



# Modern Slavery Statement 2021



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# At Fonterra, people matter – in our workforce, in our supply chain, and in the communities in which we operate. We believe that everyone has value and the right to be treated with respect and dignity, regardless of background or circumstances.

## **O**ur approach to addressing Modern Slavery is part of our commitment to human rights.

We recognise our responsibility to respect human rights and our ability to contribute to positive human rights outcomes. To achieve this, we are always working to foster a culture which supports internationally recognised human rights and seeks to avoid complicity in human rights abuse.

In line with the UN Guiding Principles on Business and Human Rights, Fonterra's commitments are based on the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization Declaration on Fundamental Principles and Rights at Work.

Our commitments (embodied in our internal policies and standards) include seeking to provide safe, secure and non-discriminatory working

environments, good working conditions, ensuring the right to freedom of association and collective bargaining, prohibiting forced labour and child labour (including modern slavery), and prohibiting bribery and corruption.

We also consider the potential impact of our operations on local communities, and we require our supply chain to uphold human rights in their operations through our Supplier Sustainability Code of Practice.

The following statement sets out the actions taken by Fonterra to address modern slavery risks in our business and supply chain for the financial year ending 31 July 2021 (FY21).

In this statement, Fonterra reports on its actions to assess and address modern slavery risks associated with its operations, including its employment practices and the protections provided for workers. Furthermore, this statement also outlines how Fonterra is assessing and

addressing modern slavery risks within its supply chains, including the efforts with supply partners to mitigate this risk. Finally, this statement contains our own assessment of the effectiveness of such actions required under s16(1).

This statement was approved by the Fonterra Board of Directors on 2 December 2021

**Peter McBride, Chair**

**Miles Hurrell, Chief Executive Officer**

# Fonterra Structure, Operations and Supply Chain

**W**e are a Co-operative formed and owned by Aotearoa New Zealand dairy farmers. Our rich history was founded on farming families working together to share the natural goodness of dairy with the world. We're committed to producing dairy nutrition in a way that cares for people, animals and the environment, and brings value to our communities.

We make high-quality dairy ingredients, foodservice and consumer dairy products, which are sold in more than 130 countries. Our range of dairy ingredients are sold under our NZMP™ brand and can be found in prominent food and nutrition brands around the world.

Under our Anchor™ Food Professionals brand, we create high-quality products and innovative solutions for foodservice professionals in over 50 countries.

We also manufacture, market and distribute our own consumer products. These products include branded dairy products sold direct to consumers, such as milk, milk powders, yoghurt, butter and cheese. Our three global consumer brands are Anchor™, Anlene™ and Annum™. The milk we collect from our farmers is made into the

many Fonterra dairy foods that generations of Australians have grown up with and love, including Perfect Italiano, Mainland, Western Star, Australian Dairies and Bega.

These exist alongside our Farm Source brand which works to make farming easier by lowering on-farm costs through the power of collective purchasing and by providing on-farm support and advice.

We have more than 19,000 employees across the world, including manufacturing operations in New Zealand, Australia, Indonesia, Malaysia, Chile and Brazil. Our operations encompass significant research, development and application expertise, customer and consumer insight and is enabled by several supporting functions including human resource, sales and marketing teams.

Our operations in Australia are conducted through our wholly owned Australian subsidiary companies, who themselves either own the necessary assets or engage with third parties to produce our goods.



## Reporting Entities:

This 2021 Modern Slavery Statement is prepared in accordance with the Australian Modern Slavery Act 2018, and covers Fonterra Co-operative Group Limited and its subsidiaries, including the following Australian reporting entities:

- Fonterra Brands (Australia) Pty Limited
- Fonterra Australia Pty Limited
- New Zealand Milk (Australasia) Pty Limited

Further details of Fonterra's subsidiaries are outlined in the Statutory Information section of the 2021 Suite of Reports which is available at [Fonterra.com](https://www.fonterra.com).



