



Preliminary Modern Slavery Statement **2019**

Asaleo Care is a reporting entity under the Australian Modern Slavery Act 2018.

As we operate on a calendar reporting year, our first mandatory Modern Slavery Statement is due by June 2021 .



We are pleased to share Asaleo Care’s preliminary Modern Slavery Statement which outlines the steps we are taking to tackle the issue.

Contents

1	Disclosure Note	3
2	Letter from the CEO and Managing Director	3
3	Company Overview	4
	3.1 Our Operations	4
	3.2 Our Supply Chains	4
4	Modern Slavery Risks and Impacts	5
5	Our Approach to Human Rights, Modern Slavery and Human Trafficking	8
	5.1 Salient Human Rights Issues	9
	5.2 Asaleo Care Policies and Processes	10
	5.3 Due Diligence Processes	11
	5.3.1 Operations – Human Resources and Employment	11
	5.3.2 Supply Chain – Responsible Sourcing Program	11
	5.3.3 Supply Chain – Responsible Forestry Program	13
	5.3.4 Remediation	13
6	Tackling Modern Slavery – Activities Conducted in 2018 to 2019	14
7	Tracking our Progress and Effectiveness	15
8	Consultation	15
9	Looking Ahead	16

1 Disclosure Note

Asaleo Care is a reporting entity under the Australian Modern Slavery Act 2018. As we operate on a calendar reporting year, our first mandatory Modern Slavery Statement is due by June 2021.

To demonstrate our commitment to preventing the occurrence of modern slavery and human trafficking in our operations and supply chains, Asaleo Care is publishing this preliminary modern slavery statement. This is intended to meet the intent and future disclosure requirements of the Australian Modern Slavery Act 2018.

This statement covers all the entities within Asaleo Care Limited ('Asaleo Care') and covers the calendar year of 2019. Each Asaleo Care entity is covered by Asaleo Care policies, procedures and systems, including those relating to supply chain management, contracting, purchasing and human resources.

2 Letter from the CEO and Managing Director

I am pleased to share Asaleo Care's preliminary Modern Slavery Statement which outlines the steps we are taking to tackle the issue. Modern slavery impacts millions of people globally – with the International Labour Organisation estimating that more than 40 million people were victims of modern slavery in 2016, including nearly 25 million workers trapped in forced labour.

As a leading producer of personal care and hygiene products, Asaleo Care welcomes the opportunity to raise awareness of this important issue and help address the global phenomenon of modern slavery.

Transparency within supply chains is a vital step to addressing modern slavery. Since 2014, the Company has identified, assessed and reported on supply chain management and human rights, building a strong foundation on which to tackle modern slavery.

Our approach focuses on understanding the complexities of modern slavery and continually improving our processes to prevent its occurrence. We work in partnership with our suppliers and their business partners, our customers and other industry and multi-stakeholder forums and networks to help eliminate modern slavery from our operations and supply chains.

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



Sid Takla
Chief Executive Officer and Managing Director,
Asaleo Care

18 February 2020

Asaleo Care is a leading Personal Care and Hygiene company operating across Australasia. The Company manufactures and sells essential everyday consumer products including tampons, pads and liners, nappies, toilet and facial tissue, paper towels, napkins and disposable tableware.

3 Company Overview

3.1 Our Operations

As a leader in sustainability, Asaleo Care is committed to respecting human rights and eliminating modern slavery within our operations and supply chain. Having a clear view of our business operations and supply chains is critical for meeting this commitment.

Asaleo Care is a leading Personal Care and Hygiene company operating across Australasia. The Company manufactures and sells essential everyday consumer products including tampons, pads and liners, nappies, toilet and facial tissue, paper towels, napkins and disposable tableware. Our popular products are recognised household and industrial brands including Libra, TENA, Tork, Purex, Treasures, Orchid, Viti Handee and Sorbent¹.

Asaleo Care has a proud heritage of more than 60 years and is an Australian publicly-listed company. We operate four manufacturing facilities in Australia, New Zealand and Fiji and 11 distribution centres in these areas. We also employ a workforce of close to 700 people across these three countries (see Table 1).

TABLE 2 – PERCENTAGE OF SUPPLIERS OF TIER 1 SUPPLIERS BY COUNTRY / REGION, 2019

REGION / COUNTRY	PERCENTAGE OF TIER 1 SUPPLIERS
Australia	42%
New Zealand	37%
Fiji	11%
Europe	5%
Asia	2.5%
North America	2%
South America	<1%
Other	<1%

¹ Sorbent and Handee in New Zealand only.

