



KB Australia Holding Pty Ltd

Modern Slavery Statement

FY 2020 (1 January – 31 December 2020)

INTRODUCTION

Reporting entity



This statement sets out the actions taken by KB Australia Holding Pty Ltd (KB) to address all potential modern slavery risks related to its business and supply chains for the financial year ending 31 December 2020.

In accordance with our Code of Business Conduct, KB is committed to the ethical and responsible manufacturing and sourcing of goods and services. The KB Code of Business Conduct policy is based on the Ethical Trade Initiative (ETI) and International Labour Organisation (ILO) conventions. KB's Responsible Sourcing Policy outlines the specific requirements for suppliers regarding worker welfare, health and safety, and environmental impacts.

In accordance with expectations of KB's customers, business partners, the community, and the law, KB always conduct its operations in a responsible manner and expects its suppliers to share similar values. Maintaining a reputation from the highest legal, moral, and ethical standards is critical to KB's ongoing success. KB supports the Australian Government's commitment to Human Rights through the Modern Slavery Act 2018 (Cth) (the Modern Slavery Act) and values the opportunity to play our part in eradicating modern slavery from the supply chains throughout the world.

Modern slavery risk exists in the exploitation of workers both in Australia and in the overseas factories and processing plants from which we source our product. This exploitation can include:

- Human trafficking
- Slavery
- Servitude
- Forced labour
- Debt bondage
- Sexual exploitation
- Deceptive recruitment for labour services
- Forced marriage
- The worst forms of child labour

This statement has been developed through a consultation process with all relevant KB stakeholders. The statement has also been reviewed by an external legal firm and senior management of each division and has been approved by the KB Board.



STRUCTURE, OPERATIONS & SUPPLY CHAINS

Structure & Operations



KB is one of Australia’s largest seafood companies operating at all levels of the supply chain including catching, processing, manufacturing, importing, exporting and wholesaling.



Wholly owned Australian entities include KB Seafood Company Pty Ltd, National Fisheries Pty Ltd and Worldwide Importers Pty Ltd.



Headquartered in Western Australia.

KB Seafood Company Pty Ltd employs up to 350 employees across Australia.

KB has established offices in Thailand and Hong Kong, where it partners with some of the region’s largest food processors.

Products are marketed under KB Seafood Co, Just Caught, KB’s and By George brands.



KB distributes seafood and food products sourced from Australia and around the world to a diverse range of customers including retail supermarket chains, industrial caterers, quick service restaurants and cafes.



KB supplies over 28,000 tonnes of seafood annually to leading foodservice operators and major supermarkets.

As part of KB’s diverse business, we distribute frozen, chilled, and dry products to over 2,100 food service operators via in-house and outsourced storage and logistics capabilities.

Products include dairy, poultry, meat, vegetables, fruits, flour and grains, cereals, desserts, coated foods, snack lines, finger foods, packaging, cleaning chemicals and seafood.

In 2020, KB spent **\$480 million** on goods and services from **1,032 tier one suppliers** sourced from **17 countries**.



Supply Chains

The four types of suppliers within KB’s supply chain include:

- Suppliers of goods for resale (GFR) under KB’s and customers’ own brands (GFR1)
- Suppliers of goods for resale under suppliers’ proprietary brands (GFR2)
- Supplier of goods and/or services not for resale (GNFR) not intended for sale to customers
- Indirect suppliers (suppliers providing goods/services to KB’s suppliers)

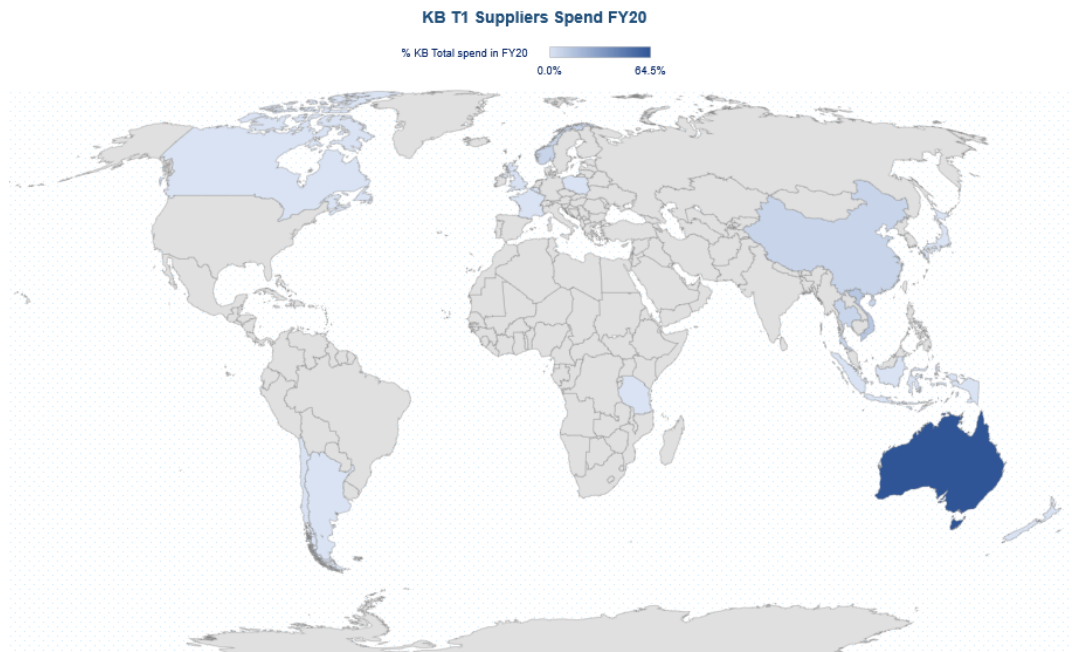
KB engages in procurement of GFR and GNFR from processing and manufacturing factories locally and from all over the world. Most of the service providers are sourced locally in Australia.

Internationally from a seafood perspective, KB does not purchase seafood from boats or fishermen directly, but through established manufacturing facilities and/or procurement agents to ensure appropriate traceability and regulated documentation can be substantiated. Within Australia, seafood is sourced directly from aquaculture farms, fishermen and other local suppliers. These are KB’s tier one (T1) suppliers.

With the increased demand from KB’s customers, the expectation is that all the seafood is sourced in an ethical manner.

KB aims to work in partnership with suppliers that are committed to supplying goods and services that comply to good ethical practices. