



# Modern Slavery Statement 2020

**Opal.**

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# A message from **Opal**

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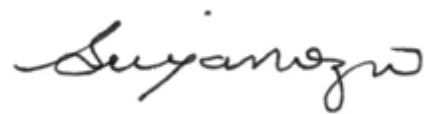
On behalf of the Board of Directors of Paper Australia Pty Ltd, I am proud to endorse Opal's first Modern Slavery Statement. This Statement provides an overview of the work we have undertaken during the 12 months ending 31 December 2020 (**Reporting Period**) to understand the potential risks of modern slavery and human rights abuses in our operations and supply chain and the measures we have been taking in response.

There are five Values which Opal embraces across our organisation. These are; Collaborative, Agile, Extraordinary, Trustworthy and Safe. Of these five, Safe is our core Value. It is our number one priority and is central to everything that we do at Opal.

In line with our Values and Supplier Code of Conduct, Opal is committed to conducting our business ethically and with integrity. By working closely together with our suppliers we recognise that we can reduce the potential for modern slavery practices within our supply chain. Our objective is for all our suppliers to meet the requirements of the Code by fully complying with its requirements and all applicable laws.

Opal is also committed to annually reviewing and strengthening the way we address modern slavery in our operations and supply chain.

We appreciate your interest in Opal's approach to managing this important issue and encourage feedback from our stakeholders through our [opalanz website](#). This Statement was approved by the Paper Australia Pty Ltd Board on 28 April 2021, on behalf of it and its reporting entities.



Seiya Nozu

Director

# The Opal Approach

Opal is a new and innovative renewable packaging company. On 30 April 2020, Opal Packaging Australia Pty Ltd (**OPA**) and Opal Packaging New Zealand Limited (**OPNZL**), subsidiaries of Paper Australia Pty Ltd (**OAP** or **Opal Australian Paper**), completed the purchase of Orora Limited's (**Orora**) fibre packaging businesses in Australia and New Zealand. This purchase included the paper and recycling, fibre packaging, cartons, sacks and bags, specialty packaging and functional coatings businesses conducted by Orora and several of Orora's wholly owned subsidiaries.

OPA and OPNZL were both incorporated for the purposes of entering into the sale agreements with Orora to purchase

and operate the Orora fibre businesses in Australia and New Zealand. Following completion of this acquisition, OAP's group of companies located in Australia and New Zealand were rebranded as 'Opal'.

With operations in Australia and New Zealand, Opal is one of Australasia's leading packaging and paper companies and we directly employ more than 4,000 employees across our operations.

This Statement provides details on the actions that Opal has undertaken during the Reporting Period (a summary of which is set out in Table 1 below) and future plans to address modern slavery risks within our business and supply chains.

Table 1

## Opal's 2020 key focus areas

### Our operations

- Revised Opal Code of Conduct
- Update of relevant policies
- Conducted training on modern slavery for procurement
- Developed online broader modern slavery training program for employees
- Extended whistleblower mechanisms to include human rights concerns or enquiries

### Our supply chain

- Mapped supply chain of OAP and conducted high level risk assessment
- Creation and introduction of Supplier Code of Conduct
- Creation and introduction of internal Modern Slavery Remediation Framework
- Developed self-assessment questionnaire to distribute to priority suppliers
- Extended whistleblower mechanisms to include human rights concerns or enquiries

Given the completion of the acquisition of Orora's fibre packaging business in Australia and New Zealand occurred part way through the Reporting Period, Opal also refers to the modern slavery and due diligence and investigations undertaken by Orora in its Modern Slavery Statement available at <https://www.ororagroup.com/about/Modern-Slavery>.





# 1

## The Reporting Entity

### Opal Structure

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OAP is a wholly owned subsidiary of the Tokyo Stock Exchange listed company, Nippon Paper Industries Co. Ltd (**NPI**) and forms part of the NPI group of companies. OAP is the parent company of a group of subsidiary companies.

Opal's first 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 address modern slavery risks and implement one due diligence process across the entities.