TABLE 1 – KEY COMPANY FACTS AND FIGURES (2019)

Underlying Revenue	\$420.2 million
Number of employees	688
Number of suppliers	Over 1,600
Supplier Spend (AUD)	Approximately \$301 million

3.2 Our Supply Chains

Globally, Asaleo Care traded with more than 1,600 goods and services providers in 2019. Within the countries where we operate, nearly 80 percent of Tier 1 suppliers are based in Australia and New Zealand, with a smaller percentage in Fiji. The remaining 9.5 per cent of suppliers are from Europe, North America, Asia and other countries (Table 2). By value, the majority of our spending in 2019 occurred in Australia, New Zealand and Europe, followed by North America, South America and Fiji, with the remainder from Asia and other countries (Table 3).

TABLE 3 – PERCENTAGE OF PROCUREMENT SPEND BY COUNTRY / REGION, 2019

REGION / COUNTRY	PERCENTAGE OF SPEND VALUE
Australia	25%
New Zealand	23%
Europe	21%
North America	10%
Asia	8.5%
South America	6.5%
Fiji	5.5%
Other	<1%

Figure 1 – Fibre supply chains



Two substantial categories in our procurement spending are in raw materials, with pulp as our largest input, followed by external finished goods. We are reliant upon sustainable sources of pulp and pulp-based products. Responsible forestry and fibre procurement practices have been integral to the way we operate for many years. We support responsible forestry through our policies, sourcing practices and product offerings.

We hold multi-site Forest Stewardship Council® (FSC) Chain of Custody (COC) certification for our operations and make certified products available to our customers and consumers.

In this context, our supply chains for fibre-based commodities include raw materials and finished goods involving multiple suppliers as shown in Figure 1.

*pulp to Australia and New Zealand and paper reels to Fiji

4 Modern Slavery Risks and Impacts

The key drivers and root causes behind modern slavery are context-specific and as such geographic, sector, and product factors need to be analysed specifically.

Vulnerability to modern slavery can increase where contributing factors are present across different dimensions including governance issues, lack of basic needs, inequality, disenfranchised groups and effects of conflict². Risks of modern slavery practices are defined as the potential for an entity to cause, contribute to, or be directly linked to modern slavery through its operations and supply chains³.

For example:

- + The risk of causing modern slavery relates to the risk that an entity's operations could result in modern slavery practices such as by owning or managing a factory that uses forced labour.

- + The risks of contributing to modern slavery relates to an entity's operations or actions in its supply chains that may contribute to modern slavery such as knowingly setting unrealistic cost targets and delivery timeframes for a supplier of finished goods or raw materials that can only be met by using exploited labour.
- + The risks of being directly linked to modern slavery practices relates to being connected to modern slavery through the activities of another entity in the supply chain or that the company has business relationship with, for example if a supplier within the forestry and fibre based supply chain was connected to modern slavery practices.

2 Walk free Foundation, Global Slavery Index 2018. Available at: <https://www.globalslaveryindex.org/2018/findings/navigating-the-index/>

3 *Australian Modern Slavery Act 2018*

In 2019, Asaleo Care refined its Responsible Sourcing Program risk assessment processes to reflect an increased focus on potential modern slavery risk indicators. We recognise that the root causes of exploitation need to be tackled with effective governance and actions to help end modern slavery.

We assess potential ethical sourcing, human rights and modern slavery risks through a variety of methods. We consider the country of origin where we are sourcing products, services or raw materials from, the particular sectors, services and activities involved, and the labour supply chain characteristics. We use tools such as the Global Slavery Index and sector reports such as the US Department List of Goods Produced by Forced Labour.

We will continue to refine our risk mapping process as we learn more about our supply chain and the key drivers and root causes of modern slavery.

In terms of the countries in which we operate, Australia and New Zealand are ranked low for prevalence and vulnerability to slavery in the Asia Pacific region⁴, whilst Fiji is considered to be a higher risk jurisdiction⁵. For our supply chains, we have mapped our Tier 1 suppliers and have identified the majority (86 per cent) are located in lower risk jurisdictions for modern slavery practices such as Australia, New Zealand, Europe and North America. Approximately 13 per cent of our Tier 1 suppliers are located in higher risk countries (see Table 4). We have identified that supply chains in Asia can have the greatest potential risk and we have prioritised our actions accordingly.

