



Modern Slavery  
Statement 2022

**Opal.**

# Acknowledgement of Country

Opal acknowledges the Traditional Custodians of Country throughout Australia and recognises their connection to land, waters, and community. We pay our respects to the traditional custodians and their cultures; to Elders past, present, and emerging. We support the recognition of Aboriginal and Torres Strait Islander peoples in the Australian Constitution.

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# A message from Opal

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On behalf of the Board of Directors of Paper Australia Pty Ltd, I am proud to present Opal's 2022 Modern Slavery Statement. This Statement outlines the progress we have made since our 2021 Statement to identify, manage and mitigate the risks of modern slavery and human rights abuses in our operations and supply chain.



Opal embraces five Values across all teams and entities, with a central value of SAFE. This is our number one priority and pivotal to all decisions and activities at Opal. Safety risk management programs focus on our employees, as well as all stakeholders, both up and downstream in the supply chain and include ethical trade as a risk module. The International Bill of Human Rights guides us along with principles set out in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. We are committed to conducting business ethically and with integrity.

2022 has been a year to embed our planned processes, identify new areas of risk, partner with suppliers and subject matter experts to improve ethical practices, review our vendor management programs to improve risk identification, and build better internal practices to support our own employees and subcontractors. Our ethical trading group continues to meet to monitor our ethical risk management capability.

Opal reaffirms our commitment to support all employees, service providers and suppliers to prevent or mitigate adverse human rights effects through education, compliance, and mitigation activities. We will act with due diligence to ensure the rights of all are protected and expect our suppliers and service providers to do the same.

Continuous improvement remains the core process for our modern slavery program. Opal is committed to annual review and refinement of our methodologies and program outputs to better identify and manage the impacts of our business' ethical trade footprint.

We appreciate your interest in Opal's approach to managing this critical issue and encourage feedback from our stakeholders through our Opalanz website: <https://opalanz.com>. This statement was approved by the Paper Australia Pty. Ltd. Board on 16 June 2023, on behalf of its reporting entities.

Matt Lizuka  
Director





# 1

## Reporting entity

Paper Australia Pty Ltd (**OAP**) is a wholly owned subsidiary of Nippon Paper Industries Co. Ltd (**NPI (Nippon Paper Industries)**) which is listed on the Tokyo Stock Exchange and the Osaka Exchange. OAP is the parent company of a group of subsidiary companies which are collectively branded as Opal, as outlined below.

Opal's 2022 Modern Slavery Statement (**Statement**) is made pursuant to the requirements of the Modern Slavery Act 2018 (Cth) (the **Act**) and represents a joint statement, which has been prepared and published by OAP on behalf of the following "reporting entities" (as that term is defined in section 5 of the Act) within Opal's Corporate Group:

- Paper Australia Pty Ltd (ACN 061 583 533)
- Opal Packaging Australia Pty Ltd (ACN 636 682 883)
- Specialty Packaging Group (ACN 005 319 666)

The operations of the reporting Opal entities include significant similarities, including:

- being closely aligned;
- in the same sector;
- under the same senior management;
- having substantially similar board composition;
- being governed by the same policies; and
- sharing many suppliers.

Consequently, we have been able to consolidate the description of our actions to assess and address modern slavery risks and implement one due diligence process across the Opal entities.

# 2

## Opal's structure, operations and supply chain

Opal offers sustainable fibre packaging and paper solutions to suit every customer. We directly employ more than 3,000 staff across our operations, with over 60 sites in Australia and New Zealand, including export offices in North America,

and Asia. We produce a wide range of products working in partnership with our customers to deliver innovative packaging solutions. We are also a leading supplier of materials and supplies for warehousing and distribution businesses.

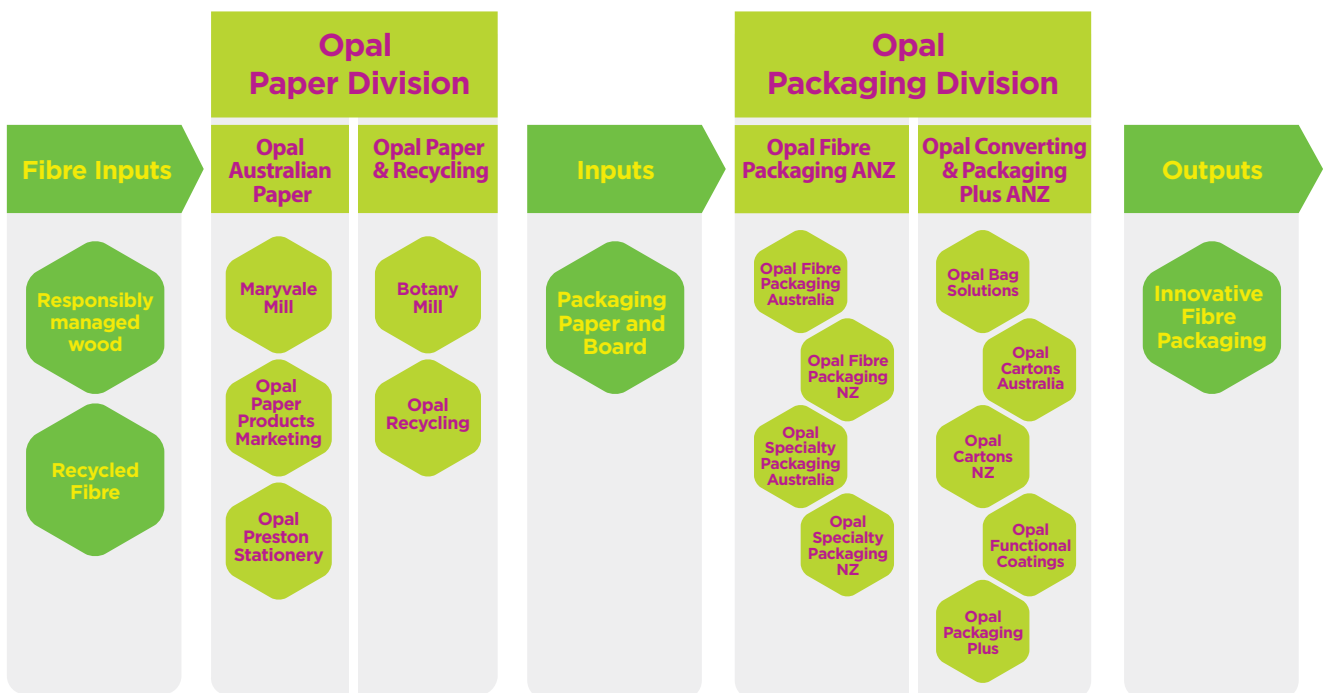
### Opal's Operations

Opal offers a fully integrated paper and fibre-based packaging value chain. The Opal network includes primary paper manufacturing operations and other processing sites that convert raw pulp products into finished packaging and stationery formats, as well as recycling facilities and services producing high-quality materials and recovering resources from waste streams. Opal's operations are vertically integrated as a significant supplier of raw materials to other Opal entities.