## Our Supply Chain

As a global organisation our supply chain sources raw milk primarily from farms in New Zealand, with some raw milk collection in five other countries (Australia, Sri Lanka, Chile, Brazil and China). Note that in the second half FY21 we completed the sale of our wholly owned China farms in Ying and Yutian. We expect to complete the sale of our interest in the remaining Hangu China farm within FY22, and we expect to complete the sale of DPA Brazil in FY22.

In Australia, our raw milk is supplied entirely by Australian farms in Victoria, New South Wales and Tasmania.

We also source packaging and ingredients from suppliers globally. Our global supply chain stretches from farms to our Fonterra manufacturing facilities, as well as third-party manufacturing sites across the globe enabling the delivery of products to customers and consumers in more than 130 countries.

We make a significant socio-economic contribution to the regions where we operate and from where we source. Our supply chain includes suppliers who are involved in primary production (predominantly agriculture), processing and distribution of raw materials, and these suppliers recruit and employ workers associated with undertaking these activities. We also rely on a number of other indirect goods and services in our day to day operations, for example cleaning and security services.

We want to ensure that our procurement and other spending contributes to improving livelihoods. The range of products, sourcing locations, markets and regulations associated with these purchases can present risks and we apply a systematic approach to risk assessment that helps to identify and mitigate these risks, including the risk of modern slavery. This includes requiring suppliers to comply with all relevant laws, including the Modern Slavery Act.





# Understanding our modern slavery risks

**F**onterra has been undertaking Human Rights Due Diligence for several years and in 2021 built on the assessment undertaken in 2020 to better understand our modern slavery risks.

To identify our modern slavery risks we have mapped our operational and supply chain footprints against key modern slavery risk indicators as follows:

#### Operational Footprint:

- Employee locations
- Property locations
- Milk collection locations
- Manufacturing and own farm sites
- Third Party Manufacturing
- Merchandising

#### Supply Chain Footprint:

- Locations of all ingredients' vendors
- Locations of top 400 vendors globally by spend (75% of procurement spend)
- Locations of top 200 Farm Source store goods vendors by spend

#### Key modern slavery risk indicators

- World Bank World Governance Indicators
- Global Slavery Index (Walk Free Foundation)
- US Department of Labour List of Goods Produced by Forced Labour or Child Labour

- Various academic and NGO reports (including Amnesty International, Oxfam, University of Auckland, International Labour Organisation (ILO))

In addition, we have anonymously surveyed significant portions of our employee population to garner their feedback on the likelihood of human rights risks in our value chain.

#### We have identified the following key modern slavery risks:

- Forced/Bonded labour
- Deceptive recruitment

In addition, outside of serious exploitation we have identified the following practices that may indicate a heightened risk of modern slavery:

- Exploitation of migrant workers
- Excessive working hours
- Underpayment of wages
- Bullying & Harassment



## Assessment of potential modern slavery risks across Fonterra’s operational and supply chain activities

Fonterra footprint	Modern Slavery Risk or Indicators of Modern Slavery	Activities
Operational	<ul style="list-style-type: none"> <li>Forced/Bonded labour</li> <li>Exploitation of migrant workers</li> <li>Bullying and Harassment</li> <li>Underpayment of wages</li> <li>Excessive working hours</li> </ul>	<ul style="list-style-type: none"> <li>Outsourced / contingent workforces (cleaning and merchandising)</li> <li>On Farm labour</li> <li>Third party manufacturing</li> <li>Milk supply to third party manufacturing</li> </ul>
Supply chain	<ul style="list-style-type: none"> <li>Forced/Bonded labour</li> <li>Deceptive recruitment</li> <li>Exploitation of migrant workers</li> <li>Excessive working hours</li> <li>Underpayment of wages</li> </ul>	<ul style="list-style-type: none"> <li>Sourcing of garments</li> <li>Magnesium and phosphate sourcing</li> <li>Sourcing of ingredients / packaging / finished goods from higher risk countries (including sugar and cocoa)</li> <li>Palm oil and Palm Kernel Expeller (PKE) sourcing</li> <li>Outsourced / contingent workforces (cleaning and merchandising)</li> </ul>

As at 31 July 2021 we have not identified any specific instances of modern slavery across our value chain.

