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dairy

AUSTRALIA'S OLDEST DAIRY • EST.1886

**BROWNES DAIRY
MODERN
SLAVERY
STATEMENT
2022**





Brownes Dairy is pleased to submit its Modern Slavery Statement for the financial year 1 July 2022 – 31 December 2022, in compliance with the Modern Slavery Act 2018 (Cth).

1. Introduction

Modern slavery is a term used to cover practices such as forced labour, slavery, debt bondage, extreme forms of child labour, forced marriage, deceptive recruitment, and human trafficking. It is a human rights violation and exploitative crime that with devastating consequences for the health and wellbeing of its victims.

The International Labour Organisation estimated that 50 million people were victims of modern slavery worldwide in 2021 (ILO 2021). The most prevalent form of modern slavery is forced labour, which disproportionately affects people in more vulnerable circumstances, such as children and young people, undocumented migrants and those living in poverty.

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 taking place anywhere in our own business or in any of our supply chains.

This 2022 Modern Slavery Statement articulates our position on modern slavery and our plans in the 2023 financial year to understand and investigate the risk of modern slavery in our operations and supply chain.

Our aim with reporting our actions against Modern Slavery, is to be as transparent as possible. We hope our transparency will help other organisations to learn from our experiences, as they implement their own approaches. We welcome feedback, and look forward to learning from others, as we work together with our stakeholders to address this serious human rights violation.

We expect the same high standards from all our contractors, suppliers and other business partners. As part of our contracting processes, we include specific prohibitions against the use of forced, compulsory or trafficked labour, or anyone held in slavery or servitude, whether adults or children, and we expect that our suppliers will hold their own suppliers to the same high standards.

Brownes Dairy 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 Dairys approach to addressing modern slavery continues to evolve as we seek to improve our processes and oversight. We are proud of the improvements in our systems and controls over the last few years and I look forward to further advances in this important area.

We know there is more work to do, given how critical this issue is and we remain committed to taking action to address and mitigate modern slavery across our business and where necessary conduct remedial actions.”

Natalie Sarich-Dayton
Chief Executive Officer

CRITERION 1 – Identify the Entity

This Statement covers the reporting entity Brownes Foods Operations Pty Ltd (ABN 60 146 849 881), trading as Brownes Dairy, a private company registered in Western Australia, wholly owned by Australia Zhiran Co Pty Ltd (ACN 619 268 727). Brownes Dairy do not own or control any other entities so the process of consultation for entity owned or controlled is not applicable.

Brownes Dairy has an annual consolidated revenue of AUD \$232,973,000 for the 2022 financial year.

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.





CRITERION 2 – Describe the entity structure, operations and supply chains

◆ Who we are as an organisation:

Brownes Dairy is Australia's and Western Australia's oldest dairy company. It is also one of Western Australia's most iconic businesses established in 1886 by Edward Browne as a small dairy farm in what is now Shenton Park WA.

Brownes Dairy operates from its main processing site in Balcatta WA and owns a second site at Brunswick Junction WA, collecting around 130 million litres of milk each year from over 40 dairy farms in WA's Southwest region accounting for around 35% of the State's milk production. The company has a diverse portfolio of dairy and other food products including white milk, cream, yoghurt, flavoured milk, juice, desserts and cheese. The company prides itself on its innovative products and services that is embedded in its DNA and consequently is a significant awards winner in the dairy industry.

Brownes Dairy supplies all major retailers and food services companies in Australia, as well as being a long-standing exporter to Asia and holds certifications with:

- Global Food Safety Initiative – BRC (British Retail Consortium)
- HACCP
- Export License from Department of Agriculture/Water and Environment.

◆ Brownes Dairy Operations and Supply Chains:

Established in 1886, Brownes Dairy is a family household name, and has been in operation for over 135 years.

We pride ourselves on being an adaptive and innovative organisation, and regularly make the AFR 'Top 50 Most Innovative Companies' list. In 2020 we revived an iconic piece of WA history; the Brownes Dairy 'Milko' home delivery service, which saw us win best COVID pivot in the 2020 AFR awards. With an increasing focus on sustainability, the innovation continues this year with the launch of Australia's most sustainable milk cartons.

Brownes Dairy supply chains are simple at the core and diverse and complex when accounting for the product portfolio we create and the suppliers we purchase from.

