

# Modern Slavery Statement 2021



# Introduction

In March 2021 the CBH Group provided its first Modern Slavery Statement. Since then, the CBH Group has continued to work on eliminating modern slavery and remains committed to:

acting lawfully, ethically and with integrity in all its business dealings and relationships;

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implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in its own business or in the supply chains that support its business; and

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ensuring there is transparency in its own business and in its approach to tackling modern slavery throughout its supply chains.

Publish date: December 2021



# Organisational structure

The CBH Group is Australia’s largest co-operative and is owned and controlled by approximately 3,600 Western Australian grain growing businesses. A leader in the Australian agricultural industry, the core purpose of the CBH Group is to sustainably create and return value to WA grain growers, current and future.

Since being established in Western Australia in 1933, Co-operative Bulk Handling Limited (CBH) has continuously evolved, innovated, and grown.

The operations of the CBH Group are integrated into the grain supply chain, from fertiliser as an on-farm input, to grain storage, handling, and transport and the marketing, shipping, and processing of that grain.

The fertiliser division of the CBH Group supplies a range of high-quality granular fertiliser products for cropping and pasture to Western Australian growers.

The CBH storage and handling network is regarded as one of the best in the world and currently receives and exports around 90 per cent of the grain harvested in Western Australia.

The CBH Group efficiently transfers grain from country receival sites to its four port terminals with a dedicated, state-of-the-art rail fleet, owned by the CBH Group.

CBH Grain, the group’s marketing and trading arm, is the leading grain acquirer in Western Australia, Australia’s largest exporter and has operations in eastern Australia, as well as offices in Hong Kong and Tokyo.

In addition to its core business activities, the CBH Group also owns Blue Lake Milling, a leading manufacturer of premium Australian oat products operating in South Australia, Victoria and Western Australia.

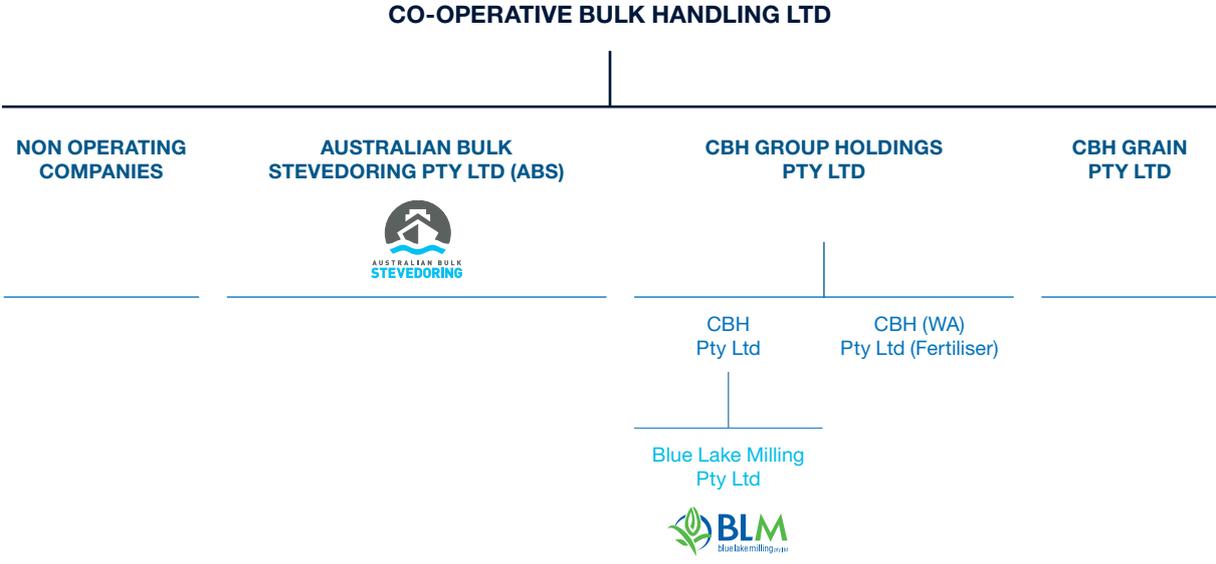
The CBH Group has net assets of A\$1.9 billion and employs approximately 1,100 permanent employees and up to 1,800 casual employees during the harvest period from October through to January.

