



2021 MODERN SLAVERY STATEMENT

Probiotec Limited



INTRODUCTION

This Modern Day Slavery Statement has been prepared by Probiotec Limited (The Probiotec Group) in accordance with the Modern Slavery Act 2018 (Cth). The Statement details the actions undertaken by the Probiotec Group in addressing modern slavery risks. This Statement is the first produced by the Probiotec Group and covers the financial year reporting period from 1 July 2020 to 30 June 2021.

The Probiotec Group is committed to eliminating the risk of modern slavery in its operations and supply chain. We recognise that we must have absolute resolve to identify and monitor these risks to ensure that as a business we execute at the highest standard in delivery of our services.

Our Board has approved this Statement for lodgement, in accordance with the Act's requirements.



Wesley Stringer

Chief Executive Officer

OUR FOCUS

All forms of modern slavery have in common, the deprivation of a person's liberty by another in order to exploit them for commercial or personal gain. This amounts to a violation of an individual's fundamental human rights. The Probiotec Group is committed to limiting the risk of modern slavery occurring within its own business, infiltrating its supply chains or through any other business relationship.

Modern slavery can take many forms; it is complex and multi-faceted. The Modern Slavery Act 2018 (Cth) covers key criminal activities; Slavery - where ownership is exercised over an individual; Servitude - involves the obligation to provide service imposed by coercion; Forced and compulsory labour - all work or service, not voluntarily performed, which is obtained from an individual under the threat of force or penalty; Human trafficking - involves arranging or facilitating the travel of another with a view to exploiting them; Child Labour - whilst not always illegal in the jurisdiction in which it takes places, child labour involves the employment of children that is exploitative or is likely to be hazardous to or interfere with a child's education, health (including mental health), physical wellbeing or social development. Through continuous improvement we will operate our business in a responsible manner addressing modern day slavery.

POLICY AND INTERNAL PRINCIPLES

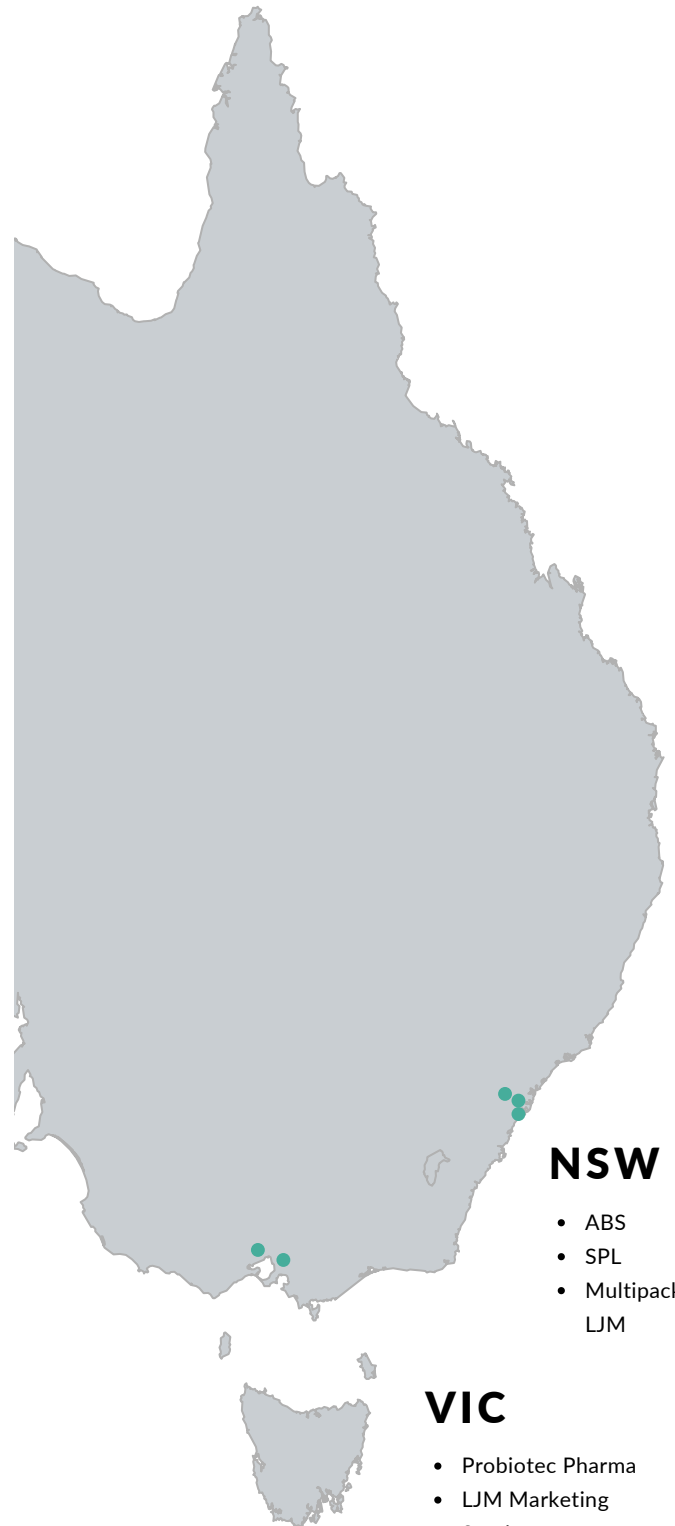
Underpinning our commitment to human rights, we have an established internal Modern Slavery Policy where the Probiotec Group aims to adhere to the following guidelines:

- Our approach is inclusive of the internationally recognized human rights set out in the United Nations Universal Declaration of Human Rights.
- We are committed to ensure that there is no modern slavery or child labour in our operations and supply chains.
- We monitor and review the effectiveness of relevant internal policies and how these have been implemented across our business areas.



STRUCTURE, OPERATIONS AND SUPPLY CHAIN

Probiotec Limited is a company listed on the Australian Stock Exchange (ASX:PBP). Probiotec Limited includes the following entities:

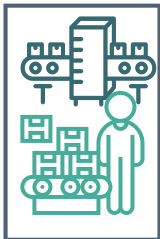


NSW

- ABS
- SPL
- Multipack LJM

VIC

- Probiotec Pharma
- LJM Marketing Services



BUSINESS OVERVIEW

The Probiotec Group provides contract manufacturing and packaging (primary and secondary) servicing the pharmaceutical, consumer health, food and beverage, FMCG and veterinary sectors.



GROUP DETAILS

Across all companies within the Probiotec Group we employ over 1000+ employees and our business sites are located in Victoria (VIC) and New South Wales (NSW), Australia. Our headquarters and registered office is situated at the Probiotec Pharma site in Laverton North, VIC.



SUPPLY CHAIN

The operations run by the Probiotec Group requires procurement activities that sources materials for manufacturing and packaging components. Our suppliers for this part of the supply chain are both local and international. Additional procurement requirements also include service providers that maintain our various sites and these are generally local providers.



MODERN SLAVERY RISKS

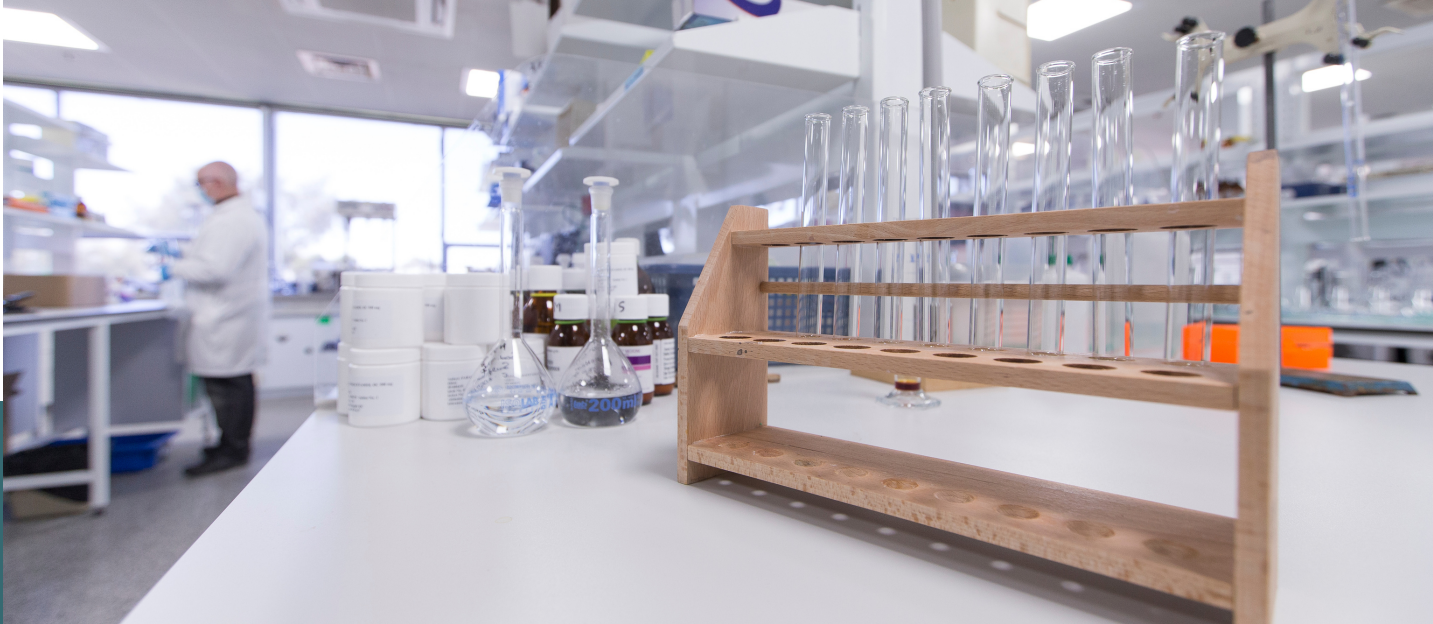
In determining the risks of modern slavery within the Probiotec Group operations, our initial steps involved scoping the business as a whole as well as specifically for each business within the group. With the Probiotec Group servicing several sectors our range of suppliers vary depending on product to be produced (manufacturing) or service to be executed (packaging). Adding another layer of consideration our contract manufacturing business are often influenced and strongly