Opal has offices across Australia and New Zealand to support our Australasian enterprises and exports products via Opal's Paper Products Marketing subsidiaries which have offices in Singapore, Taiwan, United

States of America, Malaysia and Hong Kong. Products are sourced and imported where not available locally via the Opal Packaging Plus team.

Our Paper Division adds value to responsibly managed wood and recycled fibre; manufacturing a wide range of papers and boards at our Botany and Maryvale sites for Australia, New Zealand and overseas. Opal's Packaging Division converts these inputs into innovative packaging for the Australian and New Zealand markets.



## Opal Paper Division

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Opal Australian Paper has a proud history in local paper manufacturing. The Maryvale Mill has been operating in Victoria's Latrobe Valley since 1937 and manufactures unbleached kraft linerboard, fluting medium, bag and sack papers for the growing fibre packaging market in Australia and New Zealand. Paper Products Marketing (PPM) manages Opal Australian Paper's export business with overseas sales offices in Germany, Hong Kong, Malaysia, Singapore, Taiwan and the United States.

Opal Paper and Recycling annually produces more than 400,000 tonnes of high quality 100% recycled packaging containerboard at the Botany Mill in Sydney NSW, for conversion into corrugated board through Opal Fibre Packaging Australia and New Zealand, Opal Kiwi Packaging and customers

in North America and South-East Asia. This business also offers a range of recycling services including collections, equipment supply and servicing, staff education and training, account management and reporting to cater for a wide range of businesses, from small to medium enterprises through to large supermarkets chains. Opal Paper and Recycling is one of Australia's largest cardboard recycling operations collecting approximately 600,000 tonnes of mostly old corrugated containers (OCC) annually which is used to produce 100% recycled corrugated packaging board or exported. As one of Australia's leading packaging and recycling companies Opal is committed to utilising our organisational capability to improve our customers' environmental and sustainability outcomes.

## Opal Packaging Division

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Opal Converting and Packaging Plus ANZ manufactures and distributes innovative packaging solutions through Opal Cartons, Opal Bag Solutions, Opal Functional Coatings and Opal Packaging Plus, producing everything from cardboard boxes and cartons to paper bags and multi-wall paper sacks. Opal Cartons Australia produces innovative folding carton packaging for a range of markets including FMCG (Fast Moving Consumer Goods), dry grocery products, personal and home care, convenience food, dairy and frozen food, manufacturing a wide range of cardboard cartons including Quick Service Restaurant (QSR) cartons, carton sleeves, carry packs, facial tissue cartons, confectionery cartons, general retail folding cartons, and cartons for technology applications and medical products. Opal Bag Solutions operates across Australia to provide tailored high performance paper bag and multi-wall paper sack packaging solutions for dry powder and granular product markets, including milk powder, flour, sugar, mineral and building products. Opal Functional Coatings uses polymer extrusion technology to coat or laminate paper, board, films, foils and other unique substrates with polymer resin and other master batch additives. Opal Packaging Plus is a leading industrial packaging consumables solutions provider in the Australian packaging and distribution market, supplying a comprehensive portfolio of industrial packaging products and equipment.

Opal Fibre Packaging ANZ manufactures cardboard box packaging solutions aligned with the circular economy to meet the needs of its customers with a focus on sustainability and innovation, supplying corrugated cardboard packaging solutions to support major market segments including FMCG, fruit and produce, protein, dairy, dry goods, wine, beverage and industrial manufacturers. Opal Fibre Packaging Australia provides a full service offering in corrugated cardboard box packaging from design and product testing through to supply chain integration through a network of manufacturing sites, depots and sales offices across Australia. Opal Specialty Packaging Australia provides tailored cardboard-based packaging solutions for small, medium and large businesses.

Opal's sites are extensively audited by various accredited third-parties dependent on their activities and customer/legislative needs (ISO 14001, FSC, PEFC, ISO 9001, ISO 45001 and ISO/IEC 17025 for NATA accredited facilities).

Opal's corporate teams are central functions that support the operational teams and include Finance, Human Resources, IT, Legal, Marketing, Sales, Public Relations, Centre of Expertise, Sustainability and Safety.





## Opal Supply Chain

The description of Opal's supply chain during the reporting period includes the following Opal Group business units, namely:

- Opal Australian Paper (OAP)
- Opal Paper and Recycling (OPR)
- Opal Bag Solutions (OBS)
- Opal Cartons Australia (OCAU)
- Opal Cartons NZ (OCNZ)
- Opal Functional Coatings (OFC)
- Opal Packaging Plus (OPP)
- Opal Fibre Packaging Australia (OPFAU)
- Opal Fibre Packaging New Zealand (OPFNZ)
- Opal Specialty Packaging Australia (OSPAU)
- Opal Specialty Packaging New Zealand (OSPNZ)
- Supply Chain and Procurement (SCP)

*(Please note that under the Act, we are not required to report on the supply chains of Opal's New Zealand business units, but they have been included in this description for completeness).*

Opal sources a broad range of goods and services across Australia and internationally from New Zealand, China, Austria, Singapore, Hong Kong, Thailand, Sweden, Germany, Malaysia, United States of America, Switzerland, Philippines, Finland, Italy, France, Indonesia, Canada, Japan, Netherlands, Spain, British Virgin Islands, Sri Lanka, India, United Kingdom, Taiwan, South Korea, Bermuda, Israel, Ireland, Denmark, Liechtenstein.

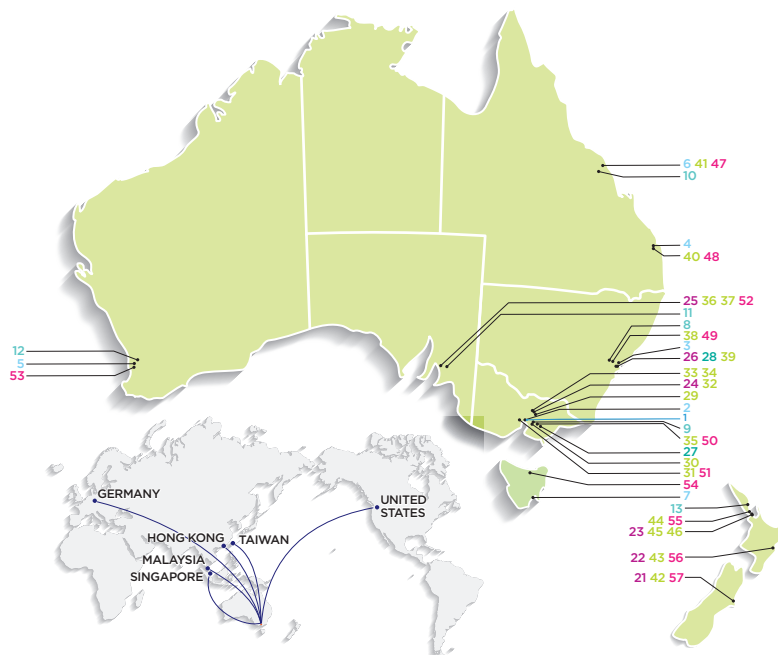
**HO Head Office**  
 1 Burnley

**Distribution Centres**  
 2 Melbourne 5 Perth  
 3 Sydney 6 Townsville  
 4 Brisbane 7 Hobart

**ANZ State Offices:**  
 8 NSW Eastern Creek  
 9 VIC Mt Waverley  
 10 QLD Carole Park  
 11 SA Walkerville  
 12 WA Bassendean  
 13 NZ Rosedale