Brownes Dairy employees 260 FTE across the two sites and produces packaged and bulk dairy products across all dairy categories including branded and private label products in partnering with the likes of Coles, Woolworths and Aldi supermarkets. We work with 32 independent contractors across Western Australia as distribution partners.



Primarily Brownes Dairy sources raw milk supply from around 40 Western Australian dairy farms and converts this milk into various dairy products including white milk, flavoured milks, yoghurts, cheeses, creams and ice-cream. In doing so Brownes Dairy sources packaging and raw materials primarily through Australian suppliers though many ingredient and material inputs come from across the world.

Brownes Dairy has performed an analysis of its accounts payable data for the reporting period and identified the following spend categories.

Row Labels	Sum of \$ per annum	Count of Suppliers	Percentage of overall spend	Percentage of suppliers registered in Australia
Ingredients	\$106,621,768	83	68%	100%
Packaging	\$18,651,903	8	12%	100%
Bought in finished goods	\$5,575,887	9	4%	100%
Water	\$4,013,539	1	3%	100%
Energy	\$3,866,832	1	2%	100%
Labour	\$3,699,232	3	2%	100%
Production Consumables	\$2,920,985	8	2%	100%
Machine Parts / Maintenance	\$2,494,781	31	2%	100%
Marketing	\$2,345,656	18	2%	100%
IT	\$1,941,979	35	1%	99%
Logistics	\$1,522,400	23	1%	100%
HR	\$799,473	17	1%	100%
Quality assurance	\$388,264	9	0%	100%
Fleet Vehicles	\$357,092	1	0%	100%
Office cleaning	\$180,882	1	0%	100%
Other	\$480,872	7	0%	100%



CRITERION 3 – Actions Taken to Identify the 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; and
- 8) the worst forms of child labour.

There are various tests that are applied to raw milk including:

◆ Risk in Operation

Brownes Dairy operates both sites in Western Australia in Balcatta and Brunswick and given these are under our control and operating in Australia under Australian workplace relation laws and guidelines, we deem this to be at low risk of Modern Human Slavery.

However, we continuously monitor our practices and cultures to ensure our adherence to this and this expectation flows directly to our contracted Labour Hire companies as well. This will remain a focus in the coming years.





◆ Risk in Supply Chain

With 99.6% of our direct suppliers based in Australia, it is likely that the potential to be linked with or contribute to modern slavery in our supply chain will sit beyond the first tier of our supply chain and most probably outside of our national borders.

With that in mind we see the focus of our actions to strengthen our understanding of our suppliers' supply chains and raise their awareness of the issue, as well as strengthening our supplier on-boarding process procedures.

Our largest supply cost is raw milk sourced from Western Australian farms. At this early 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, areas such as migrant and transient labour and the use of third-party labour sourcing. We have used opportunities like our regular farmer morning tea events, to educate our farmers of the risks of modern slavery.

Brownes Dairy has identified the highest risk of acts of modern slavery lie in the sourcing of raw materials both domestically and abroad and the sourcing of ingredients from high-risk geographies where human rights and other regulatory frameworks may be weak or non-existent. Brownes Dairy have assessed all our supply categories and given them a risk rating that is specific around what the risks are. Whilst Brownes Dairy uses every endeavour to work with reputable suppliers holding GFSI certifications, the primary source of ingredients may not be immediately known to Brownes Dairy.

◆ Case Study – Coffee Bean Suppliers

In June 2021 we commissioned a third-party specialist company in the modern slavery field to produce a risk report on the risks of modern slavery for Brownes Dairy and our supply chains, in accordance with ISO31000:2018 Risk management – Principles and guidelines.

This report identified coffee as the highest risk category of product that Brownes Dairy uses in the production of our products. The risks were identified and rated using several different risk management tools and resources, reporting criteria, self-assessment questionnaires and corrective action plans.

Brownes Dairy is supplied with coffee for cold brewing from a manufacturer who sources green beans from around the world and then roasts, grinds the coffee. Brownes Dairy, in collaboration with our coffee supplier have been working on moving the source of the green beans to a recognised, certified source of either Rainforest Alliance or Fairtrade. Brownes Dairy is now sourcing 75% of all imported green beans from either a Rainforest Alliance or Fairtrade certified source. With plans to source the remaining 25% by the end of 2023.