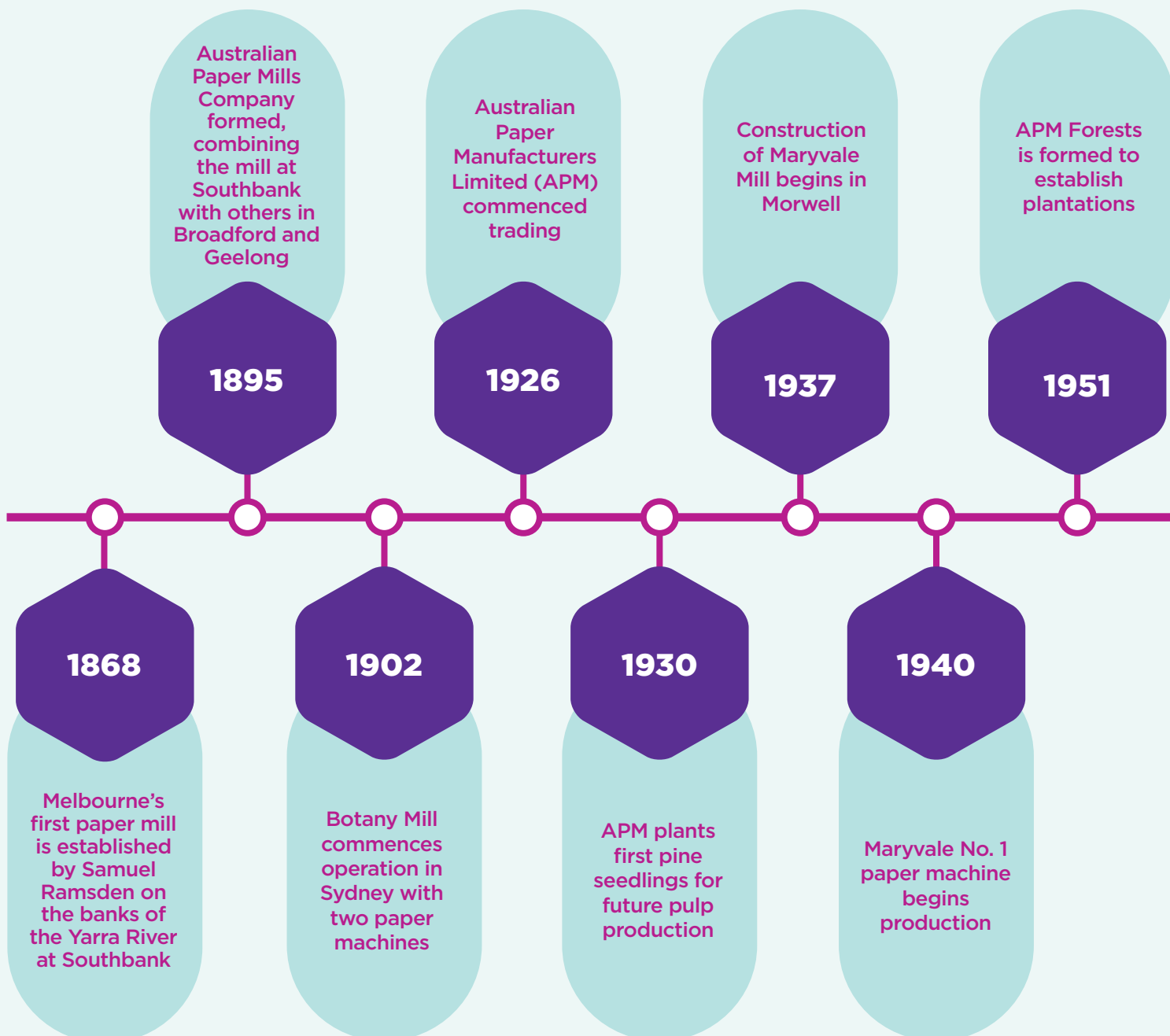
## Opal Australian Paper (OAP)

Given the recent acquisition of some of Orora's businesses and the work that has already been undertaken by OAP (previously known as Australian Paper) in respect of due diligence of modern slavery in its supply chain, this Statement focuses predominately on OAP's operations and supply chains.

Opal's operations are vertically integrated and OAP is a major paper supplier to the other Opal entities. In that regard, by conducting due diligence of OAP's supply chain, we have also delved into the supply chain of the other Opal entities.