CBH has acted in consultation with the CBH Group entities named below which it controls and whose revenue exceeds the threshold, and CBH makes this joint statement in relation to the CBH Group’s financial year ended 30 September 2021 (the **Reporting Period**):

- Co-operative Bulk Handling Limited;
- CBH Grain Pty Ltd;
- CBH Group Holdings Pty Ltd;
- CBH Pty Ltd; and
- Blue Lake Milling Pty Ltd.

This statement also covers, and Co-operative Bulk Handling Limited has consulted with, the wholly owned entities within the CBH Group named below which operate below the threshold for reporting:

- Australian Bulk Stevedoring Pty Ltd; and
- CBH (WA) Pty Ltd.



## CBH Group business

The CBH Group is organised into four main entities undertaking the following business:

- storage and handling activities operating through Co-operative Bulk Handling Limited (**CBH**), which includes the construction, maintenance and operation of storage and handling facilities across the grainbelt of Western Australia, export activities from four port terminals (including stevedoring services provided by a subsidiary Australian Bulk Stevedoring Pty Ltd), and general group procurement activities;
- grain marketing and trading activities operating through CBH Grain Pty Ltd (**CBH Marketing & Trading**), which purchases grain from growers in Western Australia and South Australia and trades and ships product to customers domestically and globally;
- fertiliser activities operating through CBH (WA) Pty Ltd (**CBH Fertiliser**), which acquires and on-sells fertiliser to WA grain growers; and
- oat milling activities operating through Blue Lake Milling Pty Ltd (**Blue Lake Milling**), which acquires, processes and sells processed oats and is located in South Australia, Victoria and Western Australia.

CBH Group Holdings Pty Ltd and CBH Pty Ltd are investment holding companies and do not operate businesses but are captured in reporting due to the consolidated revenue of the entities they own and control.

## CBH Group supply chains

The CBH Group supply chains include:

- the suppliers of products and services used in our operating businesses, including
  - logistics providers, including road, rail and sea transport;
  - providers of materials and machinery to construct and operate receival sites and other plant and equipment;
  - information technology equipment;
  - services such as consulting, labour and cleaning;
  - personal protective equipment and clothing for staff; and
  - consumables, such as fuel, energy, paper and the like used in the ordinary course of business;
- the grain growers supplying grain, pulses and oilseeds that CBH Marketing & Trading sells both within Australia and overseas;
- the suppliers of relevant inputs that CBH Fertiliser then on-supplies to growers within Western Australia; and
- the suppliers of grain to Blue Lake Milling, and other products and services used in the processing and packaging of oats.



# CBH Group policies on slavery

The CBH Group is committed to ensuring that there is no modern slavery in its supply chains or in any part of its business.

The Modern Slavery Policy, approved by the CBH Board, reflects its commitment to acting ethically and with integrity in all of its business relationships, and to implementing and enforcing effective systems and controls to ensure slavery is not taking place anywhere in the CBH Group supply chains. The Modern Slavery Policy is available on the **CBH Group website**.

The Modern Slavery Policy is consistent with the CBH Group Code of Conduct, an overarching business code of conduct that guides the CBH Group in conducting business in a fair and ethical manner. All CBH employees, contractors and suppliers and those acting on their behalf are required to comply with the Code of Conduct, which can be located on the **CBH Group website**.

## Fair business practices

At all times we conduct business in a fair and ethical manner. In procurement of goods and services and the engagement of contractors we provide a fair evaluation and selection process to our suppliers.

