ACM Holdings Co Pty. Ltd.

Modern Slavery Statement

December 2023

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Australian Consolidated Milk

Introduction

ACM Holdings Co Pty Ltd

The ACM Group includes:

1) ACM Holdings Co Pty Ltd, ABN 42 622 029 798, being the holding company.

2) Australian Consolidated Milk Pty Ltd, ABN 19 130 716 899.

3) ACM Plant Pty Ltd, ABN 14 622 518 870.

4) ACM Processing Pty Ltd, ABN 34 622 519 322.

5) ACM Asia Pty Ltd, ABN 69 646 381 339.

6) ACM Energy Pty Ltd, ABN 84 652 811 106.

7) Nambrok Land Pty Ltd, ABN 32 666 848 728

Collectively referred to as 'ACM'

ACM is an Australian-owned-and-operated milk management and dairy processing company. ACM manages 500 million litres of milk to produce high-quality conventional, organic and A2 dairy ingredients and products. Sophisticated risk and logistics management systems direct milk flows from suppliers to meet customer requirements.

Established in 2008, ACM nurtures long-term partnerships that underpin stability and confidence, a buffer against the volatility of commodity markets. ACM want our suppliers and customers to be successful in line with ACM's ethos of Honesty, Transparency and Integrity in all our dealings.

In 2019 ACM commissioned our own processing operation in Girgarre in Northern Victoria. ACM is a low cost and efficient converter of farm fresh milk into dairy ingredients for the domestic and international markets.

ACM is firmly committed to conducting business with the highest integrity and in compliance with the letter and spirit of the law.

In 2018, the Australian Government passed the Modern Slavery Act No. 153, 2018 ('the Act'), which requires large corporations in Australia with turnover more than $100 million, to annually report on the risks of modern slavery in their operations and supply chains, and actions taken to address those risks.

For the purposes of the Act, this statement is submitted for a Single Reporting entity, ACM Holdings Co Pty Ltd, ABN 42 622 029 798 and in accordance with Section 13 of the Act.

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ACM acknowledges that modern slavery happens at the most extreme end of the working spectrum. It involves the gravest abuses of human rights and serious crimes, having severe and often lifelong consequences for its victims. The term modern slavery is used to describe situations where coercion, threats or deception occur.

The Act defines modern slavery as including eight types of serious exploitation:

- Trafficking in persons.

- Slavery.

- Servitude.

- Forced marriage.

- Forced labour.

- Debt bondage.

- Deceptive recruiting for labour or services.

- The worst forms of child labour, which means situations where children are subjected to slavery or similar practices or engaged in hazardous work.

ACM further understand that modern slavery occurs when coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom. Modern slavery cases do not always involve physical violence; perpetrators often use subtle threats and psychological pressure to control victims.

ACM is committed to eradicating modern slavery within our operations and supply chain and managing supplier risks so as to not engage in modern slavery or the associated risks.

We are committed to consistently reviewing and strengthening our processes and systems to minimise the risk of human rights infringements anywhere in our operations and supply chain.

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ACM Structure, operation and supply chain

ACM operates under a Single Board of Directors and Executive Management team which is a controlling board for all operations, human resources and supply chain matters of the group relating to ACM Holdings Co Pty Ltd.

ACM has three sites all in Victoria, one being our manufacturing site at Girgarre which is supported by office suites in Kyabram and Port Melbourne.

ACM employ 120 people that comprise of 30% salary and 70% collective bargaining enterprise agreement personnel.

ACM engage a nominal number of independent Sub-contractors on Fixed Term Agreements.

ACM conduct our own recruitment, advertising internally and externally however, to meet fluctuating seasonal demands, at times, ACM engages with a licensed and accredited independent Labour Hire company. ACM only use a reputable employment agency to source workers and this includes right to work verification processes.

ACM has the responsibility and commitment to continually improve and embed Human Rights at Work into our company's business practices and supply chains. ACM is also committed to abide by the Ethical Trading Initiative Code (**ETI Base Code**). This commitment is confirmed in our ETI Base Code Policy which includes the following requirements:

- Employment is freely chosen.

- Freedom of association and the right to collective bargaining are respected.

- Working conditions are safe and hygienic.

- Child labour shall not be used.

- Living wages are paid.

- Working hours are not excessive.

- No discrimination is practiced.

- Regular employment is provided.

- No harsh or inhumane treatment is allowed.

ACM's Employee Code of Conduct Policy outlines our expectations regarding employee behaviour towards their colleagues, supervisors and the overall organisation. We promote freedom of expression and open communication however we do expect all employees to follow our Code of Conduct. In terms of the said Code of Conduct, all employees are expected to respect their colleagues and promote an environment that encourages respect and is fair and objective in all dealings. ACM do not allow any kind of discriminatory behaviour, harassment or victimisation.

Our Whistleblower Policy further provides an avenue for reporting matters concerning wrongdoing, protections available to Eligible Whistleblowers and the processes for dealing with reports of wrongdoing. This may include instances and reports of modern slavery. It creates a supportive environment where people feel safe to speak up, which reinforces ACM's culture and reduces any associated risks, including the risk of modern slavery.