TABLE 4 – COUNTRIES WITHIN OUR OPERATIONS AND SUPPLY CHAINS AND INHERENT RISK FOR MODERN SLAVERY⁶

COUNTRY	GSI 2018 – PREVALENCE OF MODERN SLAVERY (VICTIMS PER 1,000 POPULATION)	GSI 2018 – ESTIMATED ABSOLUTE NUMBER OF VICTIMS	GSI 2018 GOVERNMENT RESPONSE RATING	GSI 2018 VULNERABILITY TO MODERN SLAVERY
Selected low risk countries (Tier 1 – Primary suppliers)				
Australia	0.65 / 1000	15,000	BBB	4.27
New Zealand	0.6 / 1000	3,000	BB	1.91
Canada	0.48 / 1000	17,000	BB	10.20
United States	1.26 / 1000	403,000	BBB	15.88
Germany	2.04 / 1000	167,000	BB	10.44
Netherlands	1.77 / 1000	30,000	A	6.11
Sweden	1.58 / 1000	15,000	BBB	4.27
Selected higher risk countries (Tier 1 – Primary suppliers)				
Chile	0.8 / 1000	14,000	BBB	25.6
Brazil	1.79 / 1000	369,000	BB	36.38
China	2.8 / 1000	3,864,000	CC	50.65
South Korea	1.95 / 1000	99,000	CC	29.83
Colombia	2.7 / 1000	131,000	B	51.62
Malaysia	6.9 / 1000	212,000	CCC	39.23
Taiwan	0.49 / 1000	12,000	CCC	20.25
Indonesia	4.7 / 1000	1,220,000	BB	50.45
Fiji ⁷	ND	ND	ND	ND

⁴ Walk Free Foundation, Global Slavery index 2018

⁵ US Department of State, 2018. Trafficking in Persons report.

⁶ As per Walk Free Foundation's Global Slavery Index 2018

⁷ Rankings for Fiji are not available on the Global Slavery Index 2018. Fiji is ranked as a higher risk jurisdiction in the US Department of State, 2018 Trafficking in Persons report.

Research shows that high risk industries in Australia for forced labour exploitation include agriculture, construction, domestic work, meat processing, cleaning, hospitality, and food services⁸, and high risk industries in the Pacific region include fisheries, construction, agriculture, hospitality and domestic services. Many of these industries employ a high percentage of migrant workers, including seasonal workers who are more vulnerable to exploitation by labour recruitment agents and sub-contractors due to a potential lack of knowledge, language barriers and other factors⁹.

Our business activities do not directly intersect with the high risk sectors above. For the services we procure, we have identified that the use of services managed by third party providers such as labour hire, outsourced activities and sub-contracting may be a potential risk area if third parties are not in compliance with labour legislation and standards. We have prioritised our actions in the focus areas presented in Table 5.

TABLE 5 – PRIORITY FOCUS AREAS WITHIN THE SERVICES THAT WE PROCURE

SECTOR	PRIORITY FOCUS AREAS
Third party labour providers	Recruitment agencies
Outsourced services	<ul style="list-style-type: none"> + Cleaning + Information technology + Catering + Maintenance and facility management used for our operations.

According to research, timber-based products and the forestry industry are known inherent high risk sectors for modern slavery practices, including forced labour and trafficking.¹⁰

Aside from the hazardous nature of forestry and logging activities, workers in the forestry sector are often vulnerable workers such as migrants, some of whom are forced to pay recruitment fees to recruiters and other middlemen. Exploitative conditions may present in the sector including threats, poor living and working conditions, excessive working hours, and non-payment of wages.¹¹

In addition, much of the output of the global forestry sector originates from remote areas where labour regulations may be more easily disregarded. Higher risks of modern slavery can occur at the intersection of more than one high risk factor, for example higher risk sectors and products originating from higher risk jurisdictions where weaker governance, lower labour standards and limited enforcement capacity may be present. For the forestry sector in known higher risk regions such as the Amazon basin, South East Asia and parts of Africa this could mean lower levels of sustainable forest management and certification schemes, high levels of poverty and weak governance¹².

8 Global Slavery Index. Country Studies – Australia – <https://www.globallslaveryindex.org/2018/findings/country-studies/australia/>
 9 Verite Responsible Sourcing Tool – <https://www.responsiblesourcingtool.org/visualizerisk>
 10 Global Slavery Index 2018; US Department of Labour, 2018 List of Goods Produced by Child Labour or Forced Labour; Verite 2017. Strengthening Protections Against Trafficking in Persons in Federal and Corporate Supply Chains.
 11 Know the Chain. Investor snapshot: forced labour in forestry (incl. paper and forest products).
 12 Verite Responsible Sourcing Tool

As a manufacturer of personal care and hygiene products, the vast majority of the products we sell to customers and consumers started their life in a forest. We rely on sustainable sources of pulp and pulp-based products and place a high priority on the fibre supply chain as this is where we expect to have the greatest influence and impact. We have identified that fibre supply chains can have inherent product and sector risks and have prioritized our actions as per the areas presented in Table 6.

