



New Zealand King Salmon

Our 2021 Modern Slavery Statement

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1. CEO's message

I am pleased to announce the development of our first Modern Slavery Statement which addresses our response to Modern Slavery requirements in Australia.

New Zealand King Salmon's strength lies in its people which is why the exploitation of other people for personal or commercial gain contradicts all our company values.

The NZKS Board considers the measures highlighted in this document, combined with the company's strong values and proactive engagement with our business partners, will help reduce the risks of modern slavery throughout our supply chain and operations.

NZKS is a signatory to the United Nations Global Compact and as such strongly opposes any human rights violations, including slavery and human trafficking. As such, we have identified areas of risk not just in our own operations, but also throughout our supply chain. The company has also established a Whistleblowing Policy to encourage and protect those reporting possible human rights or modern slavery abuses within the business.

Team members and management, where appropriate, will complete training, including a comprehensive online programme which covers all forms of slavery and human trafficking. As part of our responsibility to combat modern slavery we ensure that employees, clients, partners and other stakeholders are aware of our commitments.

Our first Modern Slavery Statement has given us an opportunity to detail our achievements so far and what we need to achieve next.

As CEO of a leading company in the aquaculture industry, I acknowledge the importance of this statement and the requirement to increase awareness, both internally and externally, of modern slavery risks across our industry.

A handwritten signature in blue ink that reads "Grant Rosewarne".

Grant Rosewarne, CEO
March 31st 2021



2. About NZKS

“We work to fulfil salmon aquaculture’s potential as a positive force for the health of people, nature and our company.”

We are passionate about creating the ultimate salmon experience. As the world’s largest producer we are the King salmon experts with more than 30 years of farming, processing and branding this unique breed. The success of New Zealand King Salmon relies on strong partnerships with diverse people and organisations. These partnerships become strands that weave a stronger future for us, the industry, and New Zealand. We believe we are stronger together.

Our team members

“We take care of our people because we believe they are the key to our success. We recognise the need to attract and retain great talent, supporting them in their professional and personal development.”

Our People and Culture team are instrumental in driving our organisational culture as well as providing our managers with support, training, systems and processes which allow them to manage their team members effectively. Modern human resources practices recommend making a People and Culture team integral to the organisation rather than solely a service function. As a result, in FY21 we developed a new People and Culture strategy, informed by both international best practice and internal requirements.

Our mission is for all NZKS interactions to leave stakeholders better off as a result. That mission begins with our team members.

NZKS is a signatory to the UN Global Compact, helping us meet our fundamental responsibilities across principles relating to human rights, labour, environment and anti-corruption. Our first annual Communication of Progress against the Global Compact was submitted and accepted during FY21, reporting our achievements to date in implementing these principles.

Our Structure

New Zealand King Salmon is a publicly listed company on the NZX, with a dual listing on the ASX.

Consumers may best recognise us from the brand names for our salmon products: Ōra King, Regal and Southern Ocean. We also produce a premium pet food range, Omega Plus, and a burley product, Big Catch Salmon Burley, to maximise the nose-to-tail usage of the fish we harvest.

In FY21 (7 months to Jan 21), our revenue was NZ\$95.2m with a net loss after tax of NZ\$7.1m. We harvested 4,880t of salmon, selling 44% by volume within NZ and 56% in international markets (primarily North America, followed by Asia and Australia).

Our Operations

New Zealand King Salmon is a vertically-integrated (egg to plate) salmon producer. From breeding right through to branding, we believe a key component to delivering the highest quality salmon products to consumers and chefs around the world is retaining complete control of our processes.



Our headquarters are in Nelson, NZ. With the exception of two freshwater facilities within the Canterbury region of NZ's South Island, our operations are confined to the 'Top of the South' region (Golden Bay, Nelson, Marlborough Sounds, Picton).

Our operations begin in our 3 freshwater salmon facilities, where we care for the broodstock that produce our King salmon eggs. We hatch these eggs and grow out the smolt in freshwater, thereafter our chosen salmon are placed into one of 9 salmon farms in the Marlborough Sounds. Twelve to eighteen months later, at harvest, we transfer salmon to our processing facility (factory) in Nelson. The salmon is produced in multiple forms – fresh, smoked and frozen – and packaged according to its quality for one of our brands. We organise distribution of our products both within NZ and internationally.