directed by our customers and their requirements.

The below table provides a high level categorisation of specific areas within our business. These currently encompass areas of possible exposure to modern day slavery. This categorisation is our first iteration and we will monitor for any needs to re-assess and update in future reporting.

Table 1. Probiotec Business Group Risk Categorisation

Business Activity	Detail	Risk Analysis
Operational on-site services	<ul style="list-style-type: none"> On-site maintenance for site operations and engineering processes. Professional services contributing to business activities. Events (catering) and cleaning/waste services. 	With operations based in Australia we determined our engagements with local businesses relating to these activities to be low risk. We do acknowledge that there may be local industries that may require periodic re-assessment.
Contracts with preferred suppliers (customer directed)	<ul style="list-style-type: none"> As a contract manufacturer we typically engage with our customer's preferred suppliers who are often compliant to their own internal policies around ethical procurement. 	Our engagements with these suppliers have been determined as low risk as our customers also perform due diligence when assessing their preferred suppliers which they monitor. Our customers often have a robust sourcing team that take into consideration modern slavery risks in their processes.
Raw Material Sourcing	<ul style="list-style-type: none"> In our manufacturing site at Laverton we produce products for our customers as well as new product development services and will source material as required for work orders and customer projects. 	As our raw materials are both sourced locally and internationally, we recognise that there is a degree of risk particularly when sourcing internationally in particular geographic regions. Additionally, the interactions further upstream in the supply chain also increases risk where we have less control on indirect suppliers.
Packaging and Labelling	<ul style="list-style-type: none"> Many of our suppliers with regards to packaging and labelling falls under the direction of our customer. When seeking new packaging innovations and for our own business to business purposes we have direct engagements. We connect with our preferred suppliers for packaging and labelling solutions. 	Although our engagements are often with the Australian offices, a proportion of our suppliers act as distributors or have their own supply chains. The extension of those supply chains brings increased risk where there is greater distance from the end supplier.



ADDRESSING AND MANAGING MODERN SLAVERY RISKS

The Probiotec Group has made initial steps into addressing modern slavery risks in our business with the establishment of our internal Modern Slavery Policy.

The group policy covered the initial group structure at the beginning of the reporting year covering Probiotec Pharma, SPL and ABS. In the latter half of the year, the acquisition of Multipack LJM and LJM Marketing Services occurred. The strategy and focus in this reporting period was to align internal policies across each entity within the group. Consultation was required for SPL and ABS whilst Multipack LJM and LJM MS had Social Responsibilities Policies in place that could adopt requirements of the Modern Slavery Act.

Should modern slavery practices be suspected, an investigation would be launched to evaluate this. Should the issues be raised involve a supplier within our supply chain the supplier would be reviewed. Further actions will take place should any evidence of a breach to our policies occur. Depending on severity this could include a request to remediate the issue, re-qualification as a supplier or a termination of engagement. A breach to our policy by an employee may lead to disciplinary action being taken in accordance with the company's disciplinary procedures, whilst serious breaches may be regarded as gross misconduct and could lead to immediate dismissal.

As part of our continuous improvement we will determine our next steps beyond scoping of modern slavery risks. Our focus will shift towards higher degree risks identified with the intention being to set actions within our processes that address areas of concern to the best of our ability.

Relevant Information to Reporting

During a tumultuous year with the COVID-19 pandemic in the background there was a strong response plan and prioritisation of the health and well-being of our workforce to ensure our continuous operations. Whilst we implemented actions to minimise impact to the business our level of performance in addressing modern day slavery was undoubtedly impacted by the unprecedented operating environment.



ASSESSING EFFECTIVENESS OF OUR ACTIONS

As this was the inaugural year to launch our Modern Slavery Statement our main strategy for this reporting period was to have alignment across all the businesses within the group. This involves adoption of a range of internal policies.