Source: CBH Group Code of Conduct

As well as the Modern Slavery Policy and the Code of Conduct, the CBH Group has several other policies that complement its efforts to eradicate modern slavery, including:

- Whistleblower Policy – ensures that whistleblowers can safely raise concerns about the evidence of any modern slavery practices that may occur in the CBH Group supply chain.
- Complaints Handling Policy – ensures that any complaint made about modern slavery in the CBH Group supply chain is registered and acted upon.
- Fraud and Corruption Policy – covers the CBH Group’s lack of tolerance for dishonest activity designed to cause actual or potential financial loss to an entity, which covers certain modern slavery practices.
- Unlawful Payments Policy – demonstrates the CBH Group’s lack of tolerance for bribery and corruption.
- Risk and Compliance Policy – covers the CBH Group’s commitment to a risk aware culture, together with a framework to ensure compliance with the laws of any country within which it operates, and the highest standards of integrity, fairness and ethical conduct.

The CBH Group considers that the risk of modern slavery in the operations of the CBH Group’s various businesses is low. This results from:

- the significant effort undertaken by the CBH Group to comply with well-established and resourced Australian regulation and enforcement; and
- the lack of tolerance for modern slavery-like conduct to occur in the CBH Group’s operations in Australia.

Accordingly, to reduce the risk of modern slavery, the CBH Group’s focus will be on the suppliers of goods and services to the various CBH Group entities, particularly those suppliers from locations and industries that have a higher inherent risk of modern slavery.

## Due diligence processes for slavery

CBH has a dedicated Modern Slavery Working Group, which includes team members from across the CBH Group, including from the following divisions:

- Legal and Risk;
- Procurement;
- Marketing & Trading including CBH Fertiliser;
- Project Delivery Group; and
- Grower and External Relations.

The CBH Modern Slavery Working Group examines the business and supply chains in a structured fashion and operates across the business of the CBH Group to:

- analyse the areas that may be at risk of causing, contributing to or being directly linked to modern slavery;
- create and implement activities that reduce these risks;
- monitor the effect of those activities;
- verify and prepare the content of this Modern Slavery Statement; and
- submit this Modern Slavery Statement for approval to the CBH Board of Directors.

During the Reporting Period, the Working Group continued to examine those suppliers that the CBH Group directly contracted, known as first layer suppliers. This included gaining a understanding from these businesses on how the risk of modern slavery can best be managed for their suppliers (that is, second layer suppliers to the CBH Group).

The CBH Group has systems and processes in place to:

identify and assess potential risk areas in its supply chains;

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mitigate the risk of slavery occurring in its supply chains;

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monitor potential risk areas in its supply chains; and

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protect whistleblowers who might raise modern slavery issues.



## CBH Group

Throughout the reporting year, CBH examined its supply chains for the highest risk areas based on geography of the supplier, type of industry and quantum of spend.

As a result of that examination, it is considered that overall, there is not a high risk of modern slavery. However, the CBH Group anticipates that within its supply chain, the acquisition of the following items has the highest risk of being susceptible to modern slavery occurring:

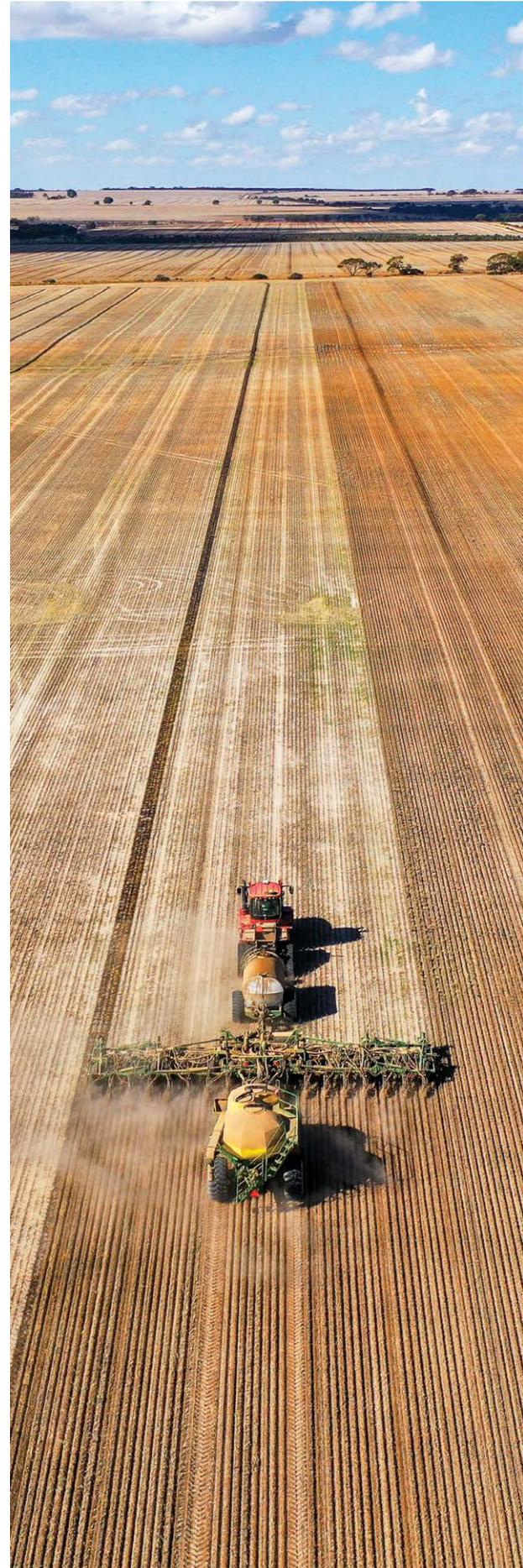
- fabrication – steel components;
- rubber – conveyor belts;
- electronics – laptops; and
- textiles – workwear and personal protective equipment.

When exploring key risk areas CBH have primarily used reference material such as the 2018 Global Slavery Index<sup>1</sup> which is produced by Walk Free, an international human rights group focused on the eradication of modern slavery, in all its forms, within a generation.

### Total number of suppliers for Reporting Period



<sup>1</sup> <https://www.globalslaveryindex.org/resources/downloads/>



## CBH Marketing & Trading

CBH Marketing & Trading engages many counterparties that supply goods and services to the trading, accumulation, fertiliser and shipping and chartering business units. In the second year after the introduction of the Modern Slavery Policy, CBH Marketing and Trading continued to risk assess and analyse the completed self-assessment questionnaires returned by the counterparties and reviewed the websites of some of the suppliers to understand their risk profiles.

The shipping industry has been identified as being particularly susceptible to the risk of modern slavery, given that the seafarers employed are often from nations with high incidences of human abuse with poor working conditions. The Marketing and Trading chartering business unit predominantly chartered vessels from owners who have a good performance track record. We noted through our analysis of the completed self-assessment questionnaires that the vessel owners are very aware of the Modern Slavery Act 2018, and have website contents about human rights, social responsibilities, and code of conduct. Most of the vessel owners are members of the IMPA (International Maritime Procurement Association) and must adhere to the IMPA Act Supplier Code of Conduct. Apart from that, the welfare and safety of seafarers on Australian and foreign flagged ships that are chartered to transport grains are also governed under the Australian Maritime Safety Authority and International Maritime Organisation.

For trade agencies engaged by the trading team, risk assessments were performed and during the year, self-assessments were completed by two-thirds of agencies used. CBH Marketing and Trading assessed this group of service providers as being at low risk of supporting modern slavery.

Finally, CBH Marketing & Trading assessed the risks of modern slavery occurring in its Australian based grain grower suppliers and determined this risk to be low. Notwithstanding this, the risks of modern slavery existing in this group will be again be re-assessed in 2022/2023 and an appropriate risk-based strategy will be created to communicate and engage these suppliers.

## Blue Lake Milling

In the past year Blue Lake Milling has continued to develop and action its approach to managing and understanding the risks related to modern slavery in its supply chain. Blue Lake Milling have done this through mapping and risk assessing the supply chain, greater supplier engagement on the topic including supplier questionnaires, and training of all key Blue Lake Milling team members in what modern slavery is, their responsibilities for the supply chain and how to recognise and manage associated risks.