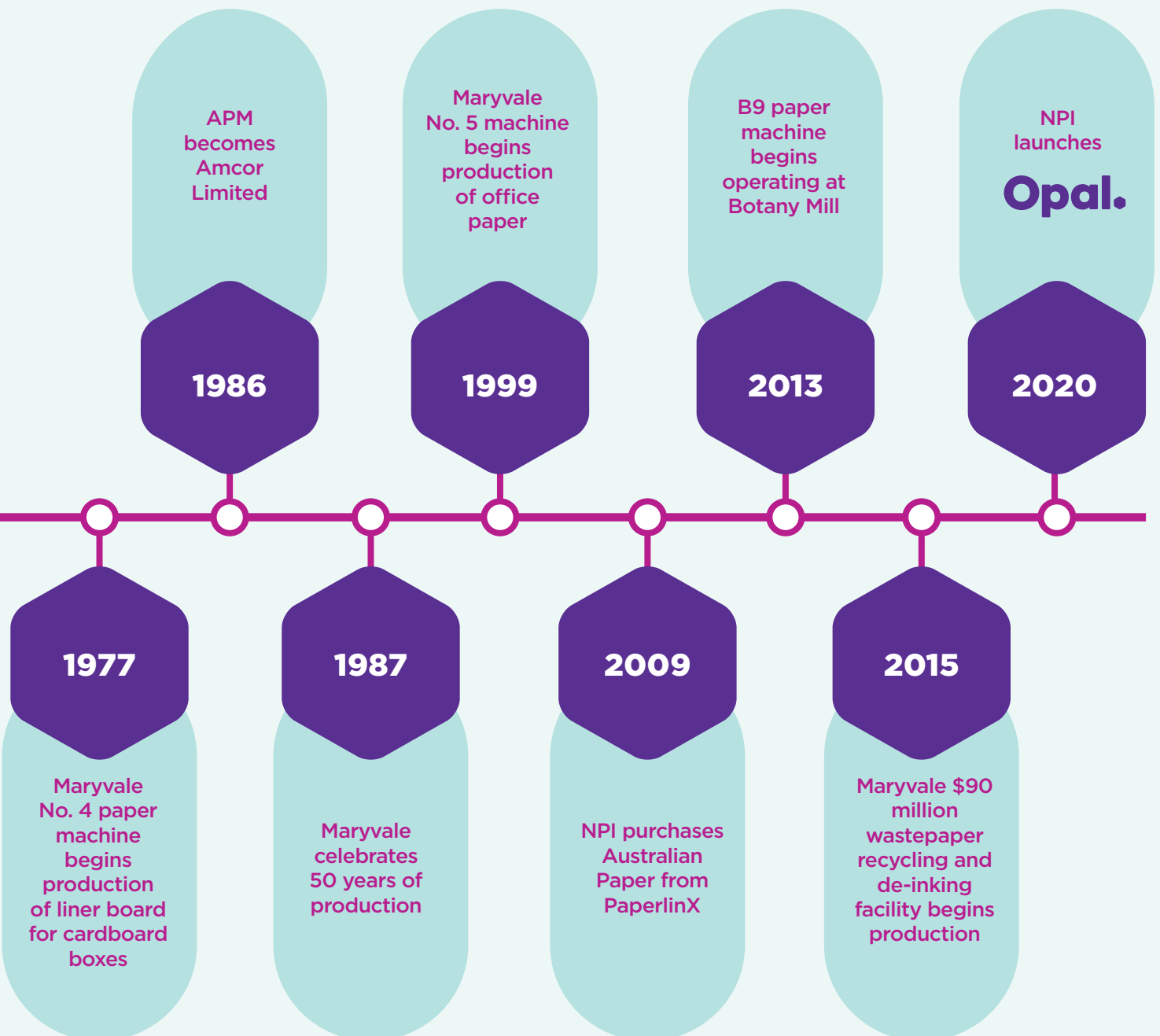
A brief timeline of the history of OAP is outlined in timeline below.

## Opal timeline



The Opal Group has more than 4,000 employees nationally and produces a wide range of products and iconic brands at our Victorian production facilities in the Latrobe Valley and Preston. We manufacture products for several market segments including packaging and industrial papers, linerboard for cardboard, office paper, envelopes and stationery. We continue to support our products with an international salesforce and logistics network, allowing us to provide service to our customers all over Australia and around the world.