## Key areas of potential risk

Our most material risks where we may be directly linked to modern slavery practices are described in more detail below, and for simplicity, we include actions being taken to mitigate the risks.

### On-farm workers

Farms are a key part of our supply chain, where all workers have rights as employees and it is a crime for employers to exploit these rights. In Australia and New Zealand where the majority of our milk collection occurs these rights include holidays, leave, work breaks, wages, freely chosen work and written employment agreements.

In Australia, dairy farms are licensed and are required to meet all employment laws.

Practices that if found may indicate a heightened risk of modern slavery for on-farm workers include bullying or harassment, insufficient pay (less than minimum wage), and excessive working hours.

Our Terms of Supply and Farmer Handbooks set expectations for farmers when it comes to people, the environment, animal health and welfare, biosecurity, and food safety and quality. Our Raw Milk Harvesting Standard sets out the minimum requirements that all farmers must meet. It applies across all markets where we collect milk, building on compliance with local regulations and forms the basis for our on-farm audits.

Through a combination of our own employees and third parties, we regularly assess farms supplying us:

- In New Zealand, in addition to visits by our own team, every supplying farm is visited each year by an independent farm assessor. A more-detailed assessment is also completed for each farm, around once every five years. This year a total of 19% of farms were placed into our performance management process at some point during the season to address an identified area of concern (not necessarily labour practices). There was an increase this year arising from bringing

milking shed structural items into this process and most were resolved after the first warning.

- In Australia, farms are visited multiple times each year by our own employees and independent assessments are scheduled based on prior compliance levels. Every farm is assessed at least once every two years. In FY21, 45% of farmers were assessed and 22% of the assessed farms were referred for follow-up and resolution, one for a critical non-compliance and the remainder for major.

- In Latin America, each farm is assessed by a combination of our own employees and third parties. In addition, our New Zealand-based team visits and audits a random selection of farms once every three years.

- In China, our farms are under our direct control. These farms are subject to assessments by our New Zealand On-Farm Excellence team and Internal Audit team.

Where we find mandatory requirements are not being met, our On-Farm Advisors, or equivalent, develop an action plan with the farmer, including target completion dates. We may also suspend the collection of milk until we are satisfied that all minimum requirements are being met and that any actions required to avoid a repeat of the issue have been completed

Our Co-operative Difference programme in New Zealand encourages farm business owners to take the Dairy NZ Workplace 360 assessment. This assessment helps to identify strengths and weaknesses in a work environment, shows opportunities for improvement and helps monitor progress

### Worker exploitation in the Palm Oil industry (and PKE sourcing)

Palm products are one of the highest-profile raw materials in our supply chain. The production of palm products is often linked to unsustainable practices, including deforestation, habitat destruction and poor human rights practices. More specifically, the palm oil industry has been linked to major human rights violations including the use

of forced labour. The 2020 Trafficking in Persons report ranked Indonesia and Malaysia as Tier 2 and Tier 2 watch list countries, indicating that they failed to meet the minimum standards established by the Trafficking Victims Protection Act (TVPA) and showed some efforts to correct this behaviour. However, trafficking in Malaysia is significantly increasing without proportional actions being taken to rectify the situation.

In 2016, we launched our Palm Product Standard. This requires palm product vendors within our supply chain to publicly commit to “No Deforestation, No Peatland Development, and No Exploitation” and have processes to meet these commitments. We had planned to publish a new version of this in FY21 but that has been delayed until FY22.

During the 2020 calendar year we purchased 27,487 tonnes of palm-related products as an ingredient with 71% Roundtable for Sustainable Palm Oil (RSPO) certified as segregated supply and 22% certified as mass balance.

Early in FY21 we divested of our interest in Agrifeeds, a joint venture between Fonterra and Wilmar. The Agrifeeds joint venture was formed in 2008 to secure the competitive supply of palm kernel expeller (PKE) and other imported feed ingredients for New Zealand farmers. As part of our ongoing review of investments it was concluded that a competitive animal feeds market had been established and investment in Agrifeeds was no longer required to ensure farmers have access to responsibly sourced and competitively priced feed.