NZKS has a total of 547 employees, with 2 based in Australia and 5 in the United States. The remaining 540 are located within New Zealand and are allocated across our divisions as follows:

Division	Employees
Aquaculture (incl. hatcheries, sea farms)	151
Corporate	28
Omega Innovations	6
Processing	272
Sales and Marketing	29
Supply Chain	54
TOTAL	540

Our Supply chain

As one of the few vertically-integrated salmon farming companies in the world, NZKS has a lot of control over its products and business activities but is still dependent on a range of suppliers for a number of different goods and services.

Our main categories of goods and services include fish feed; packaging; freight and logistics; and ingredients. Our total spend is \$127.4m, of which our top 20 suppliers account for roughly two-thirds (65%) and our top 70 suppliers account for roughly 85%.

Of our top 70 tier one suppliers, 57 are based in NZ. Our top two feed suppliers – also our top two suppliers overall – are both based in Australia. One – Skretting Australia – is a subsidiary of a Netherlands multinational company, while the other – Ridley – is an Australian-owned company. Of our other three feed suppliers, one is based in Australia (a subsidiary of a Danish multinational) while the other two are based in Chile (one a subsidiary of an American multinational). At least two of our five feed suppliers are expected to provide a Modern Slavery Statement under the Australian legislation.

Our supply chain sources goods and services from around the world, including fish feed (Peru, Chile, India, Thailand, possibly elsewhere in Latin America); packaging (Brazil, Europe, China, elsewhere in Asia); nets, pens and ropes (India, elsewhere in Asia); and paper (Asia). Part of our forward-looking commitment to acting against modern slavery risks includes mapping the geographic locations of our lower tier suppliers in

greater detail.

3. Our Modern Slavery risks

NZKS operates almost entirely within New Zealand, a country that has good economic governance and labour laws. According to the Global Slavery Index, New Zealand has a low prevalence of modern slavery.

Temporary migrant workers, or workers whose pathway to permanent residency is dependent on their employer, are known as the highest risk cases within New Zealand. [Recent work](#) on modern slavery prevalence within New Zealand highlighted risks within industries including hospitality, construction, horticulture, dairy farming and cleaning. For NZKS, our exposure to the above-named industries is minimal. The cleaning of our hatcheries and facility is conducted by NZKS employees, while our offices are cleaned by contractors subject to the safeguards below.

Operations

NZKS is itself an employer of visa-dependent workers, and we have supported many workers to attain permanent residency. Given the systems and policies NZKS has in place to ensure visa compliance and support our workers (see section 4. below), we assess the risk of modern slavery within our operations as low.

Contractors

NZKS uses contractors, including electrical, engineering, cleaning and labour hire, to support its operations. All NZ-based contractors are screened through Rapid Global, our pre-qualification system, which ensures – at the company level – contractor compliance with our health and safety, as well as national labour and immigration (visa) laws. Our contracting includes a mix of highly skilled and base-skilled labour. We have a small number of highly-skilled business development contractors based in Europe, China and Japan.

Our main NZ labour hire contractor is Advanced Personnel, a NZ-owned and operated business. While we aspire to minimise our use of labour hire contractors, we find that we inevitably require additional support to plug gaps in our fish processing in the lead up to the Christmas period, when there is significant demand for our products. Where we identify the need for additional full-time employees, we may offer employment to those who have worked for us as labour hire.

Given our limited overall use of contractors, the primarily NZ-based nature of our contractors, as well as the pre-qualification process and safeguards we have in place (see section 4. below), we assess the risk of modern slavery in our contractors as low.

Supply chain

Our tier one supplier profile is a blend between local (NZ or Top of the South Island) and international suppliers, the latter include subsidiaries of large multinational firms. While we have not mapped our lower tier suppliers precisely, we are aware of instances where our supply chain stretches into geographies that are higher risk for modern slavery practices.

Given the a) geographic locations and b) industries our supply chain covers, we have used publicly available resources (such as the Global Slavery Index) to assess the goods we source. The following categories are assessed as higher than usual risk:

- *Fish feed* (feed from our three Australian suppliers includes feed from Thailand and Latin America,

while we source some other feed directly from Chile)

- *Packaging* (our NZ-based suppliers manufacture in Europe, China and other Asian countries)
- *Fish pens, nets and ropes* (these products are manufactured in India and other Asian countries)
- *Stationery* (our stationery supply chain, which includes paper, could include countries where modern slavery is prevalent)
- *Electric vehicles* (the electric vehicle industry is reliant on lithium and rare earth minerals, some of which – e.g. cobalt – come from high risk countries such as the Democratic Republic of Congo).

