



2022 Modern Slavery Act Statement

Australian Agricultural Company Limited

ACN 010 892 270

As at 30 September 2022

Introduction

This Modern Slavery Act Statement (**Statement**) has been prepared in accordance with the Modern Slavery Act 2018 (the **Act**) for the period 1 April 2021 to 31 March 2022.

This is the Australian Agricultural Company Limited (**AACo**) Group's third Modern Slavery Statement. It outlines the progress that we have made to identify, manage, and address modern slavery risks in our operations and supply chain, and details our intentions for the coming reporting period, so that we might evolve together to benefit future generations.

The Statement addresses each of the eight criteria to be reported on under the Act.

Criteria 1 (s16(1)(a) of the Act) – Identify the reporting entity

This Statement covers AACo and each of its controlled entities. The reporting entities included in this statement are:

- Australian Agricultural Company Limited ACN 010 892 270
- A.A. Company Pty Ltd ACN 010 317 067

In addition, AACo owns, controls, and operates various subsidiary entities who are non-reporting entities under the Act, a full list of which can be found in the AACo 2022 Annual Report available at aaco.com.au.

This statement has been prepared for AACo Group as a whole.

Criteria 2 (s16(1)(b) of the Act) – Describe the reporting entity's structure, operations, and supply chain

Our Structure

AACo is a public company listed on the Australian Stock Exchange with, as of 31 March 2022, 17 wholly owned and controlled entities. The majority of the controlled entities are incorporated in Australia and operate solely within Australia. One controlled entity is incorporated in Australia with operations in Singapore, and two are incorporated and operate in the United States of America. The primary functions of these overseas entities are to employ sales and marketing personnel and to perform treasury functions relating to the sale of products in those jurisdictions.

The reporting entities identified under Criteria 1 have the following functions:

- Australian Agricultural Company Limited is a holding company and is the listed parent entity and head of the AACo tax group; and
- A.A. Company Pty Ltd is a trading and contracting entity.

Our Team

As of 31 March 2022, AACo and its controlled entities employed a total of 466 employees. This employee workforce is comprised of 426 permanent employees and 40 temporary employees (including casuals and employees on temporary contracts). Most of our employees work within Australia, with a small number of personnel working remotely in the United States, Singapore, South Korea and France. We have entered individual employment contracts which establish clear employment terms and conditions in compliance with applicable labour laws and regulations with each of our employees.

As of 31 March 2022, AACo employed 15 workers on Australian visas. The majority hold a Regional Sponsored Migration Scheme Visa (subclass 187). AACo partners with a reliable external adviser that specialises in immigration to advise on best practice visa processes and procedures. This advisor is a Registered Migration Agent (RMA) operating under the Australian Government's Code of Conduct for RMAs.

Our Operations

AACo is an integrated branded beef business with three principal activities:

1. Breeding, growing, feedlotting and trading of our animals;
2. Ownership, operation, and development of pastoral properties; and
3. Distribution of high-quality branded beef into global markets.

We operate across a spread of 6.4 million hectares, owning and managing approximately 380,000 head of cattle across 19 owned cattle stations, 3 leased stations, 2 owned feedlots, 2 owned farms and 1 leased farm, located throughout Queensland and the Northern Territory.

The primary function of our operations in Singapore and in the United States of America are to employ sales and marketing personnel and to perform treasury functions relating to the sale of products in those jurisdictions.

Our Supply Chain

In the reporting period, AACo had 1,464 direct (tier 1) suppliers. Our suppliers range in size from small family-owned businesses to large multinational corporations.

The majority of tier 1 suppliers we engage with are based in Australia and include providers of equipment, machinery, vehicles, and mustering, fencing, trucking, and contract farming services. AACo maintains long-standing partnerships with grain and feed suppliers, meat processing service providers, cold storage companies, logistics and shipping companies, freight forwarders and product distributors.

In the reporting period, AACo had tier 1 suppliers based in 26 countries including the United States of America, United Kingdom, United Arab Emirates, Sri Lanka, Singapore, Netherlands, South Korea, Hong Kong, France and Canada. These foreign suppliers provide a range of services including the administration, sales, marketing, and distribution functions of our branded beef to global markets as well as various back-office functions.

AACo has a long supply chain. On average, our cattle are raised on grass for 15 months, then finished on grain for around 300 days before processing and distribution. A large portion of AACo's suppliers are engaged throughout this stage of our supply chain. Suppliers of goods and services in this stage of our supply chain are central to the maintenance and management of each of our properties.

Another key activity in our supply chain is the movement and transportation of our cattle. Service providers engaged in this stage include ground and aerial musterers of cattle, purchase and selling agents, and freight providers.

