

Brownes[®]
dairy

BROWNES FOODS OPERATIONS PTY LTD



MODERN SLAVERY STATEMENT 2023



Brownes[®]
dairy



ABOUT OUR REPORTING

Brownes Foods Operations Pty Ltd (ABN 60 146 849 881), trading as Brownes Dairy is a private company registered in Western Australia, wholly owned by Australia Zhiran Co Pty Ltd (ACN 619 268 727). Our registered office is located at 22 Geddes Street, Balcatta WA 6021 (Brownes Dairy or Brownes).

We are pleased to present our Modern Slavery Statement for the reporting period 1 Jan 2023 to 31 December 2023, prepared in accordance with Modern Slavery Act 2018 (Cth).

Brownes Dairy is governed by a Board of Directors. The Board is responsible for ensuring that Brownes Dairy has an appropriate corporate governance structure and Brownes Dairy continues to grow and develop.

We do not own or control any other entities so the process of consultation for the entity owned or controlled is not applicable.

Brownes Dairy has an annual consolidated revenue of AUD \$243,990,000 for the above-mentioned reporting period.

This statement identifies risks of modern slavery practices in our everyday operations and supply chain, and actions taken to mitigate the same over the reporting period 1 Jan 2023 to 31 December 2023.

Visit us at www.brownesdairy.com.au or contact us at customerservice@brownesdairy.com.au to find out more about Brownes Dairy.

INTRODUCTION

Modern slavery is a global problem. It is defined by a range of practices that include trafficking in persons, slavery, servitude, forced labour, forced marriage, debt bondage, deceptive recruiting for labour or services; and the worst forms of child labour and is visible in many global supply chains. Those most at risk include women and children who may have little or no capacity to protect themselves. It is everybody's responsibility to address and eliminate this crime where it occurs.

Brownes Dairy is committed to always acting ethically and with integrity in all our business dealings and relationships. We commit to implementing and enforcing effective systems and controls against modern slavery within our business and supply chains and it is crucial to upholding human rights and promoting responsible business practices.

This 2023 Modern Slavery Statement articulates our position on modern slavery and our plans in the 2024 financial year to understand and investigate the risk of modern slavery in our operations and supply chain.

Transparency in reporting enables other organisations to learn from our successes and challenges, providing valuable insights into effective strategies and areas for improvement. This collaborative approach fosters a culture of continuous improvement and innovation in the fight against modern slavery.

Brownes Dairy expects the same high standards from all our contractors, suppliers and other business partners. We do not and will not tolerate any acts or behaviours that involve any form of human slavery practices by suppliers, partners or other stakeholders and we intend to be fully compliant with all the relevant laws both in spirit and in practice.

“ Brownes Dairy are committed to providing clear and honest reporting on our efforts to combat modern slavery. This annual report details the actions we have taken, the progress we have made and the challenges we continue to face.



Any violation of human rights is unacceptable in our operations and supply chains. We acknowledge our responsibility to tackle these issues and over the past year have intensified our efforts. We actively participate in industry forums and support initiatives that aim to eliminate modern slavery globally. As we move forward, we will continue to review and refine our strategies to ensure we are able to address and prevent modern slavery.”

Natalie Sarich-Dayton

Chief Executive Officer

OUR STRUCTURE, OPERATIONS AND SUPPLY CHAIN

About Brownes Dairy

Sporting the dual crown of Australia’s oldest dairy and most innovative dairy, Brownes Dairy was established over 137 years ago by Edward Browne as a small dairy farm in what is now Shenton Park WA.

We operate from our main processing site in Balcatta WA and run a second site in Brunswick Junction WA.

Community is at the heart of what we do as we collect over 120 million litres of milk each year from more than 40 dairy farming families located in WA’s pristine Southwest region. All our Brownes Dairy products are made in WA. We are fiercely protective of our environment, pride ourselves on being a leader in sustainability and our free school tours program sees thousands of school children learn about the benefits of dairy too.

Brownes Dairy is BRC (Global Food Safety Initiative) certified along with other Food Safety and Quality standard accreditations such as HACCP, Halal and Export approved. We are also a SEDEX member and SMETA audited manufacturing facility.