Of these categories, fish feed comprises a major component of our spend (34 percent), while packaging (3 percent), pens, nets and ropes (2.5 percent) and stationery are minimal. Our three electric vehicles represent less than 0.5 percent of our spend.

4. Our safeguards against Modern Slavery

a. Our policies

“NZKS is committed to providing a work environment for all employees that is free from discrimination and harassment, where employees feel safe at work and are treated with respect.”

As a world-class company and a major employer in our region, the backbone of our respect for – and responsibilities to – our team members are specified in a suite of formal policies. These policies are overseen by our People and Culture team.

Our **Code of Conduct** sets out expectations of both employees and NZKS as an employer. NZKS' obligations include fair and open selection procedures, fair rates of pay and good and safe working conditions, including freedom from discrimination and harassment. Examples of serious misconduct by employees are also provided, which include falsifying NZKS documents and records, misrepresenting NZKS for personal gain and seeking or accepting bribes. In any such case, NZKS will determine whether disciplinary action up to or including dismissal is warranted.

Our **Freedom of Association Policy** enshrines our commitment to recognise and respect team members' rights to freedom of association and collective bargaining. Wilful breaches of this policy may be treated as an instance of serious misconduct. We include this policy in the information pack given to new team members and we have placed signs in our factory and on farms. We currently have one union, E Tū, present in our workplace, representing a section of our processing employees.

Our **Whistle Blower Policy** assures our team members that any concerns they raise about actual or suspected wrongdoings within NZKS will protect the person making the disclosure from reprisal or disadvantage. Noteworthy wrongdoings include fraudulent or illegal behaviour, corrupt conduct and unethical or inappropriate behaviour (including harassment, bullying, discrimination, manipulation and falsification).

Our **Recruitment and Selection Policy** defines our approach to ensuring we recruit the right people, with the right skills and attributes, into the right roles. The policy sets out methods and guidance for ensuring applicants are treated fairly, consistently and non-discriminately. This policy also clarifies our induction process to ensure new team members are given all information appropriate to their role, including both their and NZKS' responsibilities to each other.



Our **Harassment and Bullying Policy** sets out clear definitions and fair procedures for NZKS to follow should any of our team members experience harassment or bullying.

b. Additional operational measures

Competitive wages

NZKS is a premium company and aspires to be an employer of choice within NZ, based on our culture and remuneration. With regards the latter, NZKS currently pays its team members competitive market wages (above-minimum).

Visa support and monitoring

NZKS has team members on working visas within our hatcheries, processing factory and on our seafarm teams. We use Visa View – an online system as part of our employee checks to connect directly with Immigration New Zealand to check whether a person who is not a New Zealand citizen is allowed to work for NZKS in New Zealand. We believe in supporting visa-dependent workers with stable employment.

Contractors

NZKS uses temporary/contract labour services to cover gaps in our production, particularly over the summer and Christmas holiday period. We use labour hire companies that have been pre-qualified using our system, Rapid Global, which focuses primarily on health, safety and legal compliance. NZKS works in conjunction with labour hire companies to pay above minimum wage and candidates that work with us are entitled to the same additional shift allowances as other NZKS employees. We also ensure all candidates are eligible to work in New Zealand and that the visa requirements are met and regularly checked.

As part of the relationship between NZKS and its labour hire services additional checks, including reference checks, are undertaken. These checks and maintenance of these relationships - some in excess of 7 years of providing labour - ensures fair and equal remuneration across all candidates, which provides for higher quality labour, and acts as a safeguard against modern slavery risks entering our labour contracting.

c. Third-party verification of policies and outcomes

Many of our safeguards against modern slavery practices, as well as less extreme forms of exploitation, have been independently verified by third parties.

For example, since 2018 NZKS has had its 3 hatcheries, 9 farms, 1 processing plant and major feed suppliers certified by the **Best Aquaculture Practices (BAP)** organisation. We currently hold 4-star status, which is the highest status available under the BAP standard.