**PPM International Offices:**  
 14 Australia  
 15 Singapore  
 16 Malaysia  
 17 Hong Kong  
 18 Taiwan  
 19 Germany  
 20 USA

**Cartons**  
 21 NZ Hornby  
 22 NZ Woolwich  
 23 NZ Manukau  
 24 VIC Heidelberg  
 25 SA Regency Park  
 26 NSW Botany



**Manufacturing Mills**  
 27 VIC Maryvale  
 28 NSW Botany

**Manufacturing**  
 29 VIC Preston  
 30 VIC Oakleigh  
 31 VIC Brooklyn  
 32 VIC Heidelberg  
 33 VIC Thomastown  
 34 VIC Campbellfield  
 35 VIC Scoresby  
 36 SA Regency Park  
 37 SA Athol Park  
 38 NSW Revesby  
 39 NSW Banksmeadow  
 40 QLD Rocklea  
 41 QLD Townsville  
 42 NZ Hornby  
 43 NZ Woolwich  
 44 NZ Auckland  
 45 NZ Manukau  
 46 NZ Papatoetoe

**Packaging**  
 47 QLD Townsville  
 48 QLD Rocklea  
 49 VIC Revesby  
 50 VIC Scoresby  
 51 VIC Brooklyn  
 52 SA Athol Park  
 53 WA Spearwood  
 54 TAS Launceston  
 55 NZ Auckland  
 56 NZ Hastings  
 57 NZ Christchurch



# 3

## Risks of modern slavery

### Internal (local) Operations

The majority of Opal employees are engaged directly, with employment terms and conditions set out in employment contracts governed by Australian and New Zealand employment laws and relevant industrial instruments. Opal has commenced utilising SEDEX 2 pillar audits to verify manufacturing site contractual obligations and has completed two trial audits at 2 of Opal's sites during 2022. Opal intends to expand the audit schedules to further sites over future years. SMETA 2-pillar audit comprises the following modules: Labour Standards, Health and Safety with additional elements in management systems, entitlement to work, subcontracting and homeworking. In addition, Opal's comprehensive policy frameworks are communicated to Opal's team members through the corporate training program. Opal's corporate training program for employees aims at improving awareness of modern slavery risks in our operations and supply chains including providing employees with information and tools to better identify potential risk factors that may suggest a systemic program or red flag activities. This ensures that Opal's can act accordingly to address any risks that may be identified in an efficient manner. Opal's employee training program also provides information to employees on Opal's internal and external grievance processes.

### External (local) Operations

Human rights risks for Australian workers associated with Opal operations via external service providers such as cleaners, contractors etc. are higher than internal operations due to reduced Opal visibility of contracts, work requirements and control processes. Segments at most risk include:

1. Service Providers: various services are

contracted to specialist third-party providers to perform regular, ongoing work at Opal sites. The service provider is responsible for delivering the service and pays workers either directly or through subcontractors in the following industries:

- a. cleaning,
- b. security,
- c. equipment maintenance and calibration,
- d. building works,
- e. delivery, warehousing and transport services.

Categories utilising migrant and unskilled workers such as cleaning, are considered higher risk as these workers may be less aware of inherent rights and legal protections, have less choice of employment options, come from lower socio-economic backgrounds resulting in more pressure to stay in unacceptable conditions to support the family, or in a work location far from home and unable to afford to self-repatriate. Low-value contracts make workers in these categories more susceptible to exploitation.

2. Labour Hire: agencies employing persons to perform work at business sites – for example, replacement workers. The agency is responsible for paying the worker, and Opal business units oversee the day-to-day work.

As mentioned in Opal's 2021 Statement, our service providers were initially required to undertake assessment questionnaires as part of Opal's verification process. In 2022, the service providers that were identified as high-risk as part of that verification process, have been further engaged through assessment surveys and interviews with key stakeholders to analyse the risks and identify opportunities for Opal to provide education and support to these suppliers.



Onsite verification of contractual compliance has commenced with an audit program scheduled for 2023.

## External (non-local) Operations

### Sea Freight

Import/export freight providers are susceptible to labour rights violations such as forced labour, human trafficking and debt bondage due to a number of factors which were outlined and explained in detail in Opal's 2021 Statement. Some of these factors have been listed below for ease of reference:

- Sea freight workers are often sourced from vulnerable populations with poor track records and understanding of human rights.
- Numerous tiers/layers of involved parties increase the risk of inconsistent ethical standards and lack of clarity to monitor and enforce compliance with human rights obligations.
- Budget stresses and short delivery timeframes may influence providers to shortcut working conditions.

All vessels chartered by Opal operate in and out of Australia and New Zealand ports and are subject to Australian Maritime Safety Authority and Maritime New Zealand compliance monitoring procedures including adhering to the Maritime Labour Convention which sets out seafarers' rights at work, including employment terms, health and safety, living and working conditions, access to medical care and social security.

As a critical component in our integrated supply chain, Opal uses third-party industry due diligence sources (NGO, SEDEX, EcoVadis) and accredited audit providers to vet potential international partners to mitigate operational, financial and ethical conduct risks. These assist Opal to identify potential issues with labour standards and work through solutions.

### Forced Labour

Opal completed another review of our forced labour risk assessment which re-confirmed that indirect labour carries an inherently higher risk of modern slavery due to lack of visibility, legal compliance requirements and cultural expectation. There is a lack of visibility for risk identification of raw material harvesting, chemical/additive production in international facilities, and imported fast-food packaging commodities. Identification of accurate operational location is a critical part of the risk assessments for these products and is an ongoing process within Opal as we refine

our knowledge of our suppliers' operations. We expect 2023 to provide us with a clearer view of forced labour risk for the 3 areas of concern, which may lead to partnerships with specific suppliers, industry influencers and subject matter experts to assist Opal in attempting to influence change that we consider necessary.