 **Total employees**
272

 **2023 revenue**
\$244 million
net sales

 **SKUs**
249

 **Employee by gender**
male 70%
female 30%

 **Total milk suppliers**
40 farms

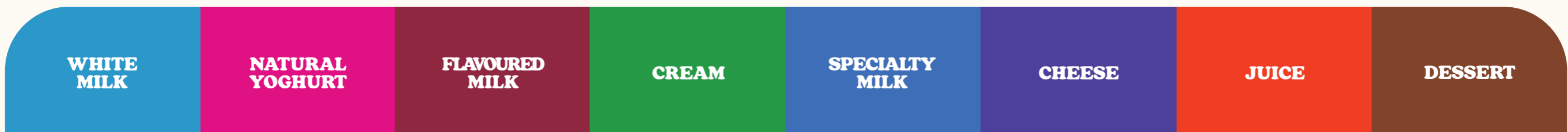
 **Countries where products are distributed**
8

 **Manufacturing sites**
2

 **No. of brands**
6



Our Products



Browne's Dairy has a tradition of excellence, which starts with being able to obtain the finest raw materials and being committed to following good manufacturing practice.

We produce a diverse portfolio of award-winning fresh dairy products including milk, cream, sour cream, yoghurt, flavoured milk, cold brew drinks, cheese, juice and desserts.