OAP has offices and warehouses across the country and a branch office in Auckland, New Zealand which allows OAP to provide support and services to customers across the Australasia region. OAP also exports its products to more than 70 countries with the help of its Paper Products Marketing subsidiaries which have offices located in Australia, Malaysia, Taiwan, Hong Kong, Singapore, USA and Germany. These entities are not “reporting entities” as defined in the Act.





## 2

# OAP's operations and supply chains

## OAP's operations

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One of OAP's largest facilities is the Maryvale Mill, located in the Latrobe Valley in Victoria. It is also one of Australia's largest pulp and paper manufacturing facilities, which produces over 500,000 tonnes of paper per annum. The Mill was established in 1937 and has expanded significantly over the past 80 years.

The Maryvale Mill is a large industrial site with approximately 850 direct FTE employees. The site and its practices are extensively audited by accredited third parties (eg. SAI Global for ISO 14001-EMS, ISO 9001 - QMS & AS 4801 OHSMS and NATA accredited facility for ISO/IEC 17025), as well as relevant regulators (Environment Protection Authority

Victoria and Victorian Work Safe Authority).

The Maryvale Mill site is made up of many different areas and equipment including:

- woodyard;
- three pulp mills including a Bleaching Plant;
- two recycled pulp mills;
- five Paper Machines;
- a copy paper finishing facility;
- a wastewater treatment facility;
- a chemical recovery plant; and
- a 55 Mega Watt power station.

All of the products manufactured at the Maryvale Mill are made from either wood or recycled fibre.

## OAP's supply chain

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OAP sources a broad range of goods and services across Australia and internationally from New Zealand, Singapore, Switzerland, France, Indonesia, Taiwan, Canada, Poland, Thailand, United States of America, China, Germany, Japan, South Korea, Austria, Spain, Hong Kong, Netherlands, Sweden, United Kingdom, Malaysia, Finland and Italy. During the Reporting Period we procured goods and services from over 2,000 direct suppliers. The main types of goods and services that we procure are:

- pulpwood and pulp
- engineering goods and services
- energy and water
- logistics

- chemicals
- packaging
- wastepaper
- hydrocarbons

Many of our direct suppliers have their own complex and diverse supply chains that can extend beyond Australian borders. This includes having suppliers of materials or services who in turn rely on many more suppliers, both domestic and international. We are committed to continually improving how we work with our suppliers and the extended supply chain to identify and address modern slavery.





### 3

## Risks of modern slavery practices in the operation and supply chain of OAP

OAP first conducted a high-level risk assessment of its entire tier 1 supply chain for the Reporting Period. This risk assessment was undertaken based upon a supplier's potential exposure to modern slavery due to the location of its production/service provision, industry indicators (including modes of engaging labour) and the nature of the commodity or service provided.

After this initial risk mapping exercise, we were able to conduct a review of our supply chain and identify the risk of modern slavery in our supply chain in those based in Australia and overseas.

The risk assessment was conducted using the following resources:

- *Global Slavery Index 2018*, Walk Free Foundation
- *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



Following on from the risk assessment conducted, OAP identified the below supplier categories as having inherent risk of modern slavery and that those suppliers would be selected as a focus of further assessment for the Reporting Period.

### 1. Australian-based suppliers

Industries and sectors in Australia with a high risk of modern slavery relevantly include logistics as well as property and building services (such as facilities management, utilities, cleaning, waste management and security, and print and promotional goods).<sup>1</sup>

Within our Australian supply chain OAP initially focused on logistics and transportation services, cleaning as well as packaging. Further detail is set out below.

#### • Logistics

During the Reporting Period OAP engaged 57 logistics providers.

Visibility was greatest over the largest provider, which supplies rail transport from Maryvale to Melbourne and road

transport around Australia. Audits are carried out on this supplier every two years including on employment contracts.

Sea freight is a higher risk service, so attention has been given in the Reporting Period to the shipping line and sea freight providers.

#### • Packaging

Many Australian based suppliers may outsource services to, or obtain supplies and commodities from, high risk jurisdictions and industries. OAP approached the six key suppliers of packaging.

#### • Facilities

OAP conducted due diligence on one facility manager in Australia, which was included in the modern slavery risk assessment.

#### • Cleaning

Cleaning services are identified as a high risk sector in Australia and is therefore an area that requires further investigation and due diligence.