TABLE 6 – PRIORITY FOCUS AREAS WITHIN THE CATEGORIES THAT WE PROCURE

CATEGORY	PRIORITY FOCUS AREAS
External finished goods (fibre-based)	Fibre-based finished goods from third party entities in the manufacturing and paper industry where we don't have visibility of their fibre supply chain, or who operate in higher risk jurisdictions.
Fibre-based raw materials	Direct procurement of fibre-based raw materials if sourced from higher risk jurisdictions.

We work to reduce potential human rights and modern slavery risks in our fibre supply chain through our Responsible Forestry Program and making certified products available to our customers (see Section 5.4.3 on our Responsible Forestry Program). All our fibre-based raw materials and finished goods meet the requirements of our Responsible Forestry and Fibre Sourcing Policy.

For the fibre-based raw materials that we procure directly to manufacture our products, nearly half (47 per cent) of our procurement spend on pulp and paper reels in 2019 was from Tier 1 suppliers located in lower risk jurisdictions such as New Zealand and North America. The remaining spend on pulp and paper reels was from Tier 1 suppliers in higher risk jurisdictions (45%) and moderate risk jurisdictions (7%).

5 Our Approach to Human Rights, Modern Slavery and Human Trafficking

Asaleo Care's sustainability goal is to help support a more sustainable society through our products and business operations. We recognise our responsibility to respect human rights and are committed to eliminate modern slavery within our supply chain and source goods and services free from the exploitation of workers.

We believe that strong internal policies, processes and systems are an essential first step in informing the way we manage the risk of human rights abuses, such as modern slavery, within our own operations and in those of our suppliers and business partners. Our approach to tackling modern slavery and broader human rights issues is grounded in a number of internationally recognised declarations, standards and codes, which provide the foundation for how and where we work.

These include:

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

We consider modern slavery risks together with other human rights issues. Our approach is supported by our policies and programs. We take any breach of our policies or allegations extremely seriously.

5.1 Salient Human Rights Issues

Through our risk mapping processing we have identified our salient human rights issues. The Universal Declaration of Human rights has been used in the exercise, where risks are rated based on impact on rights-holders rather than impact on business.

Our salient human rights issues are presented in Table 7.

TABLE 7 – OUR SALIENT HUMAN RIGHTS ISSUES

SALIENT HUMAN RIGHTS ISSUES	SUMMARY OF OUR APPROACH
Forced labour*	We have identified force labour as a salient human rights risk in our supply chains. We do not use or tolerate the use of forced labour in any form in our own operations or in our supply chain. We expect our suppliers and our suppliers' suppliers to be committed to the same principles as us.
Living wage*	We are committed to promoting decent work and working conditions as well as fair employment in our own operations and across our supply chain. Everyone is entitled to fair work, and a living wage is an essential component of this ¹³ .
Working hours*	We're dedicated to supporting labour rights for all people who work with or for us, directly or indirectly and within our supply chains. Working hours is a key element of this. Excessive working hours can be detrimental to the health of individuals and families.
Freedom of association and collective bargaining*	Workers have the right to join or form trade unions of their own choosing and to bargain collectively. We support this right through our policies and programs and aim to promote freedom of association in our supply chains.
Health and safety+	The health and safety of our employees, contractors and visitors to our sites is always our most important priority. Health and safety is integrated throughout our operations and organisational culture. We are committed to provide a safe and healthy work environment at our sites for all employees, contractors and visitors. We also want to ensure working conditions are safe in our supplier sites and occupational health and safety is a key aspect of supplier assessment and auditing.
Land rights*	As fibre-based commodities are a key input into our products, land rights in communities around forestry plantations is a key potential issue. We aim to uphold people's rights to land and resources and remain vigilant against any invasions of these rights.
Access to health and hygiene+	Access to hygiene and health products and solutions is vital when it comes to ensuring people's well-being, good health and livelihood, and the development of society.
Child labour/Rights of Children*	We acknowledge our responsibility in respecting and supporting children's rights in our value chain. This means not only preventing harm but also aiming to actively safeguard children's best interests in our sphere of influence.

*Modern slavery related category; +Broader human rights related category

13 A living wage is what an individual needs to earn to live a decent life and to participate fully in society.

5.2 Asaleo Care Policies and Processes

Asaleo Care has documented policies and procedures that establish controls and a framework for managing broader human rights and the risk of modern slavery within our business and supply chain. These are presented in Table 8. Further information on our commitments and policies is available on our website and in our Annual Report.