We will continue to work with suppliers of direct and indirect palm oil ingredients to work towards 100% certified segregated supply.

We are also engaging directly with our palm product suppliers and RSPO to ensure that the safeguards we expect from using Certified products are both in place and sufficient.



## Impact of COVID-19 on modern slavery risks

As in the year ended 31 July 2020 (FY20), COVID-19 has significantly disrupted global supply chains and hence increased the risks of exploitation of vulnerable workers. As a result, Fonterra has been committed to supporting our co-operative and value chain partners to address new and changing modern slavery risks linked to the pandemic. We have expanded our human rights due diligence assessment approach to consider products and geographies most at risk of modern slavery, though COVID-19 has impacted some of the more detailed regional analysis we were planning. In our non-milk supply chain we have focused on a deeper assessment of human rights performance with our top 26 suppliers by value

COVID-19's impact on our human rights plan:

- Activities planned for FY21 including some on-site audits for elements of our international supply chain and a more detailed regional analysis were deferred.
- Continued focus on working in an evolving COVID-19 environment has meant some activities have been delayed.

We are still focused on the wellbeing and safety of our employees, milk suppliers, and maintaining income for our vendors and supply for our customers (including providing ingredients for medical nutrition products that support COVID-19 recovery).





# Actions to treat and mitigate risks

**O**ur approach to modern slavery is Co-operative-wide. Outlined below are the global policies, programmes and frameworks in place to mitigate human rights and modern slavery risks in our operations and supply chain

## Policy Framework

Respect for human rights is embedded in our “Our People” Group Policy, and expectations are articulated throughout our people standards, and our code of conduct, “The Way We Work”. Both of these key documents were updated this year to better set expectations for how our people need to act and behave. These policies are supported by local guidance to reflect relevant regulations and norms.

Our Managing Director Co-operative Affairs and our Managing Director People and Culture are responsible for the governance of human rights within our business and our sphere of influence. To ensure clarity on labour standards and to respect universally recognised human rights, there are several key policies that set out the requirements of those within the organisation and those whom we seek to do business with.

Key supporting policies are available on [Fonterra.com](https://www.fonterra.com) and include:

Policy/Code	Purpose
Fonterra Global ‘The Way We Work’ Code of Business Conduct (see further information below)	Sets out expected behaviours for our employees towards each other, our customers and the wider community.
Fonterra Global Ethical Behaviour Policy	Sets the ethical expectations of our employees, embedding a culture of integrity, honesty and transparency.
Fonterra Global Health, Safety and Wellbeing Policy	Articulates our ambition to achieve zero harm for our people, including contractors and visitors to our sites.
Fonterra Supplier Sustainability Code of Practice (see further information below)	Sets out our expectations for suppliers to align with our values and codes of conduct, including upholding human rights, fair working conditions and specifically excluding forced labour and child labour



## International Union of Food (IUF) Obligations

In addition, Fonterra has a long-standing agreement with the International Union of Food (IUF) and the New Zealand Dairy Workers Union (NZDWU) that recognises our commitment to the Conventions of the International Labour Organisation for all Fonterra employees and is built into our Code of Business Conduct.

In 2002, Fonterra, the IUF and the NZDWU signed an agreement to ensure minimum labour standards for all employees of Fonterra and its subsidiaries, in NZ and around the world.

Minimum Labour Standards (ILO Conventions):

- Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)
- Right to Organise and Collective Bargaining Convention, 1949 (No. 98)
- Workers' Representatives Convention, 1971 (No. 135)
- Forced Labour Convention, 1930 (No. 29)
- Abolition of Forced Labour Convention, 1957 (No. 105)
- Minimum Age Convention, 1973 (No. 138)
- Worst Forms of Child Labour Convention, 1999 (No. 182)
- Equal Remuneration Convention, 1951 (No. 100)
- Discrimination (Employment and Occupation) Convention, 1958 (No. 111)