Some other areas that Opal has identified as a potential forced labour risk are set out below:

- Offshore equipment manufacturing: Opal purchases highly technical large-scale equipment from specialised international manufacturers. Whilst the design may occur in a location supportive of ethical conditions, the manufacturing locations are likely to be countries with minimal worker rights knowledge/support and regulatory oversight, utilising workers with a low skill base and limited resources to resolve grievances. Raw materials used in the manufacture of the products may also have been sourced from countries/operations with low skilled based workers with little recourse to fair conditions. Opal is currently developing standards for procurement in collaboration with subject matter experts and supply personnel to provide Opal's internal personnel with a purchasing guide to reduce potential risks.
- Electronics and electrical equipment: communications devices, computing equipment, solar panels, energy utilities are recognised as high risk with manufacturing occurring in locations with minimal worker rights knowledge/support and regulatory oversight and utilising workers with a low skill base and limited resources to resolve grievances. Raw materials used in the manufacture of the products may also have been sourced from countries/operations with low skilled based workers with little recourse to fair conditions. Opal is currently developing standards for procurement in collaboration with subject matter experts and supply personnel to provide Opal's internal personnel with a purchasing guide to reduce potential risks.
- Construction – Materials and transportation are potentially associated with low skilled worker usage, especially where the supply chain starts outside Australia in high-risk countries with low-risk visibility and control measures. Procurement teams in Opal prioritise local supply where-ever possible to reduce this risk and work with known international providers where we have agreed standards to try to reduce these risks. Further work is underway to move deeper into lower tiers of the supply chain to manage risk.

## Procurement

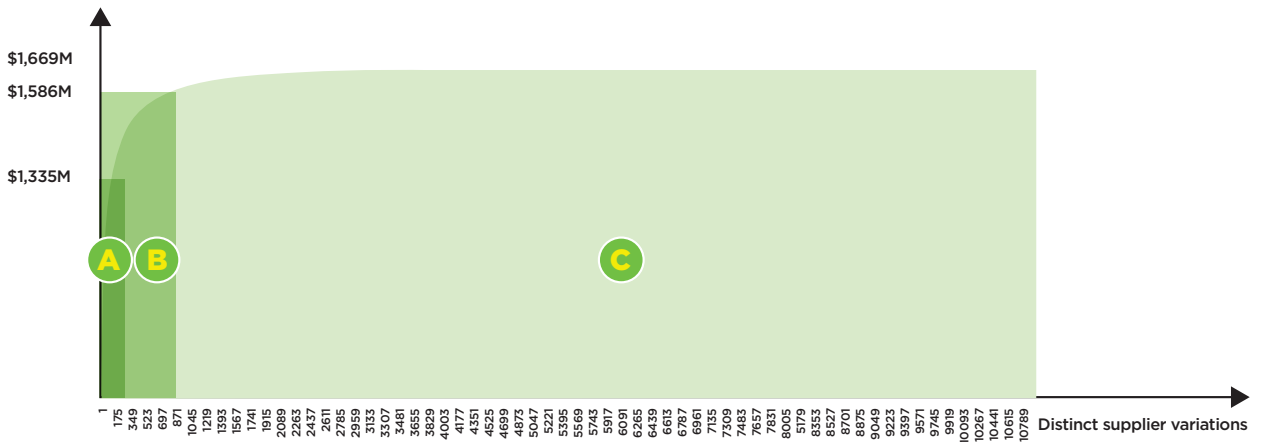
### Supplier Segmentation

Data collected from Q4 2021 to Q3 2022 was utilised to continue to further risk assess our supply chain. During this period Opal engaged over 10,000 direct suppliers, spanning 32 countries with a total spend for the year of \$1.67 billion (Total Spend). Eighty (80) per cent of our Total Spend was with less than 300 internal and external suppliers. Opal has initially focused on the suppliers that sit in this 80-percentile group, as we know that we have greater potential to influence change and impact favourable outcomes with these suppliers.

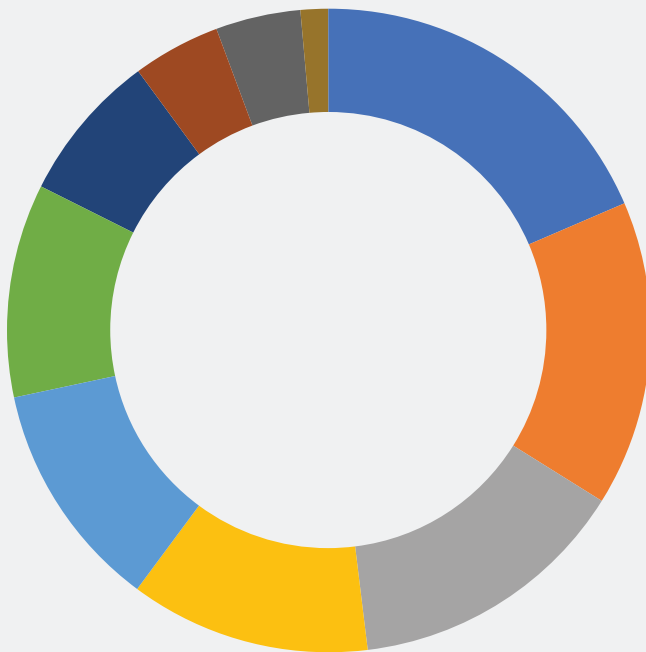
The main types of goods and services that we procure are:

- pulpwood and pulp
- engineering goods and services
- energy and water
- logistics including contract transport
- operational materials/chemicals
- packaging/finished goods
- wastepaper
- hydrocarbons

Pareto Analysis (c.22.0.b): Clustered Vendor count and Invoice Value as (\$M) LTM1, refreshed January 2033

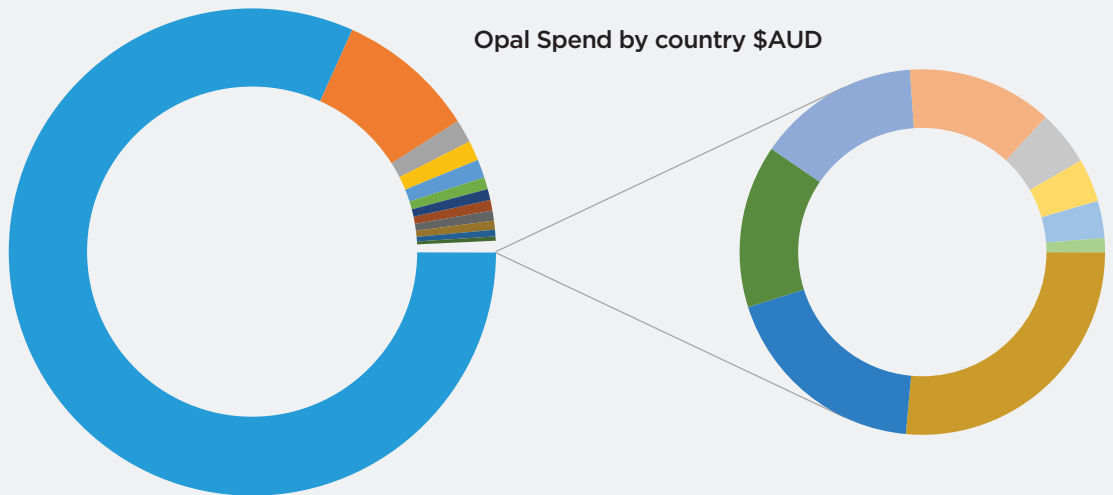


Relative spend \$AUD per category 2022



- Logistics
- Materials
- Equipment
- Raw Materials (Fibre)
- Utilities, Site services
- Recruitment
- Energy
- Cleaning & Waste
- Finished Product
- Contracting

Opal's spend for suppliers/resources located in Australia was \$1.3 billion. Approximately \$340 million (20%) was spent with vendors situated outside Australia where supply chains are potentially higher risk through reduced visibility and different cultural and legal compliance requirements. Information on key spend categories is available in Appendix 1.