TABLE 8 – OUR POLICIES AND PROCESSES REGARDING BROADER HUMAN RIGHTS AND MODERN SLAVERY

POLICY	OUTLINE
Code of Conduct ¹⁴	This sets out the minimum ethical standards expected of all employees of the Company, as well as contractors, sub-contractors, agents and other personnel.
Whistleblower and Reporting of Improper Conduct Policy ¹⁵	This policies and other policies for establishing standards for appropriate workplace behaviours and conduct provide the avenue for reporting incidents or improper conduct.
Workplace health and safety Policy ¹⁶	The health and safety of our employees, contractors and visitors is a top priority. This policy outlines our commitment in this area.
Broader human rights – internal policies	Other internal policies and standards relating to human resources inform the way we work and ensure that we aim to respect human rights in the way we do business: Recruitment and selection, Workplace behaviours, Diversity and inclusion, and Ethics and anti-bribery.
Environmental Policy ¹⁷	Our sustainability goal is to help support a more sustainable society through our products and business operations. This policy outlines our commitment in this area.
Ethical Sourcing Policy ¹⁸	Through our policy, we prohibit the use of forced, bonded or involuntary labour or child labour in our supply chains, and support freedom of association, a living wage and non-discrimination.
Responsible Forestry and Fibre Sourcing Policy ¹⁹	This was updated in 2018 to include a No Deforestation, No Peat, No Exploitation (NDPE) commitment for the purchase of our pulp and paper reels.
Procurement policies and processes including supplier due diligence, onboarding and contracts	Our procurement contracts and supplier onboarding documentation require suppliers to adhere to our standards and policies, including our Ethical Sourcing and Responsible Forestry and Fibre Sourcing Policies. Our contract terms and conditions require suppliers to comply with these.

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

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

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

17 Environmental Policy – <https://www.asaleocare.com/sustainability/environmental-policy/>

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

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

5.3 Due Diligence Processes

The systems for managing risks apply at a Group level and to all subsidiaries. Risks of modern slavery are dynamic and can change quickly. We regularly reassess and respond to the potential and actual risks in our business and supply chains. Our Sustainability team leads this process working closely with Human Resources, Procurement, Legal and our wider teams to update our risk assessments and implement our due diligence programs. We concentrate our efforts where we expect to have the greatest influence and impact. In addition to addressing human rights in our own operations, we address supply chain complexity and prioritize our efforts via different approaches.

5.3.1 Operations – Human Resources and Employment

Asaleo Care provides safe and fair working conditions for all its employees and ensures no child labour is employed in line with minimum age laws in the areas that it operates. We expect the same standard from our contractors, suppliers and other business partners.

We choose to work with partners and labour providers that comply with local employment laws and focus on treating employees fairly and respectfully. We have a number of people management policies, procedures and due diligence activities in place which include recruitment and selection, Right to Work checks, training and development and other workforce management activities.

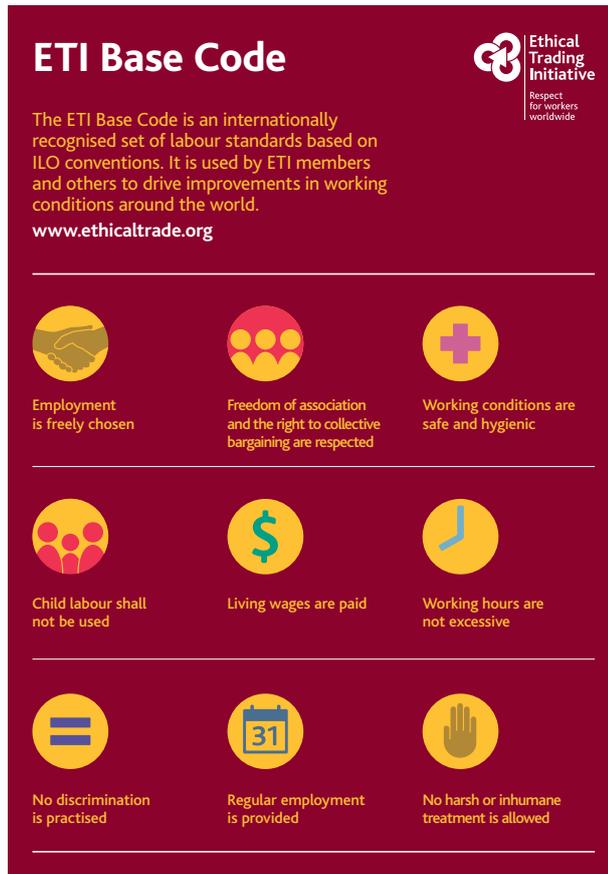
5.3.2 Supply Chain – Responsible Sourcing Program