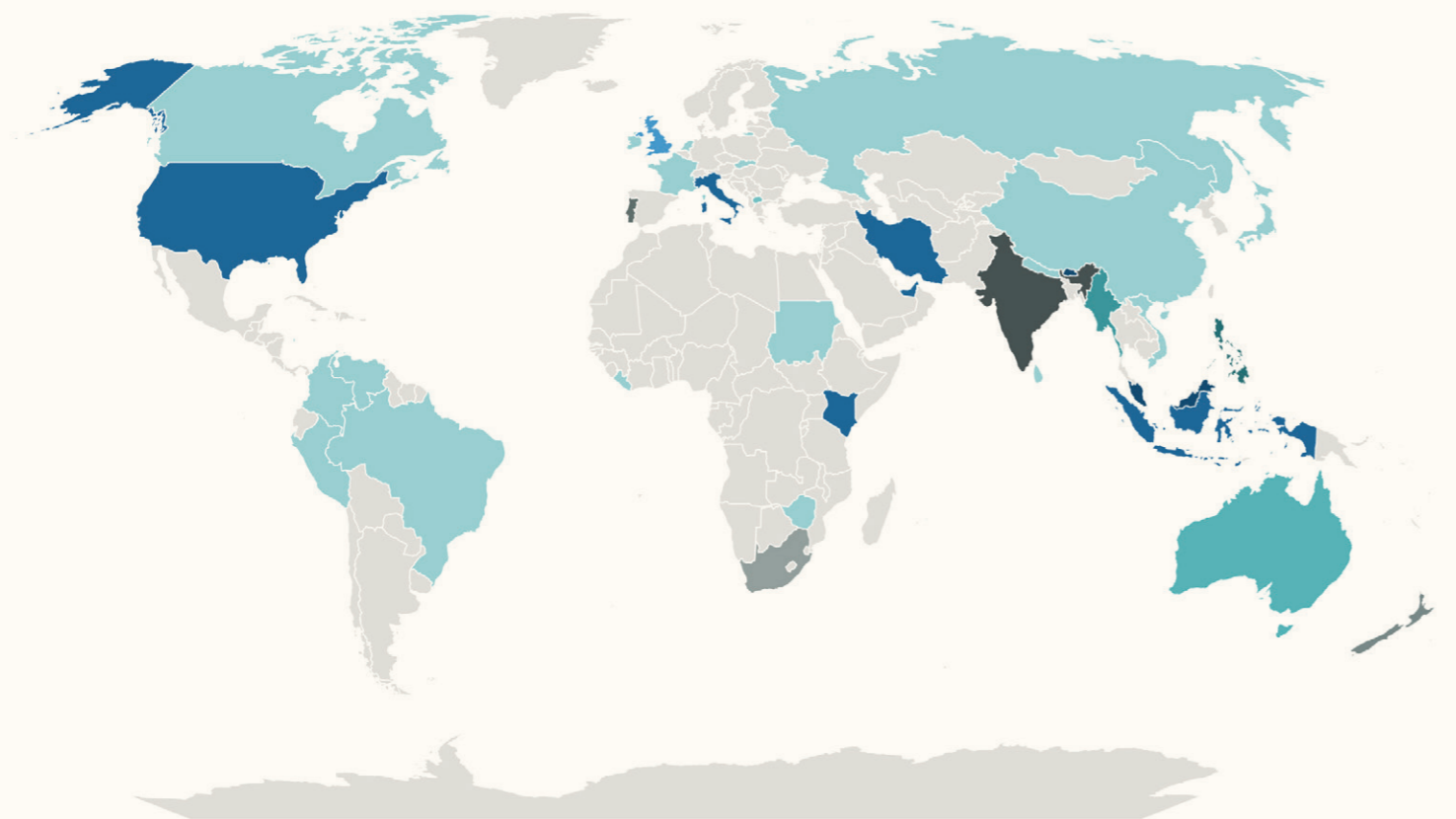
Our People and their Country of Origin

By championing diversity and inclusion within our organisation, we not only create a more vibrant and dynamic workplace but also contribute to building a more just and equitable society. Our commitment to embracing diversity reflects a recognition of the inherent value and dignity of every individual, regardless of their background or identity.

The diversity and inclusive nature of our workforce is essential to our business success by giving us access to a greater range of perspectives and ideas. This is supported by our Code of Business Conduct that reinforces our values of promoting an ethical, safe and fair workplace, free from all forms of discrimination and harassment. Our policy provides standards of behaviours that all Brownes employees must hold.

We employ 272 people from 44 different nationalities for our Balcatta and Brunswick sites in Western Australia, of which 18% of the employees hold managerial positions.

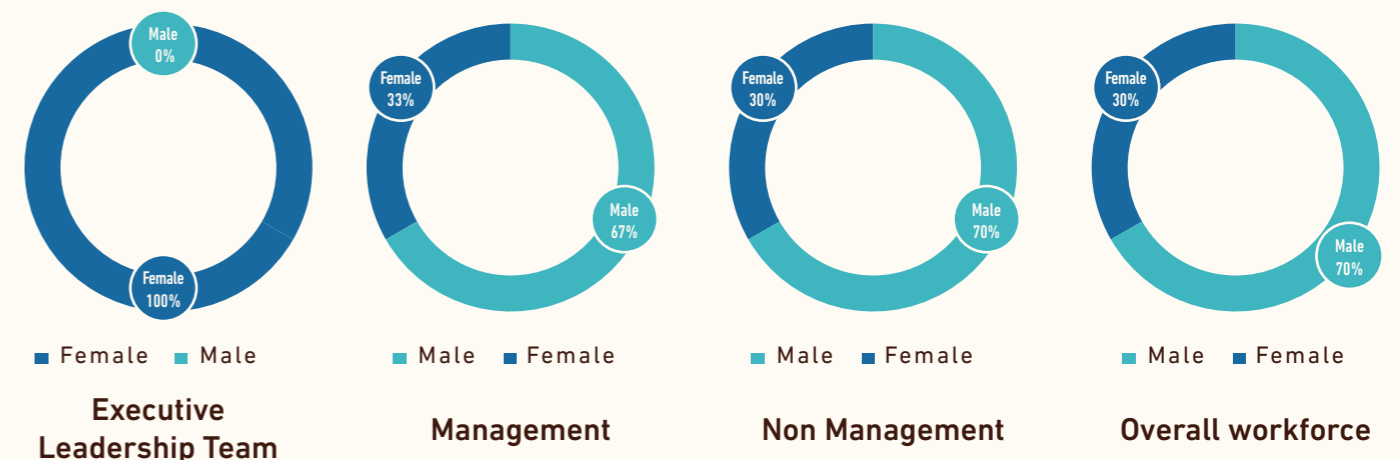
WORKFOCE COUNTRY OF ORIGIN



- 44.12%
- 10.29%
- 5.88%
- 4.78%
- 3.68%
- 3.31%
- 2.94%
- 2.57%
- 1.84%
- 1.47%
- 1.10%
- 0.74%
- 0.37%