CRITERION 4 – ACTIONS TAKEN

Brownes Dairy holds a firm view on Modern Slavery and is committed to understanding more on all aspects of risk throughout its entire value chain including direct and indirect suppliers, labour-hire firms and facilities. At face value our supply chain is simple primarily taking milk from WA farms and bottling it for local market consumption. However, Brownes Dairy understands complexities arise, and opportunities exist for exploitation of workers globally. Brownes Dairy is committed to understanding this more and mitigating such risks.

This is Brownes Dairy's third public statement on Modern Slavery. In the reporting period Brownes Dairy has continued to monitor actions taken in the 2021 reporting period in alignment with our Anti-Slavery Action Plan. This included:

- The ongoing implementation and socialisation of our ethical policy portfolio comprising our Anti-Slavery Policy, Supplier Responsible & Sustainable Sourcing Code of Conduct.
- Management of our supplier approval process including the integration of the Supplier Responsible & Sustainable Sourcing code of Conduct.
- Ongoing development of our Sustainability Committee that meets on a regular basis including the integration of key stakeholders from a range of business functions including measures for training and capacity building.
- Management of staff and contractor awareness training on modern slavery risks at induction.
- Implementing a four pillar SMETA audit on our Balcatta production facility. Only six minor observations were picked up as part of this audit and all have been resolved at the time of writing this report.

◆ Improvement Road Map

In the 2023 reporting period, we have committed taking the following actions:

- 1) Augmenting our awareness training on modern slavery with skills training e-learning modules.
- 2) Verification process into our coffee bean suppliers regarding their certifications and credentials with Fair Trade, Rainforest Alliance, and other global standards on sustainable and ethical sourcing.
- 3) Conducting a comprehensive risk assessment of our direct suppliers.
- 4) Consultation with modern slavery experts on the direction of our Anti-Slavery Plan.
- 5) Educating and auditing of our WA dairy farmers with specific reference to modern slavery risk areas.
- 6) Updating our Farm Supply Manual to include details of the Brownes Dairy Whistle-blower policy.

CRITERION 5 – ASSESSING EFFECTIVENESS

Brownes Dairy used several methods to monitor the effectiveness of the processes and procedures to address modern slavery practices in any part of our operations and supply chains. These include:

- Measuring the percentage of our suppliers that have completed the supplier questionnaire, which includes the modern human slavery questions.
- Recording and reporting on the number of Brownes Dairy employees that have completed the modern human slavery online training.

Brownes Dairy recognises we are in the early stages of fully understanding all aspects and risks of Modern Human Slavery and in subsequent years will continue to develop a robust governance framework and assessment mechanisms as we seek to understand risk or as they avail themselves within the supply chain. The CEO assumes ultimate responsibility though encourages the ownership and accountability across all employees at Brownes Dairy.

Currently Brownes Dairy assesses our actions against:

- Full investigation of any reports from its staff, contractors, the public or any law enforcement agency.
- Active promotion of the whistle blower policy with follow up against every instance.
- Creating an open and engaging environment with suppliers allowing for two-way concern sharing.





CONCLUSION

This third annual Modern Slavery Statement 2022 demonstrates our ongoing commitment to assessing, engaging, addressing and monitoring modern slavery risks and to positive actions against violation of human rights. Brownes Dairy will look to build on its research work and practices in place to ensure a greater understanding of its supply chain in its entirety with the view to identifying and eradicating all risks of modern slavery.

MODERN SLAVERY ACT 2018 (CTH) – STATEMENT ANNEXURE

Principal Governing Body Approval

This modern slavery statement was approved by the Browne’s CEO & Executive Director, as the principal governing body of Browne’s Foods Operations, on 23 June 2023.

Signature of Responsible Member

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



NATALIE SARICH-DAYTON
CEO & EXECUTIVE DIRECTOR
BROWNE’S FOODS OPERATIONS PTY. LTD.

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
Identify the reporting entity	3
Describe the reporting entity’s structure, operations and supply chains.	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.	6
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.	8
Describe how the reporting entity assesses the effectiveness of these actions.	9
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
Any other information that the reporting entity, or the entity giving the statement, consider relevant. **	N/A

*If your entity does not own or control any other entities and you are not submitting a joint statement, please include the statement ‘Do not own or control any other entities’ instead of a page number.

**You are not required to include information for this criterion if you consider your responses to the other six criteria are sufficient.

Section 4 of the Act defines a principal governing body as: (a) the body, or group of members of the entity, with primary responsibility for the governance of the entity; or (b) if the entity is of a kind prescribed by rules made for the purposes of this paragraph—a prescribed body within the entity, or a prescribed member or members of the entity.