At the other end of our supply chain are our product distributors. AACo's 63 distributors form a key component of our supply chain, and so we elect to include these distributors in our risk analysis and evaluation.

In the reporting period, through its distributors AACo sold its high-quality branded beef to some of the most recognised and awarded restaurants in Australia and in countries such as South Korea, Japan, Singapore, the United States of America, Canada, Switzerland, Germany, Qatar, Jordan and the United Arab Emirates.

Criteria 3 (s16(1)(c) of the Act) – describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls

According to the latest edition of the Global Slavery Index 2018 (GSI), Australia has a low prevalence of modern slavery. However, the agricultural industry is considered to have an elevated risk of modern slavery according to sources such as the *Hidden in Plain Sight* report¹.

As described in the UN Guiding Principles on Business and Human Rights the risk of modern slavery means the potential that AACo could cause, contribute to, or be directly linked to modern slavery through its operations and supply chains. We recognize this risk exists, given the multifaceted and geographically diverse nature of our business.

The principal risks of modern slavery practices identified for AACo in the reporting period arise out of its:

- employment practices; and
- procurement practices.

Employment Practices

We recognise the risk that AACo could cause modern slavery through its employment practices. We have assessed this risk as low.

The vast majority of AACo's labour is Australian based with limited use of employees working on Australian visas as described under Criteria 2. Also, we have entered individual employment contracts in Australia and internationally that establish clear employment terms and conditions in compliance with applicable labour laws and regulations in each jurisdiction.

Procurement Practices

We recognise the risk that AACo could contribute to, or be directly linked to, modern slavery through its procurement practices for its operations and supply chains. We have assessed this risk as low.

Factors contributing to this assessment include:

- AACo has a centralised procurement function to ensure that responsible procurement and sourcing processes are adhered to.
- Due diligence is undertaken on suppliers and distributors prior to working with AACo. Contractors undertake an onboarding program with the aim of ensuring that they understand and follow AACo policies, procedures, and methods of operation, including in relation to its management of modern slavery risks in its supply chain and operations.
- AACo's breeding of livestock is undertaken on its pastoral, backgrounding and feedlotting properties and is undertaken only in Australia. Processing of our cattle is undertaken at 2 facilities in Australia.
- AACo's procurement model for raw materials such as grain, fuel and other inputs is based on long term relationships with predominantly Australian suppliers who have passed through our due diligence process. Some raw materials for food supplements (proprietary lick block formula) are sourced from overseas.

Our assessment of these risks is premised on the facts that the majority of AACo's operations are in Australia, some of our suppliers may be required to comply with the Modern Slavery Act 2018 (Cth) and are

¹ Parliament of the Commonwealth of Australia, "Hidden in Plain Sight", *An inquiry into establishing a Modern Slavery Act in Australia*, 2017, 56.

likely to be subject to similar policies, procedures and regulations outlined in this Statement. Where overseas suppliers are used AACo recognises the modern slavery risks may increase and continues to strive to improve control measures to prevent, mitigate and account for these risks.

It is likely that increased geopolitical risk will continue to impact global supply chains in FY23 and their susceptibility to modern slavery risks. AACo continues to monitor such geopolitical risks and their impacts on AACo's supply chain and operations.

Criteria 4 (s16(1)(d) of the Act) – describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes

AACo recognises that openness and transparency are fundamental to ethical business practice, and we continue to uplift our internal controls, to improve understanding of the risks in our operations and supply chain and in turn, assess and address those risks.

Actions taken to review our own operations and supply chain are led by our Modern Slavery Working Group, headed by the Company Secretary and General Counsel. Members of the Working Group include leaders from our Procurement, Finance, Legal, Risk, Shipping and Logistics and Human Resources teams. The Working Group meets regularly to examine how to further embed best practice methodology into AACo's operations and ensure material advancement in the uplift of modern slavery risk controls.

Supported by a foundation of strong corporate governance, we take action to assess and address the risk of modern slavery in the following ways:

- Identifying modern slavery risks;
- Preventing modern slavery risks;
- Mitigating modern slavery risks; and
- Reporting for modern slavery risks.

During the reporting period, AACo did not identify any instances of modern slavery in its (or its controlled entities') supply chain or our own operations, therefore no remediation actions occurred.

Action areas are described below.

Actions taken to Identify Modern Slavery Risks

We continue to undertake due diligence on our suppliers and product distributors to identify potential for modern slavery risks in our operations and supply chain.

In total, AACo had 1,464 tier 1 suppliers (including our product distributors) in the reporting period. We carried out risk assessment on suppliers with an annual spend greater than AU\$1,000 for the reporting period. Based on this initial screening of our tier 1 suppliers and distributors, a total of 1,283 suppliers were subject to a risk assessment using an updated third-party platform.