## The Way We Work Code of Conduct

To reflect our approach to human rights and our agreement with the IUF, our code of conduct states that in our operations we will:

- not use forced or compulsory labour - where a person has not offered their services voluntarily (in line with the Forced Labour Convention, 1930 (No. 29) and Abolition of Forced Labour Convention, 1957 (No.105)).
- not use any labour that is defined as Modern Slavery (as defined in the Australian Modern Slavery Act (2018))
- not exploit children under any circumstances. The minimum age in our workforce is set by local legislation (and in line with the Minimum Age Convention, 1973 (No.138)), and we don't allow those less than 18 years of age to carry out work that is likely to harm their health and safety (in line with the Worst Forms of Child Labour Convention, 1999 (No.182))

## Supplier Code of Practice

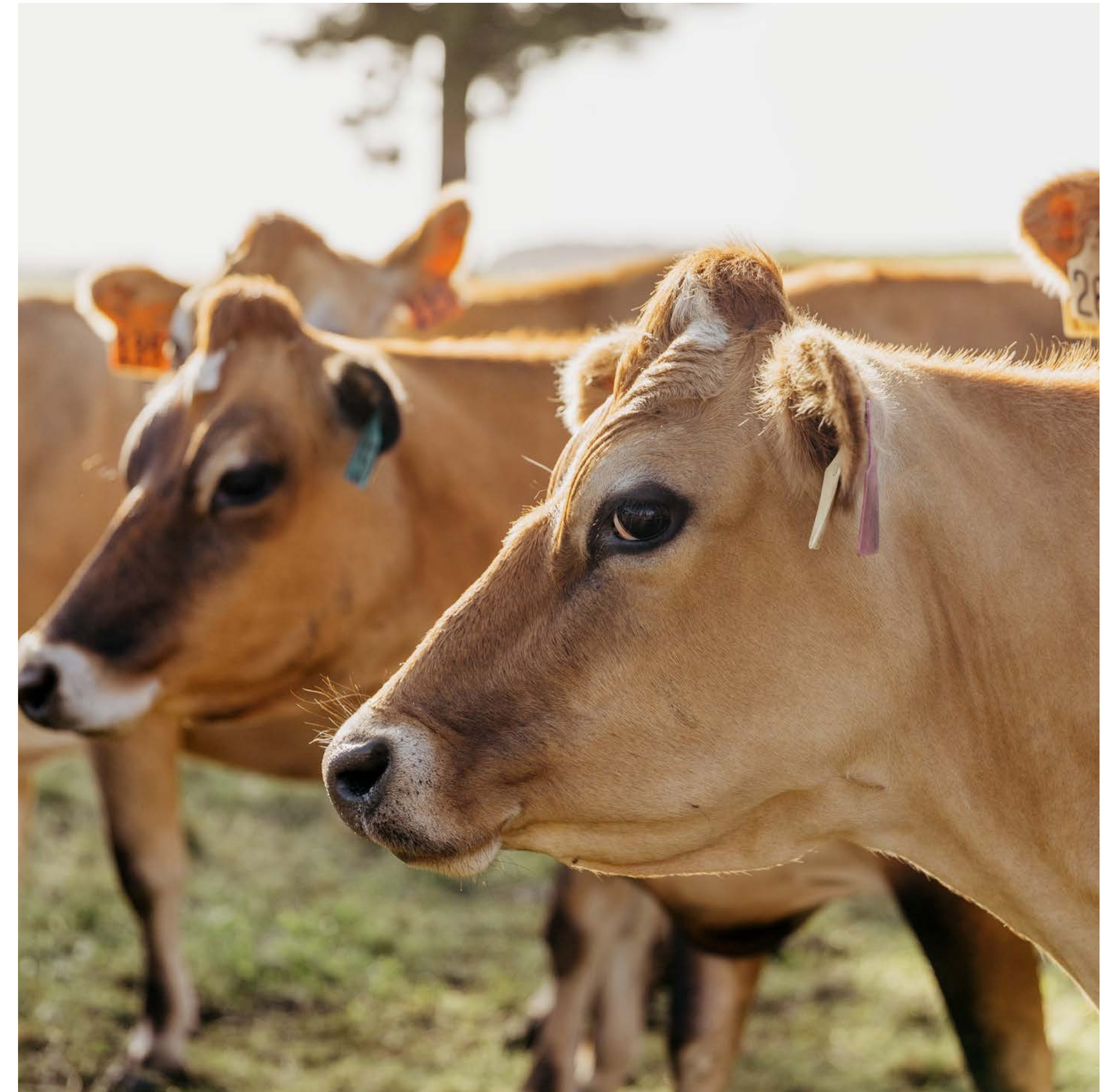
We recognise that identifying and addressing modern slavery risks in our supply chain requires collaboration with our suppliers. Our supplier Sustainability Code of Practice (the "Code") explains our expectations of our suppliers, and every supplier who signs our standard terms of purchase must endeavour to align their behaviour and business practices (and those of their subcontractors) with the principles contained in the Code. The Code sets out a range of expectations across social, economic and environmental areas. Our suppliers must commit to complying with