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GENDER REPRESENTATION

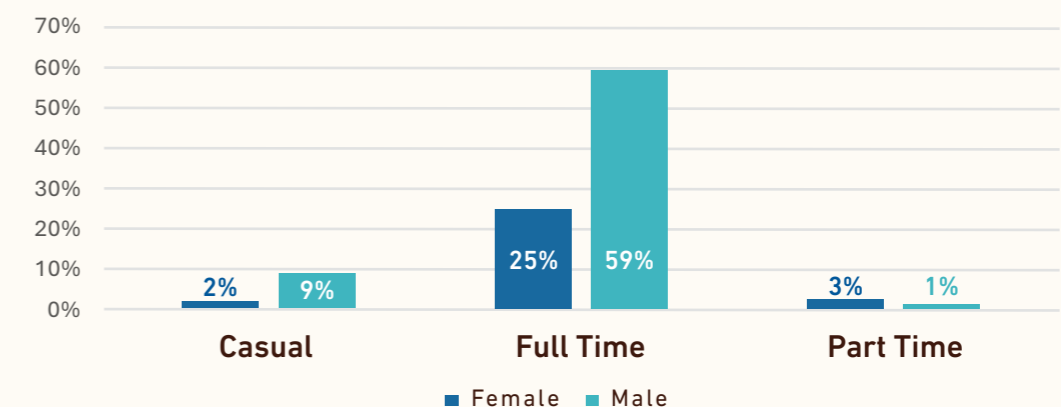


Brownes Dairy does not tolerate behaviour which constitutes intimidation, harassment, or which is offensive or abusive or which otherwise contributes to an unsafe working environment. In turn Brownes' policies prohibit our employees from engaging in behaviour which constitutes intimidation, harassment, or which is offensive or abusive or which otherwise contributes to an unsafe working environment.

We also partner with external training providers like AIM WA and SAI Global to enable our employees to continually to be updated to meet the needs of the business along with individual career growth and development.

Brownes Dairy respects the Freedom of Association of their employees and their rights to be represented by Trade Unions or other bona fide representation. They are free to meet without management and we do not try to interfere with, manipulate or control or punish, threaten, intimidate or harass workers for joining or engaging in trade unions.

EMPLOYMENT ARRANGEMENT



Brownes Organisational Structure

Brownes Dairy is governed by a Board of Directors. The Board is responsible for ensuring that Brownes Dairy has an appropriate corporate governance structure and Brownes Foods Operations Pty Ltd continues to grow and develop with responsible business practices and effective controls to monitor and report on human rights and environmental due diligence.

Brownes Dairy have a clear organisational structure and lines of communication to enable effective management of product safety, authenticity and quality. Roles and responsibilities are clearly allocated and understood and documented by managers responsible.

The CEO assumes ultimate responsibility, though encourages the ownership and accountability across all employees and suppliers at Brownes Dairy.

The Executive and Management Leadership team looks after overall business operations and functioning.



Our Operations



For generations, WA has been our home, and its beautiful environment has provided the ecosystem that enables us to produce our natural dairy products. We are committed to producing high quality dairy products in a way that takes care of all stakeholders to deliver a successful fresh dairy business, to operate ethically and adhering to high food manufacturing standards and not compromising on the health and safety of our people.

Our production plants supply dairy products throughout Western Australia, Central and Eastern Australia, and other Southeast Asian Markets. Our products are distributed to major retailer supermarkets, petrol and convenience, and food services channels including cafes, hospitals, government and healthcare, independent supermarkets and schools. We also have business to business relationship with customers in Australia.

As well as our own employees we also engage with firms that service our operation and facilities, including cleaning, transport, maintenance and security providers.

All our employees, contractor, suppliers are made aware of the risks of modern human slavery in everyday operations and have access to Brownes Anti-Slavery policy. They are provided with Supplier Code of Conduct, Self-Assessment Questionnaire on human rights due diligence, and our Modern Human Slavery statement.

Brownes Dairy also have a whistle-blower policy, we encourage all Brownes employees and our suppliers to speak up when they see activity or behaviour that they feel is wrong or does not match our values.

We encourage all our suppliers to make their employees aware of this policy and how to access the hotline number. We are here to hear from all employees and suppliers where there are reasonable grounds to suspect misconduct or an offence or contravention under commonwealth law for example: Modern Slavery, Fraudulent conduct, Illegal conduct, Money laundering, Bribery Corruption, Dishonesty, Discrimination, Harassment and/or bullying of any kind and any conduct which is detrimental to Brownes Dairy.

Our Farmers

As a dairy business our stakeholder focus extends from before the farm to the plate. This means working with all the people who connect those dots from our farmers in rural communities, through to our retail customers who put the products on their shelves, and the consumers who enjoy our products every day.