BAP's standard applies multiple criteria relevant to modern slavery. Specifically, the standard contains requirements on child labour, voluntary labour (a lack of forced or bonded labour, including confiscation of personal identity documents), clear contracts prior to and during employment (regarding terms of employment, worker benefits and entitlements), as well as a right to collective bargaining and grievance processes. These rights are required to be extended to contractors and temporary workers as well.

The policies and processes described above provided ample evidence of our compliance with the BAP's



Community (Worker Safety and Employee Relations) standard. The BAP's standards for salmon farms and feed mills are available for viewing [here](#).

In addition, our Clay Point farm was certified in February 2020 by the **Aquaculture Stewardship Council (ASC)**, an international standard-setting body for the aquaculture industry. The farm is audited annually, with the next audit scheduled for April 2021.

Principle 6 of the ASC standard requires that we 'develop and operate farms in a socially responsible manner' (Principle 6). Although our ASC certification applies only to one farm, NZKS does not have farm-specific policies. As a result, achieving certification required our entire organisation to demonstrate compliance with the social criteria of the standard.

Among other things, ASC's Principle 6 required us to provide evidence that we had both policies in place and were achieving the desired outcomes in supporting our workers' rights. The criteria of this principle explicitly include:

- Support for freedom of association and collective bargaining;
- Preventing child labour;
- Preventing forced, bonded or compulsory labour;
- Preventing discrimination;
- Ensuring appropriate health and safety;
- Ensuring appropriate wages and wage-setting practices;
- Contracts for our workers, and a policy to ensure social compliance for our suppliers and subcontractors;
- Carefully managing working hours and overtime;
- Conflict resolution and disciplinary processes.

Many of these criteria were evidenced with reference to the suite of policies detailed above. The full ASC standard is available for viewing [here](#).

We are also a signatory to the **UN Global Compact**, a voluntary initiative driving awareness and action in support of UN goals. Signing up to the Global Compact requires us to submit an annual Communication on Progress, which details our commitment, actions and outcomes on the Global Compact's Ten Principles. These Principles fall across four categories – Human Rights, Labour, the Environment and Anti-Corruption – and are therefore mutually supportive for our actions against modern slavery. Our 2020 Communication on Progress is available [here](#).

d. Supply chain

As set out in section 2 of this document, NZKS has slightly over 1000 suppliers. Of these, our top 20 suppliers account for roughly two-thirds (65%) and our top 70 suppliers account for roughly 85% of all our supply requirements.

Many of our major suppliers are multinational corporates, some of whom are eligible to produce modern slavery statements of their own within either or both of the United Kingdom and Australia. We look forward to linking to these statements in our FY22 statement.

NZKS has a range of means for ensuring compliance and protection of human rights within its supply chain.



Our **Supplier Code of Conduct**, which all suppliers must sign as part of the commencement of a contract, is modelled on the United Nation's Global Compact, which contains 10 principles on Human Rights, Labour Rights, Environment and Corruption. The Supplier Code of Conduct places the onus on our suppliers to ensure that their suppliers adhere to the principles of the Global Compact.

NZKS has conducted a **high-level risk assessment**, based on publicly available resources, to determine our higher risk suppliers. We used a traffic light system based on geographical location and industry of suppliers, including our knowledge of second and third tier suppliers where relevant. Over the next reporting period, we will use the results of this risk assessment to prioritise our supply chain mapping and modern slavery mitigation efforts.

Because there have been well-documented instances of modern slavery within the fishing industry, we are eager to ensure our fish feed suppliers have and apply relevant human rights policies, practices and safeguards. We are pleased to note that since 2018, each of our feed suppliers has been independently certified as BAP or Global Gap compliant, a status which is audited annually. The certification of our feed suppliers has enabled NZKS to reach 4-star status under BAP certification.

We have **regular reviews** with all our major suppliers and conduct up to a dozen in-person **audits** of our major suppliers each year. These audits are primarily focused on food safety compliance, a major risk for our business, but also include a social audit as well. We are in the process of establishing a rolling calendar to periodically assess our most critical food safety and modern slavery suppliers. Over the next reporting period, modern slavery questions will appear on our standard audit forms for suppliers of both goods and services.