Code requirements, which are drawn from the ILO conventions and Ethical Trading Initiative (ETI). These are minimum standards based on the principles of the United Nations Universal Declaration of Human Rights. Fonterra expects suppliers/contractors to express their preparedness and intent to comply with the Code and to ask their subsidiaries and suppliers to comply as well.

The Sustainability Code of Practice is mandatory for all new contracts and is included in the standard template when contracts are up for renewal, ensuring that every supplier regardless of size is required to adhere to the Code.

The Code explicitly expects suppliers to support the following ethical standards set out in the Code of Practice related to modern slavery:

- Freely chosen employment - Suppliers shall not make use of forced or bonded labour. Labour should be freely given, and employees should be free to leave in accordance with established rules.
- Child labour - Suppliers shall not employ children in violation of conventions 138 and 182 of the International Labour Organization.
- Freedom of association - Suppliers shall respect the right of employees to be represented by trade unions and other bona fide representatives of employees and engage in constructive negotiations with such representatives with a view to reaching agreements on employment conditions



## Governance and Risk Management

### Fonterra's sustainability governance

The Fonterra Board has ultimate overall responsibility for Fonterra's sustainability performance, including our supplier strategy and issues relating to the risk of modern slavery in our operations and supply chain. Responsibility for the strategy and its integration into our day-to-day activities is shared across the organisation.

### Fonterra's approach to Risk Management

Fonterra's Global Risk Management Policy outlines our risk principles and accountabilities, setting out the requirements for managing and reporting risk across our global business aligned to the ISO31000 Risk Management – Principles & Guidelines 2018. It is designed to embed a co-operative-wide risk management capability, establishing a consistent approach to identifying, assessing, controlling, monitoring and reporting on our key risks. These include risks that may affect our Co-operative's ability to achieve its objectives and protect our people, shareholders, customers and reputation.

Our risk management framework is based on the three lines of defence model. Fonterra's first line of defence is our people. Managers

and individual business units hold clear risk management responsibilities for business risk management, including requirements to ensure compliance with external requirements as well as Fonterra's Global Policy standards. Our risk management and assurance processes support this via our group functions, ensuring a consistent best-practice approach to risk management across the business, aligned with our risk appetite settings. These processes are overseen by the Fonterra Management Team alongside a dedicated internal audit function, taking a risk-based approach to oversight of key business activities and reporting to the Board via the relevant Board Committees.

### Risk mitigation activities

#### 1. Human Rights Due Diligence

Human Rights 'due diligence' is a process to identify and prioritise actual and potential human rights issues in an organisation's direct and indirect sphere of influence. Fonterra has been undertaking a Human Rights Due Diligence process (following the guidance of the UN Guiding Principles on Business and Human Rights) for several years.

In 2017, our workforce evaluation across New Zealand, Australia, Brazil and Chile, covering approximately three-quarters of our employees, identified some concerns about bullying and harassment, long working hours and the potential for human rights risks in our non-milk supply

chain. This year we have been responding to these concerns within our workforce, and in our supply chain. To date over 8,000 employees completed an eLearning course on Culture of Care, a Bullying and Harassment awareness campaign.