- |             |               |             |               |               |                   |             |                 |
|-------------|---------------|-------------|---------------|---------------|-------------------|-------------|-----------------|
| ■ Australia | ■ New Zealand | ■ China     | ■ Austria     | ■ Singapore   | ■ Hong Kong       | ■ Thailand  | ■ Sweden        |
| ■ Germany   | ■ Malaysia    | ■ USA       | ■ Switzerland | ■ Philippines | ■ Finland         | ■ France    | ■ Italy         |
| ■ Canada    | ■ Indonesia   | ■ Japan     | ■ Netherlands | ■ Spain       | ■ Brit.Virgin Is. | ■ Sri Lanka | ■ India         |
| ■ UK        | ■ Taiwan      | ■ Sth Korea | ■ Bermuda     | ■ Israel      | ■ Ireland         | ■ Denmark   | ■ Liechtenstein |

During 2022, Opal utilised SEDEX RADAR resources to risk assess the 80th percentile suppliers by geographical location and industry type to better understand the potential risk of modern slavery within their businesses.



The 2022 risk assessment looked at the following risk criteria:

- **Spend**  
Derived from internal data through the procurement team.
- **Industry/Material/Product**  
Sourced from data leveraged through financial accounting systems
- **Country/Location**  
Sourced from data leveraged through financial accounting systems
- **Corporate Awareness**  
New parameter introduced late in the year and is input from the procurement team regarding the level of ethical trade awareness already in place at each supplier. Not all suppliers were assessed via the process, as it was a trial only and will be fully implemented in the 2023 risk assessments to provide a more accurate reflection of true risk which will allow us to better target vendors requiring additional focus and support.

The Ethical Trade Group 2022 review on risk assessment criteria noted that locations in the financial accounting records were identified by corporate address rather than location of manufacture. This was flagged as an area for process improvement and will be updated to include procurement input from

2023. We continue to work on refining the process of identifying operational locations through the supply chain, utilising internal and external experts, focused on refining the data for better accuracy.





## Actions taken by Opal

### Overarching Plan for our Human Rights Program

#### Phase 1 (2020-2021)

Development, rollout and embedding of the Responsible Sourcing (RS) Program across high-risk vendors and service providers whilst building internal competence to manage ethical sourcing risks. Educate teams on Human Rights requirements

Identify and mitigate local risks of significance.

#### Phase 2 (2022-2024)

Scale up of human rights due diligence across supply chain, including internal consumption, operations and service provider partners, while maintaining focus on identified higher risk entities, raw materials and countries in the supply chain. Reinforce the continuous improvement approach, refining risk assessment and management processes through thorough review at senior management level and by inclusion in internal audit program.

### Risk Assessment Process

Opal's operations and supply chains are large and complex, with many touchpoints and differing cultures, laws, and stakeholder expectations. To successfully assess and monitor our risk environment, we use a dynamic, multi-variant approach to identify and prioritise risks as they emerge and change. We use a combination of third-party risk assessments, supplier self-assessment surveys, subject matter experts, and industry risk consultancy advice, audit trends and risk assessment tools via SEDEX and EcoVadis, analysis of grievances received, team member expertise, media commentary and NFP/NGO reports to create a snapshot of the current risk environment and rank risks according to urgency and manageability.

To assess the risk of human rights abuses in the Opal organisation, we must define the scope and risks we are analysing. The table in Appendix 2 provides a list of definitions considered within our risk assessment processes. The content of this table is reviewed and refined as part of the annual assessment process by Opal's Responsible Sourcing Oversight Committee (RSOC).

### Risk Remediation Process

Where a suspected human rights violation is identified, the Opal remediation process includes education, resources and support to staff, and suppliers, to address the impacts and determine possible controls in consultation with affected stakeholders. Appropriate support may also be offered to local communities and third parties to address any possible negative impacts as appropriate.

Remediation activities are managed by the Responsible Sourcing Oversight Committee (RSOC), assessed regularly for effectiveness and opportunities to improve, and are reported to the Board.

### Engagement with Suppliers

#### Supplier Risk Assessment

The 80th percentile (219) suppliers identified via spend, were requested to link with Opal via SEDEX or EcoVadis if not already connected, and requested to complete SAQs (Site Assessment Questionnaires) and an action plan if risks were identified as part of the SAQ. This data was utilised to determine supplier compliance to the Opal Supplier Code of Conduct. Online meetings were held with the suppliers identified to have the most significant risks, to identify further support mechanisms required to improve the practices in place. On-site/live online audits verification of a cross-section of targeted vendors will occur during 2023.

A summary of the results from the above risk assessment implementation is set out below:

- 16% of suppliers responded and completed the questionnaires, linked SEDEX membership and satisfactorily completed SMETA (SEDEX Members Ethical Trade Audit) audits.
- 40% of suppliers responded and completed the questionnaires and linked SEDEX membership and have expired or incomplete audit outcomes.

- 9% completed the questionnaires with additional corrective action plans.
- 32% have completed or partially completed the questionnaires but not yet provided corrective action plans or linked via SEDEX.
- A small number of vendors have not engaged with Opal requests and are under active management by the procurement team.

Opal's strategy is to work in partnership with our vendors to improve knowledge, actions, and outcomes regarding human rights. We recognise this as a journey of learning and continuous improvement requiring strong relationships with all stakeholders to foster open communication via mutual trust. Where a potential modern slavery risk has been identified in the supplier chain, we have first worked with the supplier (and if applicable with our supplier's suppliers), to find root cause to the issue, identify appropriate mitigation (corrective and preventive) actions and any remediation requirements. We have then verified the efficacy of the actions taken and surveyed the affected stakeholders to ensure adequacy of outcomes.

### Reinforcement of Contract Processes

Contract negotiation processes are critical for mitigating the risk of modern slavery. Opal has implemented policies and procedures for contract negotiation, including procurement team training. This has been reinforced during 2022, with the roll out of specialised modern slavery red flag and contract negotiation training and the commencement of independent contract review processes for ethical trade requirements.

Challenges were previously noted where site-based services are contracted but are not visible to the central corporate procurement process and can be varied in outcomes. A project group and project manager have been established for 2023, to bring all procurement processes together under an automated system in order to provide structure and a uniform direction for spend decisions across our entire organisation.