Asaleo Care bases its human rights approach, including the management of modern slavery risks on the United Nations Guiding Principles on Business and Human Rights (UNGPs). The UNGPs are the global standard for preventing and addressing adverse impacts on human rights by business. We operate a due diligence program to identify, prevent and mitigate any adverse human rights impacts of our supply chains in alignment with the principles and guidance contained in the UNGPs.

We have operated a Responsible Sourcing Program since 2014, in which we identify and screen relevant suppliers' practices in human rights and labour standards, health and safety, environmental management and business integrity. Our Responsible Sourcing Program is consistent with the Ethical Trade Initiative Base Code and national and international laws.

Our Code of Conduct, Ethical Sourcing Policy, procurement processes and other relevant policy documents clearly outline our supplier expectations. In conducting due diligence on suppliers, we apply a range of steps including pre-qualification checks, contractual arrangements and ongoing monitoring. Our vendor pre-qualification forms and contracts include language stipulating that counterparties agree to adhere to our policies and standards. This provides a safeguard that we onboard and work with vendors who agree to operate to the same standard we expect from ourselves.

Figure 2 – Aspects covered by our Responsible Sourcing Program in line with the ETI Base Code.





We are a member of Sedex, the Supplier Ethical Data Exchange and utilise this platform to assess and manage our suppliers within our Responsible Sourcing Program. Once onboarded into our Responsible Sourcing Program, suppliers are requested to share information with us via the Sedex platform.

We collate supplier data from the Self-Assessment Questionnaires (SAQs) and third party independent audits according to the Sedex Members Ethical Trade Audit (SMETA) form.

We then assess risk within our supply chain via the Sedex Risk Assessment Tool. Suppliers are further risk assessed based on their SAQ, inherent risk rating and previous audit findings (if available).

Criteria used to screen suppliers as determine by the Sedex Stakeholder Forum (SSF) include management systems, working hours, employment

is freely chosen, regular employment, wages and benefits, no child labour, health and safety, no harsh or inhumane treatment is allowed and other criteria. We also monitor our suppliers and encourage continuous improvement through corrective action plans, remediation of non-compliances, and collaboration with other parties. Further information on our Responsible Sourcing Program and sustainable supply chain management can be found on our website and within our Annual Report.

Suppliers within specific categories, sectors or jurisdictions that have been identified as having inherent high risk for modern slavery and ethical sourcing issues are required to participate in our Responsible Sourcing Program so that we can review, assess and monitor their information. We screen suppliers based on the aspects presented in Table 9.

TABLE 9 – OUR – RESPONSIBLE SOURCING PROGRAM – INITIAL SUPPLIER SCREENING PROCESS

SUPPLIER CATEGORIES ASSESSED	RISK FACTORS CONSIDERED	SUPPLY CHAIN DUE DILIGENCE DEPTH
All spend categories including forestry goods and materials, other raw materials, indirect goods and services, logistics etc	Geographic location (i.e. low cost countries / high risk jurisdictions), sector and product risk, labour supply chain characteristics	Forestry goods and materials – full supply chain from Tier 1 to forest; Site of manufacture Primary and secondary service providers (i.e. Tier 1, or Tier 2)

5.3.3 Supply Chain – Responsible Forestry Program

Responsible forestry practices are at the core of our sustainability strategy. Our business is reliant upon sustainable sources of pulp and pulp-based products. We support responsible forestry through our policies, sourcing practices and product offerings.

We will not purchase pulp and paper reels that originate from controversial sources including timber from areas where human rights or the traditional rights of indigenous people are violated (including timber from drained tropical peatlands).

These commitments form the basis for our Tropical Peatland Free promise (Figure 3) that is activated through our brands. We are the first in our industry to make a tropical-peatland free commitment for our forestry and fibre sourcing.

We apply multiple approaches to manage this issue. These include COC certification, Environmental Choice New Zealand (ECNZ) licensing and assurance as well as source of origin due diligence. We hold FSC COC certification for our operations and make certified products available to our customers and consumers. We also support credible independent certification and third party verification of Forest Management and COC systems because we believe it improves responsible forestry and reduces the risk of modern slavery issues.