We expanded our assessment approach in FY20 to consider products and geographies most at risk of modern slavery, though COVID-19 impacted some of the more detailed regional analysis we were planning. COVID-19 travel restrictions have also impacted our ability to travel for audits in FY21.

#### 2. Independent evaluation and certification of sites

Our manufacturing sites are subject to regular internal and third-party audits. Internal audits are conducted by employees independent of the site and are used to identify areas for improvement. Third-party audits give regulatory authorities and our customers independent assessments of our performance. For example, independent audits against the Sedex Member Ethical Trade Audit (SMETA) standard for labour practices, environment, health and safety and business practices are required by some of our customers. Other customers require us to undertake an annual assessment by EcoVadis. For FY21 we retained a Gold rating.

#### 3. Employee training and development

Buyers within our procurement teams play a critical role in assessing and managing the sustainability performance of our vendors. In FY19 we ran company-specific training on sustainability, including social and environmental issues faced in our supply chain. This specifically included training on human rights risks to assist with our preparation to report on Modern Slavery.

In FY21 we updated and extended the training to continue to develop the capabilities of our team, holding five specific training workshops, attended by 57 key people on Human Rights and Modern Slavery, including employees from our procurement and internal audit functions.

In addition, an online eLearning module on Modern Slavery has also been developed and is being deployed.

#### 4. Non-Milk Vendor assessments

Assessing and managing the risk of environmental and social issues within our supply chain is a core part of responsible procurement. We have assessed our top 400 non-milk suppliers globally (accounting for 75% of spend) and we extended the coverage of this assessment to also cover our Farm Source Retail business. In FY20 we undertook a detailed assessment of our top 26 vendors across seven procurement categories. Most vendors and categories scored well, and the process identified where we have opportunities to positively influence for better outcomes. In FY21 we followed up with vendors to discuss assessment findings and agree next steps.

Sustainability (including Human Rights) is now one of the key pillars considered when we refresh our category strategies, when building vendor strategy plans and is a fixed item on the agenda in our vendor meetings for providers of ingredients, packaging and engineering categories.

Building on the vendor risk assessment that we completed in the past, this year we undertook a detailed assessment with our top 50 strategic vendors. None of these vendors were identified as

high risk of non-compliance with our Standards, but it allowed us to develop a two phased approach for targeting our assessment of vendors. Phase one composes of a standard online questionnaire. Based on the findings of phase one, a detailed discussion is undertaken with vendors around any areas of risks identified. We expect to grow the coverage of these detailed assessments as a percentage of global procurement spend in the coming years.

In our Farm Source retail business in FY20, in-person Our Brand international supply chain audits were unable to go ahead due to Covid-19 travel restrictions. As these travel restrictions have remained in place in FY21, we have established factory audits via our in-market agents and implemented verification checks for CSR compliance across key vendors. On-site audits undertaken to date have been mostly satisfactory, with some areas identified for improvement in 2022.

### Reporting and monitoring of grievance mechanisms

We are committed to providing our teams access to effective remedies aligned with our commitment to the United Nations Guiding Principles on Business and Human Rights.

We fund an independently administered whistle-blowing hotline (The Way We Work Hotline), facilitated by Deloitte. Previously just for employees, in FY21 it was extended to provide all Fonterra stakeholders globally with a confidential and anonymous channel (by phone, email, mail, or online) to report concerns about serious wrongdoing or behaviour that does not meet the standards described in The Way We Work