Following this assessment, the majority of AACo's suppliers were assessed as having a low or very low risk of modern slavery. A total of 330 suppliers were subject to a further due diligence process using a supplementary third-party risk assessment tool.

Supplier questionnaires are regularly issued to AACo suppliers to improve our understanding of our suppliers' policies and practices in relation to their management of and mitigation strategies in relation to modern slavery risks.

In addition, during the reporting period, we rolled out an online training module to all of our employees to improve their understanding of how to identify and report suspected instances of modern slavery. At the conclusion of the training, employees were required to complete an assessment to measure their knowledge and understanding of the key concepts presented.

All office-based employees and all operational managers within AACo have completed this training module, with an 87% completion rate across the whole of AACo. There have been some logistical obstacles in having operational employees complete the training due to limited access to online systems.

We intend to conduct training during the next reporting period for those employees that do not have daily access to online systems.

Actions taken to Prevent Modern Slavery Risks

Risk assessment of our suppliers is undertaken on a continuous basis, through the various activities of our business. For example:

- We conduct supplier due diligence by engaging a third-party service provider to screen supplier bank accounts – leading to higher confidence in knowing who our suppliers are and improving spending oversight;
- the terms and conditions of our contracts are regularly reviewed to ensure that they meet our governance and operating standards; and
- the regular monitoring of industry publications and a variety of information platforms to flag any heightened risk associated with a supplier, specific industry or country of origin.

Actions taken to Mitigate Modern Slavery Risks

Led by our Modern Slavery Working Group actions taken to mitigate modern slavery risks in our operations and supply chain include:

- regular reviews of our existing policies, procedures, and working documents to ensure they address standards of professional conduct, responsible business fundamentals, including human rights and ethics;
- utilising modern slavery contractual controls in contracts with suppliers and other third-party business partners that are proportionate to that party’s risk profile;
- implementing a more automated approach to supplier onboarding based on our process review conducted in the prior reporting period FY21; and
- Obtaining high-calibre external legal advice on operational and supplier matters.

In addition, our suite of internal policies (summarised below) seek to protect our employees from modern slavery risks and serve to actively encourage them to raise any ethical or legal concerns that they may have.

POLICY	PURPOSE
Code of Conduct	AACo’s Code of Conduct describes our company values and links them to standards of professional conduct. The policy describes clear guidelines of expected behaviour for our employees and contractors.
Whistleblower Policy	AACo’s Whistleblower Policy contains details of how to make a report under the policy and describes the protections available to those who do report. There are clear internal and external whistleblower channels, with the option to remain anonymous. The number and nature of whistleblower reports are reported at least annually to the Board Audit and Risk Management Committee.
Respecting Each Other Policy	AACo’s Respecting Each Other Policy is a workplace behaviour policy that clearly outlines that AACo will not tolerate any form of bullying, harassment, sexual harassment, discrimination or vilification. The policy gives clear examples of what each of these behaviours are and provides the reader with details in relation to grievance escalation processes.

POLICY	PURPOSE
Recruitment & Selection Policy	AACo's Recruitment and Selection Policy details how AACo can appoint the best people to a role. The policy reflects Equal Opportunity Legislation and is intended to eliminate all forms of unfair discrimination and bias in the recruitment and selection process. The policy outlines that AACo will not employ children defined under law as school aged.

Actions taken to Report on Modern Slavery Risks

AACo recognises that openness and transparency are fundamental to ethical business practice, we continue to uplift our internal controls, understand the risks in our supply chain and report on our progress.

During the reporting period, we began implementation of an expanded External Issue and Complaint Management Platform, 'Speak Up', to complement our Whistleblower Policy and further promote reporting of issues across the business, including those relating to human rights and modern slavery. In addition to giving employees an anonymous incident reporting platform, 'Speak Up' will create a new and insightful dataset to support monitoring and reporting of modern slavery risks. The platform actively encourages reporting by both employees and third parties. Development has commenced and we aim to have this platform rolled out across AACo within the next reporting period.

Planned actions for FY23

In the next reporting period, we have planned additional mechanisms to uplift our controls.

AACo is taking an important step in progressing such strategies by preparing and adopting a **Modern Slavery Policy** to support our existing Code of Conduct Policy. The Modern Slavery Policy will:

- ✓ Affirm our commitment to contribute to ending all forms of modern slavery;
- ✓ Structure our approach to reducing the risk of modern slavery practices within our operations and supply chains; and
- ✓ Demonstrate our commitment to doing business with those who comply with the Act.