### 2. Overseas suppliers

OAP also focused on suppliers from high risk geographies, or providing high risk commodities and required those suppliers

to answer a set of preliminary questions in order to conduct a further risk assessment

| Higher risk countries | Suppliers investigated | Higher risk commodities                                    | Suppliers investigated |
|-----------------------|------------------------|--|------------------------|
| China                 | 2                      | Chemicals/Starch   | 2                      |
| Indonesia             | 2                      | Cloths   | 1                      |
| Thailand              | 1                      | Finished goods/engineering materials manufactured overseas | 4                      |

<sup>1</sup> Australian Council of Superannuation Investors, Modern Slavery Risks, Rights and Responsibilities: A Guide for Companies and Investors (Report, February 2019) 22.



## 4

# Actions taken to assess and address risks

### Engagement with Suppliers

OAP developed a self-assessment questionnaire for the suppliers identified as high risk in its risk assessment. The purpose of the questionnaire was to collect information from OAP suppliers to understand their organisations' compliance across a range of key criteria, in relation to their compliance with the Opal Supplier Code of Conduct.

The Opal Supplier Code of Conduct was developed to help Opal identify and assess risks in relation to its supply chain in accordance with the requirements of the Act. Our Supplier Code of Conduct is publicly available [here](#) and demonstrates Opal's dedication to conducting its business in accordance with the highest standards of integrity and using best endeavours to integrate ethical and socially responsible practices into all aspects of operations. The Supplier Code of Conduct embodies Opal's commitment to ensure ethical procurement and implement prudent business practices consistent with all applicable laws and regulations.

OAP communicated to suppliers that the answers provided by them may be verified through investigation and audit and that there was no "pass or fail" evaluation in respect of their answers. However, suppliers were also advised OAP would use the answers to identify and assess risks of modern slavery in its supply chains in order ascertain potential opportunities for improvement and remediation.

### Contractual mechanism

Opal has also reviewed its precedent procurement contracts to ensure that there is a contractual mechanism within those precedents which compels suppliers to take all reasonable steps to ensure there is no modern slavery in their operations and supply chains, or that of their subcontractors or suppliers. This includes the supplier providing all reasonable assistance to Opal in order for Opal to comply with its obligations under the Act. Our precedent procurement contracts also now contain a provision whereby suppliers agree to at all times comply with our Supplier Code of Conduct when supplying goods or services to Opal.

### Opal Code of Conduct

Opal also has in place a Code of Conduct that its employees are expected to comply with. Part of compliance with this code means that all employees are required to respect the protection of human rights internationally proclaimed in the Universal Declaration of Human Rights, and the fundamental principles and rights at work.<sup>2</sup>

<sup>2</sup> ILO Declaration on Fundamental Principles and Rights at Work adopted by ILO 18 June 1998.

## Whistleblower Policy

Opal has in place a publicly available Whistleblower Policy located on our website [here](#), which is available to:

- current or former employees or officers of Opal and their spouses, relatives or dependants; and
- suppliers, including supplier's employees, current and former contractors, consultants, service providers and business partners or any of their spouses, relatives or dependants.

The Whistleblower Policy encourages the reporting of genuine concerns regarding reportable conduct, an improper state of affairs or serious wrongdoing, which ensures that individuals who disclose reportable conduct or serious wrongdoing can do so safely and securely and in the knowledge that they will be supported and protected from victimisation, detriment and retaliation.

Opal recently updated the Whistleblower Policy to enable workers in Opal's supply chains to report instances of modern slavery through the whistleblower reporting line.

## Education and awareness

Part of Opal's focus in its effort to address modern slavery risks is through education and awareness of modern slavery risks in its operations and supply chains.

The Opal Legal Team provided tailored training to our Procurement Team in relation to Opal's legislative requirements under the Act. An online training package has also been developed by our Learning and Development Team, which will be rolled out to the broader Opal business in 2021.

Opal also developed fact sheets on modern slavery for use both internally within the organisation and an external version which can be provided to suppliers whom are identified as requiring further education on the topic. The external fact sheet also contains information on how to contact Opal's whistleblower reporting line in order to report instances of modern slavery.