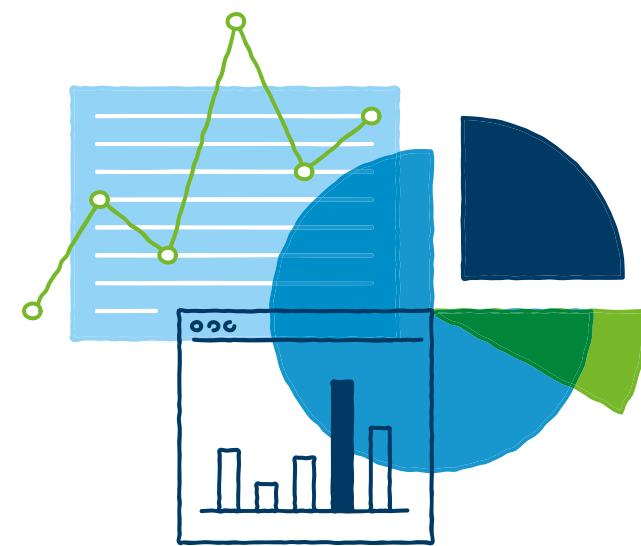
Disclosures are investigated by a Fonterra team not involved in the substance of the concern (Internal Audit, other specialist teams or, where appropriate, an external investigator) before appropriate action is taken. Timely updates are made available to the whistle-blower through the hotline.



# Assessing the effectiveness of our actions

**F**onterra does not currently have any key risk indicators specific to modern slavery as we have only just started assessing the full risk of modern slavery. We regularly review and assess the effectiveness of policies, codes and frameworks as part of our risk management framework. We will continue to develop and modify our approach as we formally identify our risks and implement mitigation measures. This will include developing metrics that enable us to track the progress and effectiveness of our actions over time, as we look to continually improve. The impacts of COVID-19 have delayed the development of metrics; however, we are looking to develop these over 2022. Quantifiable metrics might include measuring access to collective bargaining across our supply chain, and grievance mechanisms in place and being used.

We understand that raising awareness is key in addressing the risk of modern slavery. We recognise the need to continue building capacity among our employees to identify risks of modern slavery and the actions required to respond effectively.



In 2021, we continued to be active members of several multi-stakeholder initiatives that are engaged in the protection and promotion of human rights and the elimination of forced labour. These include the Roundtable on Sustainable Palm Oil (RSPO) and the International Union of Food (IUF). We have also been involved in conversations with the New Zealand Government and business leaders on the possibility of a New Zealand Modern Slavery Act. Our membership to these and other organisations allow us to assess our progress against industry best practice, work in collaboration across industries, and helps to identify areas for further improvement.





## Consultation and looking ahead



All Fonterra entities operate under a common set of governance policies and programmes. This includes the programmes through which modern slavery risks in both our operations and supply chains are assessed and addressed by Fonterra. A process of consultation across Fonterra and some of our reporting entities was undertaken during the Human Rights due diligence process which contributed to the identification on salient modern slavery risks, and to help with the drafting of this statement. This included engagement with procurement, food safety and quality, third-party manufacturing and our Farm Source teams. We will look to expand this as we continue our Modern Slavery journey.

Fonterra is committed to further developing and refining our programme as we learn more about our risks with respect to Modern Slavery and are looking to continually improve over time. Our focus for the next few years will include:

- Extension of our due diligence process and continue with our assessment and response to any issues identified in our on-farm and non-milk supply chains.
- Expanding our engagement with specific vendors in high risk areas to ensure they better understand our expectations, and we better understand practices in their supply chains

# Appendix one

This statement was prepared to meet our Australian regulatory disclosure requirements. It complements our existing sustainability disclosure on the Fonterra website and in our 2021 Suite of Reports and 2021 Interim Report. The table below references where the mandatory criteria are disclosed for the Australian Modern Slavery Act 2018.



Mandatory criteria	Location of information
Identify the reporting entity	Reporting entities (page 3)
Describe the reporting entity’s structure, operations and supply chains	Fonterra structure, operations and supply chain (pages 3 – 4)
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls	Understanding our modern slavery risks (pages 5 – 6) Impact of COVID-19 on modern slavery risks (page 7)
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	Actions to treat and address risks (pages 8 – 11) Understanding our modern slavery risks (pages 5 – 6)
Describe how the reporting entity assesses the effectiveness of these actions	Assessing the effectiveness of our actions (page 11)
Describe the process of consultation with any entities the reporting entity owns or controls	Consultation and looking ahead (page 12)