ACM has extended our accountability to ensure our business and our people are aware of the risks of modern slavery in our operations and supply chains, and actions

taken by ACM to address these risks. ACM aim to be equally satisfied in ensuring compliance with modern slavery requirements.

The responsibility for managing and ensuring compliance in ACM operations and supply chain rests with the Chief Executive Officer.

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Risks of modern slavery in operations and supply chain of ACM

ACM is committed to the highest standards of ethics and business integrity in our operations and supply chain. ACM aim to ensure our staff and suppliers are treated equally, with respect and dignity, in order to uphold the highest standards, set by us.

ACM have considered the Modern Slavery List of Industries and List of High-Risk Countries, as provided for in The Global Slavery Index 2023, in determining our risks of modern slavery in our operations and supply chain. We have further considered information and resources made available through organisations that include: the Transparency International Corruption Perceptions Index; Global Contact Network; Global Estimates of Modern Slavery 2021; 'Hidden in Plain Sight', Report of the 2017 Parliamentary Inquiry into establishing a Modern Slavery Act in Australia; the Commonwealth Modern Slavery Act 2018, Guidance for Reporting Entities; and Report of the statutory review of the Modern Slavery Act 2018 (the first three years) completed June 2023.

ACM's foremost risk of Modern Slavery in our operations and supply chain, vests in our local Dairy Farmers who supply us with milk. We accept that Dairy Farmers sit within the Food, Beverage and Agriculture industry, which is one of the industries at high risk of Modern Slavery. Our milk suppliers are, however, Australia-based, which is not a country of high risk to Modern Slavery. To a lesser extent other industries that we engage with locally that are at high risk of modern slavery includes: IT Supplies and Services; Electrical Equipment and Services; and Electronic Equipment, Instruments and Components.

Whilst our suppliers are based in Australia, we are cognizant of and as reported in the 2023 Global Slavery Index, that '*estimates that on any given day in 2021, there were 41,000 individuals living in modern slavery in Australia. This equates to a prevalence of 1.6 people in modern slavery for every thousand people in the country. Within Asia and the Pacific, Australia is ranked 26 out of 27 countries in terms of prevalence of modern slavery, and 149 out of 160 countries globally. In the financial year ended 30 June 2022, authorities received 294 modern slavery reports. While this represents the highest number of annual reports ever received, it suggests that modern slavery remains underreported in Australia given the estimated prevalence rate of modern slavery*'. ACM have taken this into consideration in performing our modern slavery risk assessment of our suppliers and for further development of our modern slavery framework.

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Actions taken by ACM to assess and address modern slavery risks, including due diligence and remediation process

In 2023, ACM working in consultation with a third-party consulting firm, conducted a modern slavery risk assessment of our operations and supply chain, creating a modern slavery framework, which assisted us in the preparation of this statement, being our first modern slavery statement. The process was driven and headed by our Chief Executive Officer and supported by our Business Manager.

The assessment comprised two elements:

- Identified existing risk management policies and procedures within ACM and determined whether this can be broadened to include the Risks of Modern Slavery, through ethical sourcing, quality standards or other compliance reporting.

- Conducting a risk assessment over our current suppliers for all entities within ACM (refer to the ACM Group recorded in section 1 of this statement) in terms of our payment data, for a 12-month period from 1 July 2022 to 30 June 2023.

In conducting a risk assessment of existing risk management policies and procedures, we reviewed all relevant policies including: the Employee Code of Conduct; Recruitment Policy; ETI Base Code Policy (previously referred to in section 2 of this report); Grievance Procedure Policy; and Whistleblower Policy.

ACM updated these policy documents where required, to refer to and include the requirements of the Act. We further developed a Modern Slavery Policy and drafted a Modern Slavery Framework document. The framework will assist ACM in the preparation and drafting of our annual Modern Slavery Statement going forward. It will serve as a record of actions taken, identifying strengths and weaknesses, and re-acting to modern slavery issues and incidents.

The following procedures/processes will be considered in our framework, consistent with ACM's business operations, the industry and geographical locations where we and our suppliers operate and the inherent risks to modern slavery:

- Policies.

- Risk Assessment, Prevention and Mitigation.

- Due Diligence Process.

- Effectiveness.

- Training.

Actions taken by ACM to assess and address modern slavery risks, including due diligence and remediation process cont.

In performing the risk assessment of our suppliers, we conducted a desktop review of 50 of our top spend suppliers, that comprise 58% of our total spend, excluding internal payments and payments made to the Australian Tax Office. Prior to conducting the said risk assessment the ABN number and ABN listed name for each of the 50 suppliers was confirmed with ASIC public records. No inconsistencies or anomalies were identified.

18 of the top 25 suppliers are Dairy Farmers, being ACM's milk suppliers. Due to the high percentage of Dairy Farmers in our top 25 suppliers, we excluded Dairy Farmers from suppliers 26-50 in our risk assessment, in order to get a more even split of the industries in which our suppliers operate.