Identification of supplier non-conformance with Opal's requirements: Opal's various business units have varied methods for identifying and managing vendor non-conformances against negotiated contracts. These process variations make audit and supplier rating challenging across the business. In light of identifying this challenge, Opal has introduced new processes to

identify contractual non-conformances on a corporate level during the second half of 2022. Implementing a change in process across an organisation can take time, but once fully integrated Opal expects the result to be improved clarity through specific reporting criteria, providing the opportunity to address issues during contract reviews across the entire organisation.

### Whistle-blower Process/Grievances

Opal's Whistleblower process was refined and introduced to suppliers during the reporting period. The grievance process is managed separately from the Procurement and Supply Chain Groups to ensure independence. Opal's Whistleblower Officer is a member of the Responsible Sourcing Oversight Committee, and reports anonymised data to the group when it is appropriate to do so. No Whistleblower grievances were recorded in 2022. Communication to suppliers in connection with Opal's Whistleblower Policy included education and encouragement to suppliers to utilise both direct and anonymous feedback loops to alert Opal to opportunities to improve our human rights processes. This will be further expanded in 2023 to all vendors via the new resource framework and contract negotiation process. A direct feedback process utilising the Corporate Quality and Compliance Manager (modern slavery SME), was also developed as a less formal method of stakeholder engagement on ethical trade topics to encourage open discussion and partnership in continuous improvement.

### Training

Opal has a modern slavery online training module which all salaried staff must complete each year. This online module is renewed each year to account for new and updated risks, and to capture any new procedures or reporting requirements. The training module was reviewed and updated in Q1 2022 by the Responsible Sourcing Oversight Committee. 93% of employees completed training within 2022. An expanded training module was developed and conducted for key employees in Opal's Procurement team (including sections on how to identify a potential red flag supplier (high risk supplier) and negotiation influence) in Q3 2022. In 2023, 2 new modules will be introduced to develop the knowledge and skills of Senior Leadership (governance requirements), and the Ethical Trading Group (risk processes).

## Corporate Knowledge and Functional Expansion

The Ethical Trade Group was formed as the functional advisory arm of the business and is represented by people from across the business units (operations, procurement, finance, and corporate technical teams) to identify and support solutions for operational issues. The team meets at minimum quarterly to assess ongoing risk in the areas of responsible sourcing (externally manufactured, raw materials), procurement (resources, raw materials, services, equipment), and operations (services, equipment, tools, contractors). Additional meetings are scheduled as required to assess new or changed potential risks.

Opal has been working closely with industry groups such as SEDEX, EcoVadis and Informed 365, to collaborate and improve risk management outcomes. In 2023, Opal will deepen partnerships with commercial entities identified as subject matter experts and NFP social groups, to further increase our ability to manage risks within our areas of influence.

## Ocean Freight

Opal is taking guidance from the Australian Maritime Safety Authority (AMSA), and working with SEDEX and NFP social justice providers on appropriate social compliance audits for transport providers after completion of SAQs. Challenges with locations meant auditing and even realistic risk assessments have been difficult to achieve. In 2023, Opal will focus more on collaborative stakeholder engagement to work with industry groups and NFP partners identified as having impactful relationships with the target vendor groups to better influence and improve human rights compliance in ocean freight sector. As part of Informed 365, Opal supports processes to:

1. develop and share resources to improve knowledge and visibility of current risks through encouragement of flag states to declare non-compliances noted during port inspections;
2. educate vulnerable groups and other stakeholders on shipboard employee human rights; and
3. support implementation of ship tracking technologies and enable verification of compliance through third party NFP groups and Human Rights at Sea (HRAS) auditors.

Opal recognises the Seafarers' Rights and Welfare Code of Conduct which seeks to support a safe, healthy, and secure onboard work environment for Seafarers. This Code can be used by ship owners and ship operators to understand the extent to which current operations meet their seafarer's rights and welfare responsibilities, and by charterers and cargo owners to strengthen due diligence. Opal is exploring how this Code can be used to inform Opal's decision making on whether to engage a particular ship owner or ship operator and how preference can be given to those suppliers who demonstrate a higher level of compliance with this Code.

## Human Rights Governance and Consultation

### Paper Australia Pty Ltd - Board of Directors

Responsible for approving Opal's Modern Slavery Statement each year. Responsible for monitoring & providing oversight for Human Rights due diligence.

### Executive Committee

Accountable for managing Human Rights risks in all operations, corporate culture, complaint management and continuous improvement strategies. Make recommendations to the Board.

### Responsible Sourcing Oversight Committee

Responsible for developing corporate policies, resources, implementing mitigation strategies, tracking project progress, identifying next steps. Monitor & review key Human Rights developments. Make recommendations to the Board.

### Ethical Trading Group

Provide functional support and solution/resource management.

### Support Teams - SME's

Execute compliance processes, manage vendor management systems, process and records management.

<sup>1</sup> See "Delivering on seafarers' rights, Code of Conduct, A seafarers' rights and welfare Code of Conduct for shipowners, operators, charterers and cargo owners (October 2021) available at: <https://www.sustainableshipping.org/wp-content/uploads/2021/10/Seafarers-rights-Code-of-Conduct.pdf>



# 5

## How Opal assesses effectiveness

Our governance approach promotes ongoing consultation with all stakeholders on human rights due diligence, with outcomes reported annually in this Statement.

The Opal Responsible Sourcing Committee, through independent questioning and assessment of internal verification processes, probes Opal's supply chains to ensure continuous improvement in the way in which we identify and remediate risks of modern slavery.

The Committee (RSOC) meets at least quarterly and is attended by nominated

senior leaders and subject matter experts. This Committee assesses the effectiveness of the overarching ethical risk management system and supplies resources, policies and policy updates, management directives etc. as required to meet the business goals, ensuring the annual action plan (See section 7 - Others) is met, and reports a summary of activities to Opal's Board of Directors regularly. The Committee assigns responsibility to the Ethical Trade Group to verify the efficacy of processes implemented and look for opportunities to improve them.

Criteria	Action/Responsibility	Monitoring/Measurement
Governance	Develop Human Rights Culture - RSOC  Document Review - policies and public statements - RSOC	Training completion % Audit assessment internal behaviours (Internal Audits, SMETA) Documentation in place and accessible (audit)
Risk Management	Vendor Review - Ethical Trade Group  Risk definitions and scope review - Ethical Trade group  Continuous Improvement	Within 2 weeks of meeting, action plans disseminated  Each plan on a corrective action record with controls in place and deadlines managed adequately  Records of verification processed documented and reported; issues raised as CARs (Corrective Action Requests), part of supplier ratings.
Risk Monitoring and Reporting	Records of risk management meetings and outcomes - RSOC Mitigation/Remediation action plans  Verification processes - planned and executed - Ethical Trade Group	Within 2 weeks of meeting, action plans disseminated  Each plan on a corrective action record with controls in place and deadlines managed adequately  Records of verification processed documented and reported; issues raised as CARs, part of supplier ratings
Corrective Action/Grievance Management	Complaint process followed when grievances/feedback provided - RSOC  Remediation - RSOC	Reported to Board with CAR (Corrective Action Requests) outcomes as necessary  Remediation processes are documented, reported, and assessed for adequacy and timeliness. Non-compliance is managed via CAR system

# 6

## Internal consultation

Having regard to the corporate structure of Opal, consultation between entities that are owned or controlled by Opal is straightforward. There are joint directors of each Australian corporate entity, and updates are provided at Board meetings and Executive Committee meetings to ensure that all relevant corporate officers consistently approve the proposed approach to assessing and addressing modern slavery risks.