This Modern Slavery Policy will be supported by the following additional actions that we intend to undertake in FY23:

INITIATIVE	DESCRIPTION
Road map and strategy	Create and document a three-year road map to address modern slavery risks in our operations and supply chain that includes a framework and operational strategy to measure effectiveness.
Additional policies	Development of a Responsible Procurement Policy which outlines our goal to obtain goods and engage with service providers whose life cycle has a positive environmental, social, and economic impact. This policy will complement the Modern Slavery Policy.
Further training	To ensure that all AACo employees understand the risk of modern slavery and the activities that AACo is undertaking to prevent and mitigate them, we will be holding training in the next reporting period for employees who were unable to complete the training in FY22.

INITIATIVE	DESCRIPTION
Further investigation into successive tiers of our supply chain	Undertake a strategic supply chain review and analysis of further levels of our supply chain to determine the need to cascade our modern slavery policy to these lower tiers.
Supplier onboarding	Addition of further screening questions in our supplier onboarding materials that requests details of respondent’s modern slavery controls. Based on the responses, AACo will collaborate with the major suppliers with the aim of ensuring a minimum level of controls are implemented.

Criteria 5 (s16(1)(e) of the Act) – describe how the reporting entity assesses the effectiveness of these actions

The United Nations’ *Sustainable Development Goals* and UNGPs continue to guide AACo in its approach to modern slavery.

These goals and guiding principles provide a framework for us to evaluate AACo’s internal controls and investigate the possibility that AACo might cause, contribute to, or be directly linked to modern slavery through its operations and supply chains.

We monitor the effectiveness of AACo’s processes and procedures to assess the potential of modern slavery occurring in our supply chain and operations. This includes an assessment of the risk that our business causes, contributes to, or is directly linked to modern slavery.

We monitor and assess the effectiveness of our actions in identifying and managing modern slavery risks by:

- ✓ Tracking our actions and outcomes to ensure our actions are implemented, in use and provide benefit to AACo as well as mitigate modern slavery risks in our operations and supply chain;
- ✓ Partnering with suppliers and advisors to gain insights into modern slavery practices and procedures being deployed by our peers and elsewhere in the market and comparing them to our own actions;
- ✓ Undertaking external assurance processes to ensure that our program is continuing to develop; and
- ✓ Undertaking internal governance reviews to ensure that everyone at AACo understands their accountabilities and responsibilities in the identification, assessment, and mitigation of modern slavery related risks.

Based on the results of these assessments, we adapt and strengthen our actions to ensure continual improvement in our response to identifying, assessing, and addressing modern slavery risks in our operations and supply chain.

2021 Initiatives Progress Update

In our 2021 Modern Slavery Act Statement, we set a number of initiatives for new actions for the FY22 reporting period. We are pleased to report our progress against these initiatives.

INITIATIVE	PROGRESS
Training	We rolled out purpose-built online training to all employees to operationalise their understanding of how to identify and report suspected instances of modern slavery. 100% completion by the Executive and Senior Leaders.

INITIATIVE	PROGRESS
	Company wide completion rate of 87%.
Engaging	<p>We distributed supplier self-assessment questionnaires to various suppliers to better understand their approach to modern slavery in their supply chain.</p> <p>No corrective actions were required.</p>
Embedding Process	<p>Our focus on implementing contractual controls has led to positive and open discussions with our suppliers and distributors.</p> <p>We continue to negotiate fair terms with our suppliers and distributors, proportionate to that party's risk profile, while improving our understanding of the scale and maturity of their individual operations.</p>

Criteria 6 (s16(1)(f) of the Act) – describe the process of consultation with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity giving the statement)

This Modern Slavery Act Statement has been made on behalf of Australian Agricultural Company Limited and its 17 controlled entities, including A.A. Company Pty Ltd which is also a reporting entity. A small number of the controlled entities have operations in the United States of America and Singapore. Modern slavery risks and impacts have not been assessed in those jurisdictions where AACo has a presence but does not actively operate, including Singapore and the USA.

AACo's controlled entities are wholly owned and controlled by AACo. Accordingly, AACo did not consider that formal consultation with its controlled entities was necessary or useful in preparing this Modern Slavery Act Statement. AACo and its controlled entities are treated as one operational entity from a corporate governance perspective and each of the controlled entities is covered by AACo's policies, procedures, and systems, including those relating to human resources, contracts and contractor management, and procurement.

Criteria 7 (s16(1)(g) of the Act) – provide any other relevant information

Refer to the above criteria. Relevant additional information has been included within each criteria.

Criteria 8 (s16(2)(b) of the Act) – approval

This Modern Slavery Act Statement was approved by the Board of AACo on behalf of AACo and the second reporting entity covered by this statement, A. A. Company Pty Ltd, on 30 September 2022.



David Harris

Managing Director & Chief Executive Officer

Registered Office

Level 1, Tower A, Gasworks Plaza, 76 Skyring Terrace, Newstead QLD 4006



The Art of Australian Beef

aaco.com.au