All suppliers with initial risk levels at or above “medium-low” have responded to questionnaires satisfactorily for Blue Lake Milling to understand they do not engage in or promote activity that would be classed as modern slavery. A review of other accreditations held by Blue Lake Milling found that the SMETA (Sedex Members Ethical Trade Audit) certification ensures a third party verification of its ethical conduct; furthermore, Blue Lake Milling can access reports of its suppliers who are also Sedex members, giving greater verification of the systems, processes and conduct relating to modern slavery and ethical standards for those suppliers.

# 89%

During the Reporting Period 89% of charterparties contained provisions that:

- made clear Marketing & Trading’s expectations about eliminating modern slavery; and
- enabled Marketing & Trading to deal with modern slavery if it is alleged or proven to occur in the supplier’s business.

## CBH Fertiliser

Importing and reselling fertiliser to Western Australian growers is the primary activity of CBH Fertiliser which imports its fertiliser from countries that may be considered to have a higher risk than Australia.

An analysis and risk assessment of CBH Fertiliser’s suppliers has been conducted and an action plan has been put in place to better understand some of these suppliers, particularly the fertiliser trading companies.

# 80%

of suppliers of goods and services to CBH Fertiliser were based in Australia.

## NETWORK OF SUPPLIERS - CBH FERTILISER



## Supplier adherence to our values

The CBH Group has zero tolerance of slavery. To ensure contractors and those in its supply chain comply with its values, the CBH Group has introduced a compliance program focussing on mitigating the risk of modern slavery in its supply chain. This program incorporates:

- communication and awareness-raising with CBH Group employees and suppliers;
- training of CBH Group employees who engage with suppliers on modern slavery and the steps that the CBH Group is taking to eliminate it from its supply chains;
- using third parties to monitor suppliers for modern slavery indicators so that the CBH Group can take action if reports or allegations of modern slavery in the CBH Group supply chain are made;
- CBH Group entities requesting suppliers conduct self-assessments of their risks and sharing those self-assessments with the CBH Group;
- continued risk assessment and monitoring of adverse reporting on modern slavery issues in relation to its suppliers;
- contractual prohibitions and rights in its suppliers' agreements; and
- in due course, auditing or having third party auditors assessing a supplier's efforts to eradicate modern slavery.

## Training

To ensure a high level of understanding of the risks of modern slavery in the CBH Group supply chains and its business, the CBH Group provides training to its employees on what constitutes modern slavery so that they can understand the investigative and preventative measures that can be taken.

Throughout the year, 70 employees across the CBH Group were trained to better understand modern slavery risks. CBH also circulated educational material to suppliers and conducted awareness raising.

The CBH Group is also taking steps to ensure that its suppliers understand the risks and indicators of modern slavery, as it is only with their support and assistance that modern slavery can be identified and eradicated.

## CBH Group effectiveness in combating slavery

Four key performance indicators (KPIs) are used as part of measuring how effective the CBH Group have been in ensuring that modern slavery is not taking place in any part of its business or supply chains. The results for these KPIs in the Reporting Period were:

- 0 - number of whistleblower reports in relation to modern slavery;
- 70 - number of people trained in relation to modern slavery;
- 0 - number of suppliers who are not prepared to accept modern slavery prohibitions in contracts; and,
- 149 - number of self-assessment questionnaires issued and received back from suppliers (54% response rate). The key risks raised in the self-assessment questionnaires can then be monitored as part of these KPIs.

## Further steps and remediation

The CBH Group intends to take these further steps to combat slavery in its operations and supply chain:

- continue to engage with its suppliers about the risks of modern slavery and preventative measures available, to encourage those suppliers to investigate their supply chains and educate their suppliers. Where those suppliers indicate that they intend to take remedial steps, the CBH Group will follow up to determine whether those steps have been taken;
- for suppliers who have registered Modern Slavery Statements, investigate these statements to confirm the information provided. This will also aid the CBH Group in benchmarking and sourcing new ways of managing risk;
- periodically review the risk assessment of suppliers and undertake appropriate action if their risk profile is deemed to have changed;
- create a roadmap on how CBH could approach auditing suppliers for compliance to modern slavery prevention commitments;
- focus on those areas that the CBH Group considers has the highest risk of modern slavery being present and review KPIs for further insight;
- clearly set out its expectations as contracts are renewed or entered that modern slavery should not be permitted to occur in the operations of its suppliers, or in the supply chains of its suppliers. These contractual commitments will help to reinforce the CBH Group's stance against modern slavery and allow the CBH Group to take action if counterparties choose not to act;
- in addition to the CBH Group's own actions, use third party providers to monitor CBH Group suppliers for adverse reports on modern slavery and investigate any items identified; and
- further engage with industry groups and forums to share best practice and opportunities for combatting modern slavery.