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During 2022, a SEDEX audit of a supplier in Opal's supply chain revealed a number of non-conformances. The supplier produces finished stationery products for Opal in the Asian-Pacific region, and is a valuable supply chain partner. This supplier is required to undertake annual SMETA audits (however, these were suspended globally in 2020-2021 due to Covid-19). After Opal received the report from SEDEX and noted the non-conformances, Opal immediately approached the supplier and began investigations to clarify the facts and to obtain more information so that Opal could conduct its own assessment. Whilst majority of the non-conformances were minor in nature and did not relate to Modern Slavery risks, there were findings during the audit that indicated migrant workers recruited prior to 2019 had been requested to pay recruitment fees by an off-location (migrant's own nation) recruitment organiser. Opal's investigations found that the fees paid by the migrant workers were used to prioritise candidates on the recruitment lists. Neither the supplier nor the contracted local recruitment agency were aware of this practice prior to the findings of the SEDEX audit being released. During the investigations, Opal did not find

evidence of payments as these recruitment fees were paid by way of cash transactions. Opal supported the supplier in taking prompt remedial action in response to this finding, which included taking actions to identify all workers who had paid the additional fees and how much was paid. The migrant location recruiter was also instructed not to request additional fees, and a contract was put in place between the recruiter based in the supplier's country and the migrant country recruiter to reinforce this and prevent from occurring again. The contract between the supplier and the recruiter based in the supplier's country was also modified to ensure that any recruiting services followed correct processes, the supplier covers all fees and charges relating to the recruitment process, and no fees are charged to workers. The supplier also introduced a process to interview all new migrant workers prior to first shift to ensure they were not charged any additional fees. Remediation occurred through reimbursement of fees to workers making a claim of payment. Opal has confirmed with a random cross section of the workers that remediation occurred.



# 7

## Other

### Summary of Actions Undertaken in 2022

- Opal Responsible Sourcing Oversight Committee - RSOC - challenges the business execution of the human rights management plan. Committee Charter was further refined.
- Ethical Trade Group executed the Opal strategy via a cross-functional team of stakeholders. This Group supports the procurement and human resources teams to meet Opal ethical trade strategies, and execute verification processes such as assessments and audits, working with operational teams to determine solutions to performance issues, and implementing reporting processes to improve visibility of human rights risk management through compliance programs.
- Risk analysis of high-risk commodities and services, including labour hire providers, imported products, ocean freight, contractual review mechanisms, refined supplier assessment criteria and Supplier Assessment Questionnaires.
- Identified and tested resources to build new vendor assurance framework with automated new vendor approval program to improve supplier due diligence and expand vendor management criteria for ethical trade requirements. (Launch in 2023)
- Execution of online training package - version 2 - to all of Opal's salaried staff as compulsory annual training module. New training modules for procurement teams delivered to assist in risk identification. Module upgraded in preparation for 2023 to include new learnings from reviewed risks, Senior Team special training program, and risk assessment via RADAR for the RSOC and Ethical Trade team.
- Connected with 147 high-risk suppliers via SEDEX and EcoVadis to gain visibility of risk profiles and work in partnership to improve human rights processes and outcomes.
- Identified and tested resources to build new vendor assurance framework with automated new vendor approval program to improve supplier due diligence and expand vendor management criteria for ethical trade requirements (Launch in 2023).
- Reviewed non-compliance process, identified and addressed opportunities to improve record keeping and communications. Identified need to engage further with SME is international labour-hire practices.



## 2022 ACTION PLAN

Focus Area	Action	Detail	Completed
Corporate Policy	Update/review	Review and update policies based on 2021 learnings, feedback loops, legal requirements	Q2 2022 Board meeting
Corporate Governance	Reporting	Report presentation based on KPIs to Board Review of resources for adequacy to meet business goals	Q4 2022 Board meeting
Due Diligence	Vendor Management	Develop Go/No Go/STOP policy for non-engaged and non-compliant high-risk vendors including training procurement Management of bottom 5% of vendors refusing linkage or assessments	Deferred until 2023  Continuous
	Supplier Training	Identify training programs through third parties for vendors, provide support to high-risk engaged vendors to improve scores	Continuous
Risk Management	Vendor Management – risk identification	Further risk reviews and audits to identify mitigation/remediation needs: Ocean freight,	Q4 2022 Risk Assessment
		Include non-centralised vendor spend in risk process – corporate project	Deferred to 2023 to utilise new tool
	Internal training	Roll out 2022 compulsory training Roll out Specialised Procurement Training Develop and run Senior Leadership Governance training Identify/attend specialist courses – Ethical Trade Group	Q1 2022 Q4 2022 Deferred to 2023  Continuous
	Relationship Management	Identify SMEs, NFP/Commercial groups, and industry groups to develop partnerships and gain knowledge to further risk understanding and control	Attendance at workshops, training programs and industry conferences
	Contract Management	Development of statements for client contracts for client chosen vendors. Audit of cross section of procurement contracts for compliance to policies	Q3 2022 Top 10% audited
	Verification of risk assessments	Audit of 10% of top 200 high-risk vendors	Via SMETA – 16%
	Remediation	Promote Remediation	Culture change in business – build relationships with suppliers via transparency and collaboration, encourage feedback, actively look for and execute remediation opportunities.
Test and review grievance & remediation processes and report			Q4 2022
Reporting and Evaluation	Implement Evaluation Framework	Ethical Trade Group to collect and collate data for RSOC review. RSOC to review reporting, determine compliance and issue corrective actions to responsible parties.	Each quarter Continuous

## Continuous Improvement Plans 2023 and beyond

During 2022, a deeper analysis of our risk management processes identified that countries of operations were based on data from accounting platforms rather than actual operational locations, resulting in some risk assessments being inaccurate or incomplete where more than one country may be utilised. In 2023, the risk assessments will be reviewed, and operations locations adjusted to increase accuracy for the top 80 percentile group of vendors. These risk assessments will utilise more first-hand information from subject matter experts (procurement team and external NGO's etc). This will then be driven down over the next 3 years to the next 15% of vendors and tiers 2 and 3 of high-risk supply chains. The final 5% of the supply chain is a long tail of small value vendors that will be assessed for potential risk at a later stage.

