / Manager, People and Culture, Chief Executive Officer, Board, and /or external authorities.

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 silviculture combined represent just over 56% 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 2021, Forico continued to review the 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.



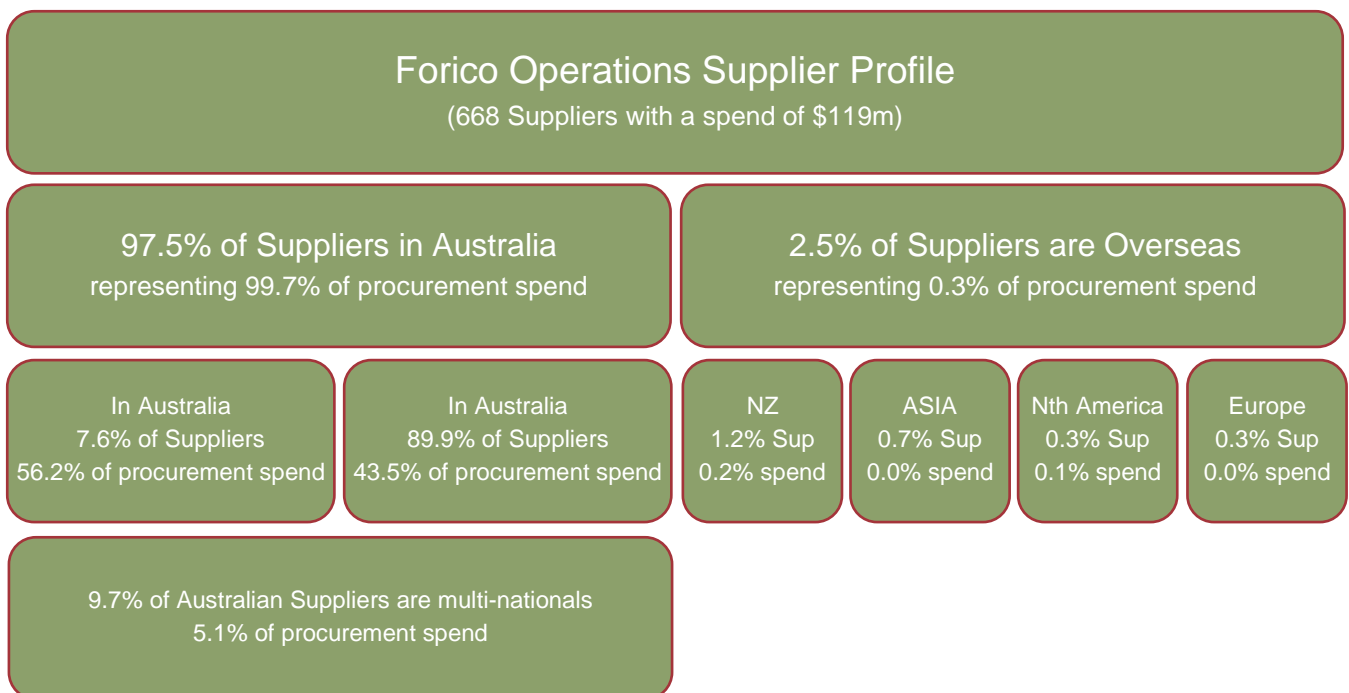
As part of this assessment process Forico continues to review risk factors in line with the guidance document including geographic locations, industry and type of products. From this review process, Forico has defined operational activities directly undertaken by its employees which are covered by internal processes and controls as areas with no or low risk of Modern Slavery.

Forico continues to closely monitor the following identified potential “Risk hotspots”:

1. products sourced 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 FY2021).

Figure 3 – Forico operations supplier profile FY2021.



Addressing Risk of Modern Slavery

A fourfold approach to address Modern Slavery risk was undertaken in the 2021 financial year comprising of:

1. Adoption and implementation of a Modern Slavery Policy;
2. Continuation of the roll out of Modern Slavery clauses in supplier contracts;
3. High level risk assessment of suppliers;
4. Review of internal policies procedures – Supplier Code of Conduct.

1. Adoption and implementation of a Modern Slavery Policy

The Forico Board approved the Modern Slavery Policy for implementation by management on 27 October 2020. The roll out of this policy has seen an increase of awareness in the company's approach to prevent the potential of modern slavery practices in our operations and supply chain by:

- 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.

2. Modern slavery clause in supplier contracts

During 2021 the company has continued to ensure Modern Slavery clauses are included in new and or renewed supplier contracts. The inclusion of Modern Slavery clauses heightens a supplier's level of awareness of our requirements and their need to comply with the current legislation and conduct their business in alignment with the principles and objectives of laws in relation to Modern Slavery.

3. High level risk assessment of existing suppliers

A high-level desk top review was again conducted of the annual procurement spend on suppliers and direct offshore suppliers - (see *Figure 3 – Forico operations supplier profile FY2021*), 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.

4. Review of internal policies and procedures

During the reporting period as part of the continual review and good governance, consideration was given to establishment of a Supplier Code of Conduct to form part of the company's approach and policy framework to address and manage both Modern Slavery and Safety, Health and Environmental risks in the supply chain.

¹ Global Slavery Index, 2018



Effectiveness of our Approach

Forico has continued to build on the foundation in place to review and understand the risk of Modern Slavery in its supply chain. Internal controls and procedures have been enhanced 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 and the addition of the Modern Slavery Policy 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.

The adoption of the Modern Slavery Policy has seen a maturing of the internal procedures within Forico a steppingstone to additional monitoring and audit systems to be developed and implemented.

Next Steps in 2022

Notwithstanding any additional unforeseen disruption due to COVID-19, several steps will be undertaken in the 2022 Financial Year to support Forico's Modern Slavery program.

These steps include:

- Adoption and implementation of the Forico Supplier Code of Conduct Policy.
- Ongoing 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 (deferred from 2021).
- Extending supply chain reviews based on known potential Modern Slavery risk factors.
- Review risk profiling (due diligence) for the contracting of suppliers (new and existing) and implement any changes where necessary.
- External review of supplier risk profile to identify those that require closer scrutiny.
- 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.



APPENDIX 1

Regulatory disclosure – the table below references where the mandatory criteria are disclosed for the purposes of the Australian Modern Slavery Act 2018 (Cth).

Modern Slavery Act mandatory reporting criteria	Forico disclosure reference
1. Identify the reporting entity.	About this Statement - page 2
2. Describe the reporting entity’s structure, operations and supply chains.	About Forico - page 3 - 4
3. Describe the risk of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls.	Risk in Operations & Supply Chain – - page 5 - 6
4. Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address those risks including due diligence and remediation processes.	Addressing Risk of Modern Slavery - page 7
5. Describe how the reporting entity assess the effectiveness of such actions.	Effectiveness of our Approach - page 8
6. Describe the process of consultation with any entities that the reporting entity owns or controls.	Not applicable
7. Provide any other information that the reporting entity or the entity giving the statement considers relevant.	Next steps in 2022 - page 8 APPENDIX 1 - page 9