We are also currently amending our **Supplier Guarantee Questionnaire**, which suppliers have traditionally filled in to report their food safety risks and commit to compliance, so that it includes several questions specifically relating to actions on modern slavery.

e. Training

Over the next reporting period, our in-house training team has committed to designing and delivering modern slavery training to our senior leadership and procurement teams. We look forward to reporting on progress for this training in our FY22 Modern Slavery Statement.

5. Assessing the effectiveness of our actions

Third-party audits

Certifying our farms and organisation with both the BAP and ASC standards provides a rigorous annual appraisal of both our policies and practices. We have improved multiple policies following recent audits, while also introducing new policies, such as our Freedom of Association and Whistle Blower Policies. These standards relate to both policies and practices, on the one hand, and outcomes on the other, so we can be confident that our protections for workers are effective in practice as well as on paper.

Our ability in recent years to proceed to 4-star status with our BAP certification, while gaining ASC certification in parallel, demonstrates our success in continually improving our social (and environmental) performance. This provides a strong base to prevent instances of modern slavery emerging within our business and – courtesy of the BAP standard's scope of coverage – of our feed mills too.

Employer of choice

We are confident that our competitive market wage rates and our supportive culture make NZKS an employer of choice within the Top of the South region and NZ aquaculture more generally. To a greater extent than others in the industry, we offer consistent work instead of seasonal work, providing stability and security for our team members. In helping to make us an employer of choice rather than of necessity, these efforts also serve as safeguards against the conditions in which modern slavery is likely to emerge.

Visa View

We use Visa View, an online system to connect to Immigration New Zealand in order to conduct searches on individual visas to sure they are eligible to work in New Zealand Recently, we received a red flag about an individual who was about to join the team when conducting a Visa View search Ultimately, the red flag was due to an administrative error at Immigration New Zealand, which because of our response was quickly resolved. This proved a good test of the system, which we remain confident in helping us ensure appropriate visa conditions for prospective team members.

Supplier engagement

Through both scheduled audits and proactive engagements we have been able to recognise and resolve issues detected in our suppliers. Recently we were moved to engage with a local supplier over quality issues in their supplies for us. Although not posing any modern slavery risk to speak of, the engagement provided an opportunity for us to discuss and confirm appropriate labour conditions within our supplier's business. Labour conditions are a core component of our Supplier Code of Conduct and we are currently giving them greater attention in our annual supplier reviews.

6. The impact of COVID-19

“With 546 team members and a factory operating at limited capacity, we were grateful for the Government’s support in providing a wage subsidy for companies significantly affected by Covid-19. Without this initial support, we could not have protected all 546 NZKS jobs through this period.” - **Grant Rosewarne, CEO**

The world abruptly changed for our business on March 25 when the Government imposed a strict lockdown under Alert Level 4 with the objective of eliminating Covid-19 in New Zealand. With borders closed and minimal access to cargo air routes globally, market access for perishable goods was extremely difficult to acquire, and in addition, most restaurant customers around the world rapidly closed their doors. As a food supplier to supermarkets, the company was extremely fortunate to remain in operation under the designation of an “essential services” business.

With astonishing efficiency our teams transitioned to the new normal, applying additional PPE gear on our farms, our hatcheries and in our processing plants, establishing new shift patterns to allow for distancing rules and setting up 120 team members to work from home. We also isolated around 76 team members who were considered vulnerable and at higher risk and were therefore, unable to work. During the NZ-wide lockdown, our factory was successfully audited by the Ministry of Primary Industries factory, which ensured appropriate PPE and distancing rules were in place.

We were able to donate king salmon portions to more than 500 essential healthcare workers in the Top of



the South during lockdown, which was a way of thanking and paying our respects to frontline workers against the pandemic.

Impact on modern slavery risks

Covid undoubtedly posed a direct threat to the wellbeing of our team members. We responded swiftly and appropriately and as a result were able to maintain the health and employment of each of our team members.

With respect to modern slavery risks, the main impact of Covid was in slowing the schedule of our supplier reviews and audits. Some of these were put on hold and are being rescheduled. Our supply chain team is currently structuring its forward-looking audit process for suppliers considered to pose a higher than usual modern slavery risk. We look forward to providing an update on this in our next Modern Slavery statement.

- NZKS is listed on the NZX and ASX and no other business is covered by this statement.