All pulp and paper reel purchases are made in accordance with our Responsible Forestry and Fibre Sourcing Policy. Our products certified to FSC-C101950 are assured to be free from any direct or indirect involvement in activities that violate traditional and human rights in forestry operations, as required by the International Labour Organization (ILO) Convention 169²⁰.



Figure 3 – Our Tropical Peatland Free Commitment

We conduct source of origin due diligence to map our fibre supply chains and trace the origin of our pulp and paper reel purchases from the country of harvest to the point of purchase from our suppliers. To support our forestry due diligence system, we have implemented an innovative web-based system to help us collect higher quality information from our suppliers and perform faster due diligence. Places of origin and suppliers in the supply chain are also assessed against our Responsible Sourcing Program requirements. Traceability helps us manage the fibre supply chain and manage each specific risk in an appropriate way with control measures commensurate with the risk.

Modern slavery risks, including risks of forced labor are higher where regulatory oversight is weaker and in the forestry sector it is estimated that up to 50% of illegal logging globally depends on forced labour²¹.

We comply with all relevant laws including the *Illegal Logging Prohibition Act 2012* (Cth.). Where our raw materials and products are regulated under the *Illegal Logging Prohibition Amendment Regulation 2013* (Cth.), supply chain due diligence is conducted and we work with our suppliers to maintain adequate control and traceability of the supply chain. Further information on our Responsible Forestry Program is available on our website and within our Annual Report.

5.3.4 Remediation

The Whistleblower and Reporting of Improper Conduct Policy and other policies for establishing standards for appropriate workplace behaviors and conduct provide the avenue for reporting incidents or improper conduct. We will continue to build our complaints and grievance processes and promote these to our suppliers.

20 According to FSC-STD-40-004 V3-0.

21 Global Slavery Index (2016), "Global Slavery Index 2016."

The focus in 2018 and 2019 was to build on the foundations of our Responsible Sourcing and Responsible Forestry programs, review our existing processes and procedures, and strengthen our understanding of the potential modern slavery risks and impacts related to our activities and further upstream in our supply chains. Our specific activities for 2018 and 2019 are highlighted in Table 10.

6 Tackling Modern Slavery – Activities Conducted in 2018 to 2019

TABLE 10 – OUR ACTIVITIES IN 2018 AND 2019 FOR TACKLING MODERN SLAVERY

AREA	ACTIONS
Policies and processes	<ul style="list-style-type: none"> + Launched our Ethical Sourcing Policy in July 2019. + Updated our Responsible Forestry and Fibre Sourcing Policy in August 2018 to include a No Deforestation, No Peat, No Exploitation (NDPE) commitment for the purchase of our pulp and paper reels.
Human Resources and Operations	<ul style="list-style-type: none"> + Commenced a review of our human resources, employment and third party labour provider management processes in light of modern slavery risk factors and areas of vulnerability across our operations and subsidiaries.
Procurement Processes	<ul style="list-style-type: none"> + Commenced a review of our supplier standards, procurement processes and contract templates to further reflect our approach to tackling modern slavery and strengthen our procurement systems.
Supplier Onboarding and Risk mapping	<ul style="list-style-type: none"> + Refined our Responsible Sourcing Program risk assessment processes to reflect an increased focus on potential modern slavery risk indicators and provide an additional level of due diligence around the sectors and geographies with higher risk of modern slavery issues. + Updated our fibre supply chain maps from our direct supplier to the country of harvest and commenced mapping of other raw material supply chains. + Expanded our Responsible Sourcing Program to include an increased focus on labour and human rights indicators.
Due Diligence	<ul style="list-style-type: none"> + At the end of 2019, there were 121 active suppliers participating in our Responsible Sourcing Program. This represents 58% of the company's total procurement spend.²² + At end 2019, 38 pulp and paper reel suppliers, covering 81% of relevant suppliers were screened according to our due diligence criteria²³. We also provided 256 FSC COC certified products during this period. + 100% of pulp and paper reel purchases met our Responsible Forestry and Fibre Sourcing Policy. + Further information is available in our 2019 Annual Report.
Reporting Concerns and Remediation	<ul style="list-style-type: none"> + Commenced a review of our existing grievance management practices and systems with respect to modern slavery, including the Whistle-blower and Reporting of Improper Conduct Policy.
Collaboration and engagement	<ul style="list-style-type: none"> + Participated in consultations and submissions in 2018 during the introduction of the Australian Modern Slavery Act to contribute to policy and legislation development from an industry perspective. + Participated in FSC membership events and leveraged the information that they generate human rights issues in the forestry and fibre supply chain sector. + Participated in formal and informal industry working groups and conferences to exchange ideas with other businesses and explore opportunities around addressing human rights and modern slavery risks in our sectors. + Mentored customers and industry peers on the issue of modern slavery to assist them to prepare for reporting under the Modern Slavery Act 2018.
Human rights	<ul style="list-style-type: none"> + Conducted a risk mapping processing to identify our salient human rights issues.