By using locally sourced milk, we are using only the freshest ingredient whilst supporting local farming families. We recognise the key contribution of our suppliers to developing a successful fresh dairy business, and the need to work closely together to ensure long-term success.

Our milk supply agreements ensure that the milk that is collected complies with relevant state and federal legislation and that they are aware of any terms and conditions related to the sale of milk to Brownes, as well as making them aware of our responsibilities to them as a purchaser of the milk.

For contracted workers, the farmer must have seen evidence of their identity and checks are in place they are in possession of the documents unless employees choose to have them safely stored.

We hold farmer morning tea events twice through the year and in various locations through the state to allow as many farmers to attend as possible. We use this platform to provide necessary information and updates to our farmers such as sustainability announcements, farm manual updates etc. These sessions are attended by Director, ELT and other representatives from Brownes Dairy.

During this year's engagement with our farmers, we communicated to them about inclusion of auditing and compliance standards relating to Modern Human Slavery, effective from 1 July 2023.



Our Supply Chain

Brownes Dairy recognises the key contribution of our suppliers in developing a successful fresh dairy business, and the need to work closely together to ensure long term success.

Our procurement team helps us to adhere to the supplier responsible and sustainable sourcing code of conduct by maintaining the highest level of relationships. We source goods from over 500 suppliers with 99% direct suppliers based in Australia, thus limiting our indirect modern slavery risks.

Given the geographic location and nature of the country, we need to source certain goods from outside of Australia.

We make sure all suppliers wishing to supply to Brownes must work within local, national and international laws and regulations, including holding the necessary permits, and those suppliers maintain an updated and current understanding of these requirements.

All suppliers are expected to identify and assess all applicable Human Rights and Labour Standards, Laws and Regulations in which they operate their business and source materials and labour from.

If at any time the supplier becomes aware of modern slavery practices in their operations and supply chains used in the performance of their contractual obligations to Brownes Dairy, the supplier must as soon as reasonably practicable inform Brownes Dairy and take all reasonable action to address or remove these practices, including where relevant by addressing any practices of other entities in its supply chains.

Brownes Dairy is also partnering with some co-manufacturing operations. We have a confidential relationship with our co-manufactures, and they manufacture our branded products by entering into a non-disclosure agreement and commercial contracts. Co-manufactures are expected to uphold Brownes policies and procedures, while having high food manufacturing standards, food safety, rigorous quality testing and adhering to principles of business and human rights.

We are aware that this can introduce specific risks related to modern slavery due to the lack of direct control and complexities of auditing and monitoring. Whilst all external manufacturers must meet the same requirements as our goods and services supply partners, we will also support this by third party audits to ensure compliance to all aspects of modern slavery and food safety within this supply chain.

IDENTIFYING RISKS OF MODERN SLAVERY

The Modern Slavery Act 2018 (Cth) provides eight types of exploitation that meet the definition of modern slavery. They are:

| | | | |
|---------------------------------|-----------------------|--|--|
| 1 Trafficking in persons | 2 Slavery | 3 Servitude | 4 Forced marriage |
| 5 Forced labour | 6 Debt bondage | 7 Deceptive recruiting for labour or services | 8 The worst forms of child labour |

Identifying the risks of modern slavery within our operations and supply chain is a critical step in our commitment to ensuring these exploitations are eradicated.

Risks in our Operation

Brownes Dairy operates sites in Western Australia in Balcatta and Brunswick Junction and given these are under our control and operating in Australia under Australian workplace relation laws and guidelines, we deem them to be at low risk of modern slavery.

We understand that the use of third-party recruitment agencies can make it difficult to get direct oversight of hiring practices. As part of our contracting process, Brownes Dairy ensures that Labour Hire providers comply and agree to WA labour law and that they must ensure all workers are not subject to obligations that constitute a breach of the Modern Human Slavery Act 2018 (Cth), Fair Work Act 2009 (Cth) and associated Regulations

In 2021, we undertook a four pillar SMETA audit on our Balcatta production facility. Only six minor observations were picked up as part of this social compliance audit and all were resolved during that reporting period. We plan to conduct a SMETA audit in the 2024 reporting period for both our Balcatta and Brunswick Junction production facility.