This modern slavery statement is made on behalf of the members of the CBH Group for the financial year ending 30 September 2021.

This statement was approved by the Board of Directors of the parent entity, Co-operative Bulk Handling Limited on 1<sup>st</sup> December 2021.

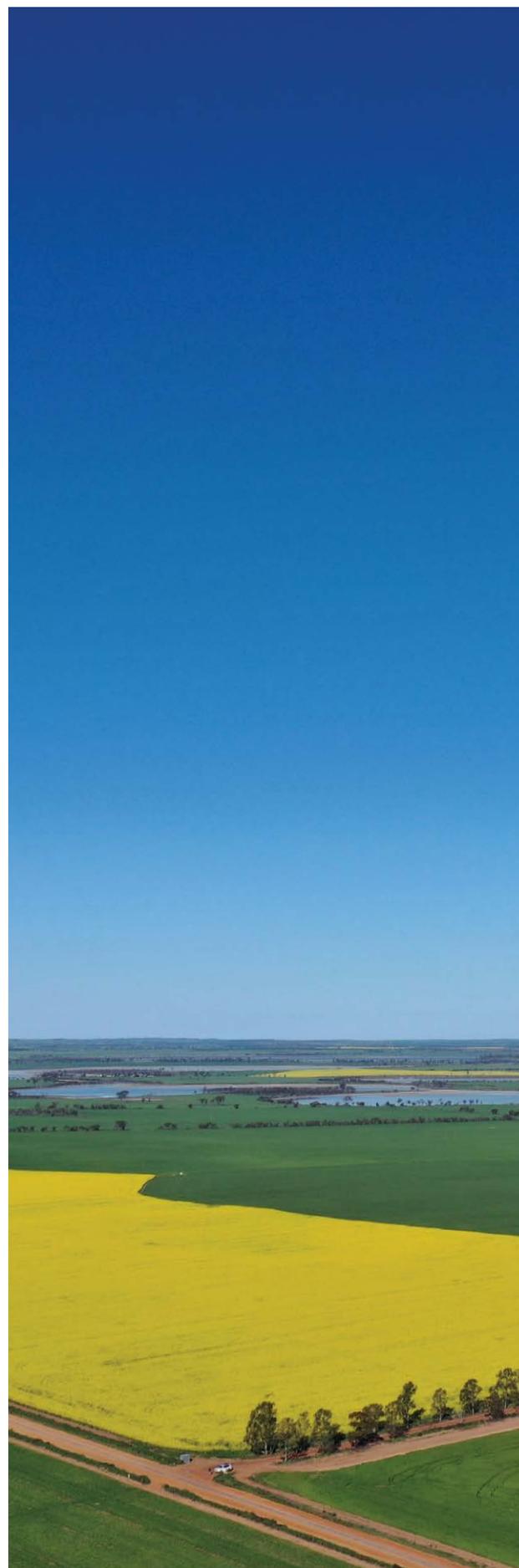


**Simon Stead**

Chair

Co-operative Bulk Handling Limited

Date: 1<sup>st</sup> December 2021





**Co-operative Bulk Handling Ltd**

Level 6  
240 St Georges Terrace  
Perth WA 6000

GPO Box L886

Freecall 1800 199 083  
Telephone (08) 9237 9600  
Facsimile (08) 9322 3942  
Email [info@cbh.com.au](mailto:info@cbh.com.au)

**[cbh.com.au](http://cbh.com.au)**