²² Based on spend in Australia, New Zealand and Fiji.

²³ Source of origin due diligence is not performed on packaging that is not regulated under the *Illegal Logging Prohibition Act 2012* (Cth.) or items for internal consumption.

7 Tracking our Progress and Effectiveness

Risks of modern slavery are dynamic and can change quickly. We regularly reassess and respond to the potential and actual risks in our business and supply chains and track our progress and effectiveness in these actions.

Through our Responsible Sourcing Program, we regularly review our risk assessment processes to ensure it remains up to date and regularly review the risk level of our suppliers. We monitor and track the number of high risk suppliers with non-compliances, the number of non-compliances in process of being addressed and the number of suppliers which have resolved these. We also regularly review supplier SAQs against labour, human rights, health and safety and other indicators and track these answers.

As part of our modern slavery governance, we have established a process for regular internal engagement and feedback on our progress between key areas of our business. This is achieved through cross-functional meetings with Procurement, Human Resources, Legal and Operational teams, in addition to annual reporting to the Board on our progress and effectiveness.

We will continue to explore key performance indicators around the number of high risk suppliers, stakeholders engaged and levels of awareness among staff and plan to implement further actions to track our progress and effectiveness in the year ahead.

8 Consultation

This modern slavery statement is made by Asaleo Care, and its subsidiaries in New Zealand and Fiji.

In preparing this modern slavery statement, relevant directors and officers of all the entities making the statement were consulted and provided with an opportunity to review the statement prior to its approval.

All entities within Asaleo Care are covered by the same company policies, procedures and systems, including those relating to supply chain management, our Responsible Sourcing Program contracting, purchasing, employment and human resources.

Our approach to tackling modern slavery is applied to the whole of the Asaleo Care group. Regular engagement with our various business units and site operations has formed a key part of ensuring all input and feedback is taken into account in how we identify, assess and address modern slavery risks.

The results of our efforts in 2019 will inform our next steps. These activities will further our understanding of the potential modern slavery risks and impacts in our activities and supply chain, and help build and embed our policies, procedures and systems across our business operations and supply chains.

9 Looking Ahead

This will assist us to strengthen our management controls, particularly around those suppliers identified as being at higher risk in any responsible business risk area. Our planned activities are highlighted in Table 11.

TABLE 11 – OUR PLANNED ACTIVITIES FOR TACKLING MODERN SLAVERY

AREA	ACTIONS
Policies and processes	<ul style="list-style-type: none"> + Review and update our Code of Conduct to better reflect our approach to tackling modern slavery. + Review and update our Supplier Code of Conduct and handbook, to further embed the management of modern slavery aspects in supplier contract terms and conditions.
Human Resources and Operations	<ul style="list-style-type: none"> + Strengthen our due diligence assessment of third party labour hire providers and recruitment agencies with reference to potential modern slavery risks. + Obtain assurance of operational compliance with our human rights commitments and relevant standards through independent external audits of our manufacturing sites. + Continue to build expertise at our sites, especially with teams that rely on contractors in their workforce, to better identify and manage any exposure to risks or vulnerabilities.
Procurement Processes	<ul style="list-style-type: none"> + Review and update our suite of procurement documents to further embed management of modern slavery aspects in supplier terms and conditions.
Supplier Onboarding and Risk mapping	<ul style="list-style-type: none"> + Improve visibility of the labour supply chain in priority commodity supply chains. + Improve visibility of the supply chain in priority non-fibre raw material supply chains.
Due Diligence	<ul style="list-style-type: none"> + Explore ways to better identify and act on risks further up our supply chains.
Progress and effectiveness	<ul style="list-style-type: none"> + Continue to explore key performance indicators and implement further actions to track our progress and effectiveness.
Reporting Concerns and Remediation	<ul style="list-style-type: none"> + Continue to build our complaints and grievance processes.
Collaboration and engagement	<ul style="list-style-type: none"> + Continue to take an active role in industry collaboration, advocacy, and capacity building in the area of human rights and modern slavery in supply chains. + Talk to and engage with customers on modern slavery actions including within multi-stakeholder initiatives. + Continue exploring innovation to effectively utilise technology to assess and manage modern slavery risk.

This Statement was approved by the Board of Asaleo Care at their meeting on 18 February 2020.