Risks in our Supply Chain

In 2023, Brownes Dairy commissioned Unchained Solutions Pty Ltd to conduct an inherent risk assessment on 240 of our direct suppliers and distributors, representing 69% of total spend data.

Industry modern slavery risks were derived from multiple credible sources including:

- International Labor Organisation (ILO) – 2022
- United Nations Standards Products and Services Code (UNSPC) – 2022
- United States Department of Labor Forced and Child Labor List
- Atlas of Economic Complexity by Havard Growth Lab's Research
- Global Slavery Index 2023

The risk matrix used was delineated by two axes to reflect the risks associated with the country of origin and risks inherent to the product category.

The key findings of the supply chain analysis were that almost of all the direct suppliers posed a low modern slavery risk because they are based in low-risk countries:

- 99.98% spend from suppliers based in Australia – Low Country Risk
- 0.01% spend from suppliers based in Germany – Low Country Risk
- 0.01% spend from suppliers based in India – Medium Country Risk

With over 99% of our direct suppliers based in Australia, we identified that the risk of modern slavery in our supply chain sits mainly beyond the first tier of suppliers and distributors.

To evaluate the risk beyond direct suppliers (indirect suppliers) we considered the Category Risk which is represented below:

- 46.35% of the Brownes Dairy indirect suppliers can be considered high risk.
- 19.27% of the Brownes Dairy indirect suppliers can be considered medium risk.
- 34.38% of the Brownes Dairy indirect suppliers can be considered low risk.

Goods have an automatic high-risk flag due to the lack of local manufacturing, meaning raw materials and manufacturing are likely sourced and conducted in high-risk modern slavery geographies. According to the International Labor Organisation, categories of manufacturing services, transportation, trade, hospitality, construction, and agriculture are graded in the high-risk spectrum. For Brownes Dairy, indirect suppliers in high-risk categories are ingredients (53.93%), engineering supplies (28.09%), cleaning services (7.87%), labour hire (7.87%) and logistics (2.25%).

Our largest supply cost is raw milk sourced from Western Australian farms. At this stage Brownes Dairy has not identified any current circumstances of concern, however it understands potential risks arise commonly due to the nature of agriculture in food production industries. These include migrant and transient labour, arduous working conditions and isolated locations.

Apart from identifying risks in our supply chain beyond sourcing of ingredients and packaging, Brownes Dairy envisions the risks arising from sourcing of engineering parts for our manufacturing facility is vast and remains not fully addressed.

ACTIONS TAKEN TO ASSESS AND ADDRESS THE RISKS OF MODERN SLAVERY

Brownes Dairy holds a firm view on modern slavery and has implemented a range of actions to address and mitigate these risks within our operations.

This is Brownes Dairy's fourth public statement on modern slavery. In the reporting period Brownes Dairy has continued to monitor actions taken in the previous reporting period 1st January 2022, to 31st December 2022, in alignment with our Anti-Slavery Action Plan. This included:

- Revision of supplier contracts and terms and conditions of trading to include clauses that prohibit modern slavery and require compliance with our standards
- Management of our supplier approval process including the integration of the Supplier Responsible & Sustainable Sourcing Code of Conduct.
- Publishing an annual report detailing our progress, challenges, and future plans to maintain accountability and transparency.
- Management of staff and contractor awareness training on modern slavery risks at induction. All existing employees receive a refresher training on our existing and new policies and procedures each year.
- Opening access to our Employee Assist Program for milk supply partners as well as ensuring Whistle Blower Policy, and Anti-Slavery Policy make up part of our Farm Supply Manuals and audit programme.
- Brownes Dairy is an active participant of "Human Rights Risk Management in the Dairy Industry" working group, working together with industry to identify, assess and prioritising potential human rights risks within Australian dairy supply chain and drafting a methodology to address and avoid the same.