Consultation on policies allowed business leaders to have raised awareness of these risks and be supported to implement new processes.

Our audit process will primarily rely on effective implementation of supplier questionnaires, post questionnaire risk assessments and supplier review processes. Within this reporting period the Probiotec Group strategy was to commence building new processes of assessment. Determining assessment criteria will be key in the establishment of our remediation processes.

This year there was no discovery of non-compliance or known public communication on modern slavery allegations with regards to any of our suppliers in our supply chain. We will remain diligent in uncovering these issues in our business.

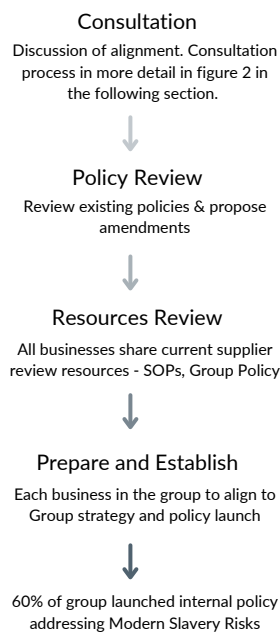


Figure 1. Strategy Process Flow

THE PROCESS OF CONSULTATION ACROSS THE PROBIOTEC GROUP

Addressing Modern Slavery Risks within the business has been set out by the Probiotec Group's Board of Directors. Board engagement ensures that adequate support can be provided inclusive of the leadership and guidance to ensure the effectiveness of any actions and initiatives. The presence of the internal Modern Day Slavery Policy has provided the group with a mandate and guidance for compliance.

As a business group there are inherent complexities of our structure and how we interact across each of the organisations. Leading oversight of policy implementation, our General Manager (HR & OHS) monitored internal policy across the Probiotec Group to ensure it remained relevant to the existing legislation.

The Probiotec supply chain team and business leaders of each of the entities oversee operational implementation including due diligence, surveillance and review processes of suppliers on ethical procurement.

To execute the risk identification, actions and monitoring programs each entity within the Probiotec Group was engaged to discuss and understand current processes. As the first year of reporting for the Modern Day Slavery Statement the focus was on understanding current processes and what effective initiatives could be adapted on current processes to initially address key elements of the legislation. The goal is to have the whole group aligned by the next reporting period.

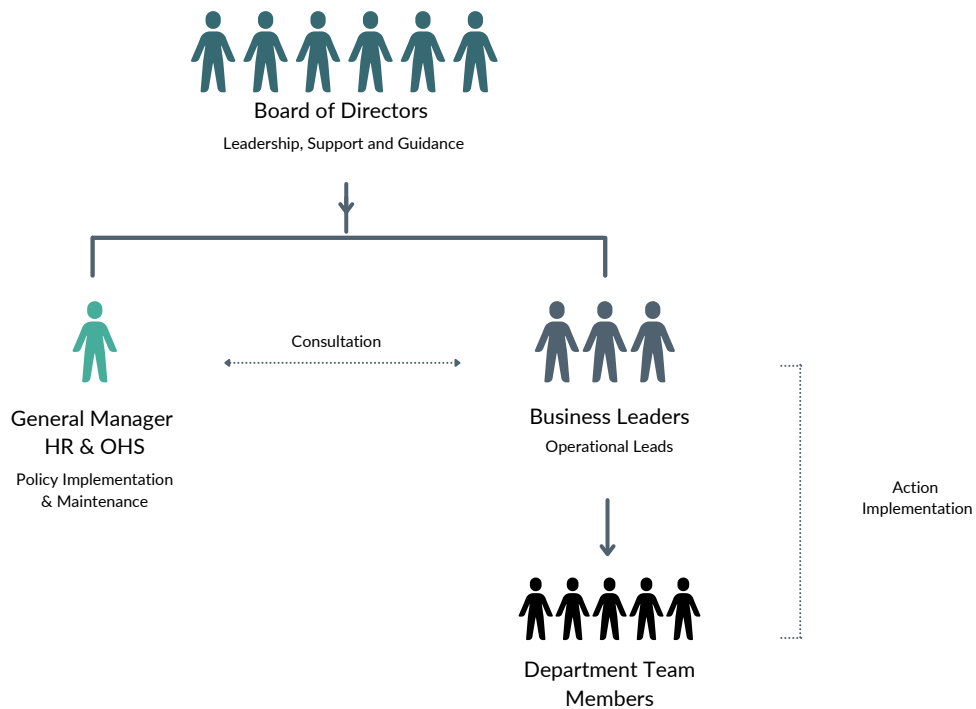


Figure 2. Consultation Overview for Probiotec Group



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