## Remediation Framework

Opal identified that it would be able to respond more effectively to suspected situations of modern slavery if it had a framework in place to guide its actions. Opal therefore developed a Remediation Framework which provides guidance for when we consider that an investigation needs to be conducted into a suspected instance of modern slavery. Should that need arise, the matter will be considered by an "Investigation Team", which will consist of senior representatives of Opal (or their delegate). Guidance principles include ensuring that Opal takes a victim-centered and collaborative approach with the relevant supplier.

## Utilising the Supplier Ethical Data Exchange (Sedex)

Opal maintains a Sedex membership which is managed by our PR & Sustainability Team. Sedex provides an online platform that assists organisations to manage and improve supply chain conditions by sharing information relating to members' own supply chain management, including labour standards, health and safety, environment and business ethics.

In order to supplement our initial modern slavery risk assessment questionnaire results, our PR & Sustainability Team utilised Sedex in the 2020 Reporting Period to:

- search and connect with suppliers to access and review completed supplier self-assessment questionnaires and Sedex Members Ethical Trade Audit (SMETA) Reports; and
- analyse Sedex supplier risk ratings which are based on industry type and region as well as scores associated with supplier questionnaires and audits undertaken through the system.

Opal encountered some resistance from suppliers whom we requested to undertake a SMETA audit of their operations. In that regard, where possible we have implemented contractual mechanisms within Opal's standard procurement contracting terms in order to increase cooperation from suppliers in the future.



## 5

# Opal assesses the effectiveness of these actions

Opal will strive to continue to understand and track the effectiveness of our actions and performance through internal and external mechanisms. Opal proposes to broaden and refine the Modern Slavery Working Group which will monitor and assess the effectiveness of Opal's responsibilities under the legislation. This group will work to build a plan to continue to interrogate Opal's supply chains in 2021 and beyond, to ensure continuous improvement in the way in which we identify and remediate risks of modern slavery.

Some specific action to assess effectiveness that Opal will continue to implement include:

- Training being undertaken at all levels of business, including reviewing:
  - completion rate for employee training; and
  - results of training tests to determine level of comprehension and effectiveness of raising awareness across the business.
- Standard modern slavery clauses being used where possible.
- Providing updates to Board and Executive Committee to ensure they have oversight.
- Commencing activities to proactively assess modern slavery risks in new sourcing events and through supplier qualification process, e.g. sending risk assessment questionnaires to potential new suppliers.
- Monitoring relevant indices and trends to ensure Opal is up to date with high risk commodities, industries and geographies.
- Continuing to engage with suppliers on conducting risk assessments and raising awareness by distributing our modern slavery fact sheet.
- Third party audits or site visits.
- Reviewing level of engagement with suppliers, including through connecting on Sedex or other common information sharing platform.
- Analysing number of grievances submitted through whistleblower contact point.

## 6

# Opal's process of consultation with any entities owned or controlled

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



# 7

## Other relevant information



As is well known, addressing modern slavery risks can be a complex and challenging process.<sup>3</sup> Continuous improvement is a key element of Opal's response to modern slavery risks. During Opal's first year of compliance with its legislative obligations, we identified a number of areas which provide opportunities for improvement or further interrogation, which are set out in Table 3 below.

**Table 3**

### Opal's 2021 areas for continuous improvement

- Broaden and refine the cross-functional Modern Slavery Working Group within Opal.

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- High risk commodities and services, including:
  - o Labour hire providers
  - o Products that have been procured for fast-food chain end-users

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- Investigate international suppliers.

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- Continue to update contracts as they come up for renewal to include contractual mechanism for requiring cooperation by suppliers in respect of assessing and addressing modern slavery risks.

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- Develop plans for a broader supplier due diligence program moving forward, including undertaking risk assessment of OPA's supplier base.

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- Roll out online training packages to the broader Opal business and continue to provide annual training to key employees including procurement regarding obligations and managing continuous improvement plans.

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- Continue to connect with suppliers on Sedex and encourage new suppliers to take on a membership and share information with us.

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- Where high risk suppliers are identified, conduct appropriate investigations and audits.

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- Deepen the assessment of suppliers in the supply chain based on the baseline from our first Reporting Year.

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- To evolve the process and system for supplier qualification including gathering information to baseline Modern Slavery risks.

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<sup>2</sup> ILO Declaration on Fundamental Principles and Rights at Work adopted by ILO 18 June 1998.



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