Brownes Improvement Road Map

In the 2024 reporting period, we have committed taking the following actions:

- 1** Upweight the verification process for the remainder of coffee beans regarding their certifications and credentials with Fair Trade, Rainforest Alliance, and other global standards on sustainable and ethical sourcing.
- 2** Conduct an inherent risk assessment on the remainder of our direct supply chain to identify other areas of due diligence.
- 3** Conduct a residual risk assessment on Australian-based suppliers in the medium-to-high risk categories. The focus of risk mitigation has been on ingredients, principally dairy; packaging, production consumables and labour hire firms.
- 4** Review and development of our Ethical Sourcing Policy to ensure consistency with ISO 20400 Sustainable Procurement and UN Guiding Principles on Business and Human Rights.
- 5** Start development of a Risk Management Framework including risk appetite statement, supplier due diligence protocols and guidance documentation and scoring mechanism.
- 6** Impact Measurement Framework to assess the effectiveness of actions taken to address modern slavery.
- 7** With incorporation of compliance and auditing of our WA dairy farmers with specific reference to modern slavery risk as part of farm manual, monitoring and assessment of action taken will remain be a continuous process.
- 8** Development and introduction of a new supplier registration platform including use of Supplier Code of Conduct and SAQ.
- 9** Conduct social compliance audit (SMETA) at Balcatta and Brunswick Junction WA facilities.

ASSESSING EFFECTIVENESS

At Brownes Dairy, assessing the effectiveness of our initiatives to combat modern slavery is crucial to ensuring continuous improvement and meaningful impact. We use several key metrics and processes to evaluate our efforts, though we do note that we need to continue to build on our governance framework and upweight mechanisms for assessing the effectiveness of actions taken.

Supplier Compliance:

- Monitoring compliance with our modern slavery policies through completion of the supplier questionnaire and requiring corrective action plans for any identified issues.
- Creating an open and engaging relationship with suppliers to gauge their understanding of modern slavery issues and their perception of our effectiveness.

Training Programs:

- Recording and reporting on the number of Brownes Dairy employees that have completed the modern human slavery online training.
- Gathering feedback from participants to continuously enhance the training content and delivery.

Reporting:

- Reporting the quantity and quality of reports generated through our grievance mechanisms and ensuring timely and effective resolution of any reported issues.

Continuous Learning:

- Partnering with experts in human rights and modern slavery to gain insights and validate our approaches.
- Participating in industry working groups to stay informed about latest challenges and solutions in combating modern slavery.



CONCLUSION

This fourth annual Modern Slavery Statement 2023 reflects our dedication to eradicating modern slavery in all its forms. Whilst this report highlights our progress over the past year, we understand that ongoing effort is essential. Brownes Dairy will continue to enhance our due diligence processes, educate our workforce and partners, engage with suppliers and maintain transparency.

We invite all stakeholders to join us in our efforts to promote human rights and uphold ethical standards across all aspects of our business.



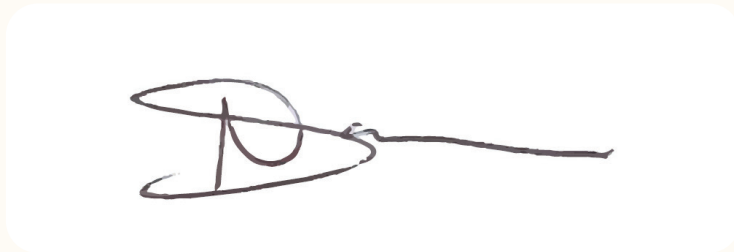
MODERN SLAVERY ACT 2018 (CTH) STATEMENT ANNEXURE

Principal Governing Body Approval

This modern slavery statement was approved by the Brownes Dairy CEO & Executive Director, as the principal governing body of Brownes Dairy, on 28 June 2024.

Signature of Responsible Member

This modern slavery statement is signed by a responsible member of Brownes Dairy as defined by the Act:



NATALIE SARICH-DAYTON

**CEO & MANAGING DIRECTOR
BROWNES FOODS OPERATIONS PTY. LTD
T/A BROWNES DAIRY**

Mandatory Criteria

Below table outlines the page number/s of our statement that addresses each of the mandatory criteria in section 16 of the Act.

| Mandatory criteria | | Page number/s |
|--------------------|---|--|
| a | Identify the reporting entity | 2-3 |
| b | Describe the reporting entity’s structure, operations and supply chains. | 4-5 |
| c | Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls. | 16-17 |
| d | 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. | 18-19 |
| e | Describe how the reporting entity assesses the effectiveness of these actions. | 20-21 |
| f | Describe the process of consultation on the development of the statement with any entities the reporting entity owns or controls (a joint statement must also describe consultations with the entity covered by the statement). | Do not own or control any other entities |
| g | Any other information that the reporting entity, or the entity giving the statement, consider relevant. | |