In 2023, there will also be a change in risk profiling priorities to focus on the mid-value group of suppliers, due to recognition that most high value suppliers are significant businesses already embarking on ethical trade processes. Our internal procurement team will lead this process to target partnerships with stakeholders where opportunities to improve risk profiles through partnerships, support, and knowledge transfer.

We continue to plan to scale up human rights' due diligence across the supply chain, including internal consumption, operations, and service provider partners, whilst maintaining focus on identified high-risk entities, raw materials, and locations. We continue to encourage a continuous improvement approach, refining risk assessment and management processes through thorough review at the senior management level, impactful review processes and inclusion in the internal audit program.

Engaging potentially affected stakeholders and risk subject matter experts as part of mitigation and remediation is critically important to the effectiveness of the Opal human rights program. This process was tested during 2022 with a non-compliance identified during audit. The mitigation and remediation process was enacted and provided a satisfactory result. The process was reviewed, and minor refinements made to improve record keeping and communications. This will be tested in 2023. Opal has also identified the need to expand our contacts in specific risk sectors such

as labour-hire practices in the Asia-Pacific region to ensure adequate identification of both mitigation and remediation requirements, develop templates for contract agreements that can be utilised by our suppliers with their supply chain, provide education and processes to suppliers on how to identify/audit potential noncompliant activities.

### **The risk assessment was conducted using the following resources:**

Global Slavery Index 2018, Walk Free Foundation

GPSC Human Rights Risk and Impact Assessment Methodology

Global Perspectives Project – Guide: Doing Business with Respect for Human Rights

UN Guiding Principles on Business and Human Rights

2018 List of Goods Produced by Child Labour or Forced Labor, U.S. Department of Labor

Trafficking in Persons Report, U.S. Department of State

Verité Responsible Sourcing Tool

Modern Slavery Act 2018 (Cth)

Forced Labour's Business Models and Supply Chains, Joseph Rowntree Foundation

Australian Council of Superannuation Investors – Modern Slavery Risks, Rights & Responsibilities v 22.

ILO Declaration on Fundamental Principles and Rights at Work adopted by ILO 18 June 1998

Australian Health Dept: Risky business: a resource to help local governments manage environmental health risks November 2012

A.M.S.A. (Australian Govt) Risks of Modern Slavery Practices Overview

Holding Redlich - Modern Slavery Risk in Australian International Supply Chains

Securing human rights through risk-management methods: Cambridge University Press: June 2019

Social Impact Assessment Practitioners HRIA Guidance & Toolbox Jan 2016

CECAN Choosing Appropriate Evaluation Methods A Tool for Assessment & Selection (version 2)



# Appendices

## Appendix 1

Vendor Country	Spend \$AUD 000
Australia	1390671
New Zealand	157425
China	23361
Singapore	17850
Austria	17707
Germany	12337
Hong Kong	11729
USA	10157
Thailand	10101
Sweden	9841
Malaysia	8577
Switzerland	3855
Philippines	2168
Finland	1936
Italy	1754
France	1394
Canada	1261
Taiwan	936
Indonesia	864
Japan	643
Netherlands	440
Spain	438
Brit.Virgin Is.	231
Sri Lanka	163
India	126
United Kingdom	126
South Korea	43
Bermuda	33
Israel	29
Ireland	11
Denmark	1
Liechtenstein	1

Category	% Total Spend
FEEDSTOCK	29
LOGISTICS	17
UTILITIES	13
MRO	12
CHEMICALS	9
INDIRECTS	7
OTHER	6
UNCLASSIFIED	5
CAPEX	2

1. Feedstock is one of our largest categories of supplier spend during the reporting year, equating to 29% of the Total Spend from a broad range of countries, namely Australia, USA, Switzerland, Sweden, Singapore, New Zealand, Malaysia, Japan, Italy, Israel, Hong Kong, Germany, France, Finland, China, Canada, and Austria. Seventy-six percent (77%) of the total spend on Feedstock was from Australia. The Feedstock procured from outside Australia included the following categories:
  - Paper
  - Aluminium
  - Board / Liner
  - Recycled Material
  - Pulp
  - Traded Products
2. Internal Spend  
Opal is a vertically integrated organisation; 20% of our Total Spend is via direct supply within our internal supply chain. The most significant internal spend was from Paper Australia Pty Ltd (OAP business unit).
3. Logistics  
Transportation and warehousing of Opal's products from suppliers and customers is a key focus area for the business. Opal spent 17% of Total Spend on this category. Opal understands that not all customers have the space, time, and money to operate and manage a fully functional warehouse and distribution network. As such, Opal engages third-party logistics providers to do this for them, engaging 229 different logistics providers during the reporting year.



## Appendix 2

### 2023 ACTION PLAN

Focus Area	Action	Detail	ACTION
Corporate Policy	Update/review	Review and update policies based on 2022 learnings, feedback loops, legal requirements	Q2 Board meeting
Corporate Governance	Reporting	Report presentation based on KPIs (Key Performance Indicators) to Board Review of resources for adequacy to meet business goals	Q4 Board meeting
Due Diligence	Vendor Management	Develop Go/No Go/STOP policy for non-engaged and non-compliant high-risk vendors including training procurement Management of bottom 5% of vendors refusing linkage or assessments.	Q3 2023 Continuous
Risk Management	Risk Assessment Processes	Update risk reviews based on country of operation, prioritising mid-value contracts as most at risk.	Q3 2023
	Supplier Training	Identify training programs through third parties for vendors, provide support to high-risk engaged vendors to improve scores	Continuous
	Vendor Management - risk identification	Further risk reviews and audits to identify mitigation/remediation needs: Ocean freight, Labour hire (cleaning, transport, segmentation and assessment for Malaysia, Indonesia)	Q3 2023
		Include non-centralised vendor spend in risk process - corporate project with new tool	Q3 2023
	Internal training	Roll out 2023 compulsory training Develop and run Senior Leadership Governance training Identify/attend specialist courses - Ethical Trade Group	From Q1 2023 Q3 2023 Continuous
	Relationship Management	Identify SMEs, NFP/Commercial groups, and industry groups to develop partnerships and gain knowledge to further risk understanding and control	Continuous
	Contract Management	Audit of cross section of procurement contracts for compliance to policies	Q2 2023
	Verification of risk assessments	Assess 5% of 80 percentile segment and mid-range contracts via SAQ, SEDEX documentation, audit outcomes for compliance against risk scores Audit 5 local high-risk vendors.	Q4 2023 Q4 2023
Remediation	Promote Remediation	Culture change in business - build relationships with suppliers via transparency and collaboration, encourage feedback, actively look for and execute remediation opportunities. Test and review grievance & remediation processes and report	Continuous Q4
Reporting and Evaluation	Implement Evaluation Framework	Ethical Trade Group to collect and collate data for RSOC review RSOC to review reporting, determine compliance and issue corrective actions to responsible parties.	Each quarter Continuous





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