ACM considered risks that may potentially cause, contribute to or be directly participating in modern slavery practices, consistent with the Act and the Commonwealth Modern Slavery Act 2018, Guidance for Reporting Entities. These risk areas included: Financial; Industry; Country (geographic location); the use of Sub-Contractors; and evidence that the supplier has submitted a Modern Slavery Statement in Australia, if applicable.

The results of our desktop review identified that 50 of the 50 suppliers scored an overall modern slavery risk rating of low risk. This is based on what was determined by us using publicly available records and information we had previously obtained from our suppliers where applicable.

In addition to the above policy review and risk assessment, ACM developed a Modern Slavery Supplier Questionnaire, which contains enquiring and exploratory questions, rather than generic modern slavery questions. The questionnaire includes a risk rating for each answer provided to the modern slavery questions, and the submission of supporting documents to us where applicable. We believe this is a crucial primary step in identifying and where applicable, eradicating human trafficking and modern slavery amongst our suppliers, where there is any warning or the slightest suspicion that this may be occurring.

ACM have further developed a modern slavery introductory training pack for internal employee training. This will be implemented once finalised and approved.

ACM (in particular ACM Processing Pty Ltd) has also been subject to a Sedex Members Ethical Trade Audit (**SMETA**) in 2021. A recent bi-annual Sedex audit has been submitted by ACM on the 14th November 2023 and ACM are currently awaiting a response. The SMETA Audit methodology enables organisations to assess their sites and suppliers to understand working conditions in their supply chain. It is a social audit which is one of the best methods to understand the working conditions at a supplier site. It combines the requirements of the ETI Base Code, which is founded on the conventions of the International Labour Organisation, as well as relevant local laws. We understand that SMETA is the leading industry social audit criterion in the world. It assesses a site based on its organisation's standards of labour, health and safety, environment and business ethics. Key benefits of the SMETA Audit are:

- Demonstrates an organisation's commitment to Human Rights.

- Reduces audit duplication in the Supply Chain.

- Minimises Social Responsibility and Sustainability Risks.

Several items of potential non-compliance were identified in the 2021 audit. This included identifying the root cause, the preventative and corrective action steps to be implemented and the timeline for actions to be completed. Items of non-compliance were rectified within the required time frame and this was verified with a close out audit.

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Assessing the effectiveness of actions taken by us

ACM have described above our actions taken in the immediate assessment of modern slavery risk within our operations and supply chain. This includes policy review, drafting of new policies and conducting a risk assessment for our top spend suppliers.

In doing so ACM has mapped out key parts of our operations and supply chains to improve our understanding of potential modern slavery risks.

All new and existing suppliers, sub-contractors and consultants where necessary, will be vetted for modern slavery risks through the completion of our Modern Slavery Questionnaire that incorporates modern slavery requirements and the provision of supporting documents, where applicable. This will now be a prerequisite/precondition to the establishment of new suppliers. ACM aims to use the returned completed questionnaires and information obtained from suppliers, to build transparent and collaborative relationships with suppliers. This will further ensure that our expectations of reporting of modern slavery risks within the supplier's supply chain have been clearly communicated to us and that we have satisfied ourselves that modern slavery risks have been effectively managed.

ACM will review our policies that now incorporate and make provision for modern slavery compliance and ensure that ACM staff and suppliers where applicable, certify that they have read and understand these policies, on an annual basis. We will regularly review and improve our modern slavery internal controls and procedures in order to monitor their effectiveness and respond to areas that are not. This will include updating policies and procedures, where deemed necessary.

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Process of consultation with entities ACM own or control

The ACM Group is centrally controlled and managed from its registered office in Kyabram.

Our day-to-day operation is managed by our CEO, Executive Team, Senior Management and Board of Directors.

A Risk and Compliance committee is being formed to work with a third-party consulting firm to develop our modern slavery framework.

ACM and its controlled entities are covered by the same company policies, procedures and systems including those relating to employment and human resource management, supply chain management and ethics and compliance.

The process of consultation incorporates the reporting entities covered by this modern slavery statement and includes review by ACM's Group Company Secretary, CEO, Executives and Senior Management Team.

The process was inherently consultative due to the shared management and governance of ACM and its associated entities.

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The way forward for ACM

To build on ACM's draft modern slavery framework that we have established to date, we will be focusing on the following areas and the extent to which these are achievable:

- Roll out our Modern Slavery Supplier Questionnaire and review of answers and information provided. Undertake further actions where required and additional communications with our suppliers.

- Ensure modern slavery introductory training is undertaken by all our staff in the next calendar year. The format of the training is still to be finalised and approved by ACM.

- More intensive training for management employees will be considered, particularly those in charge of supply chain management, to understand in more detail what slavery and human trafficking entails and how to mitigate the risk of these in their respective supply chains.

- Developing internal accountability standards and procedures further, to hold ACM employees and contractors accountable for non-compliance with our standards on modern slavery and human trafficking, including: Establishing consequences for non-compliance; and establishing a process to remediate such breaches.

The Board of ACM Holdings Co Pty. Ltd. has approved this statement on the 20th December 2023.

Mr. Michael Auld
Executive Chairman
20th December 2023

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ACM Holdings Co Pty. Ltd.

Registered office

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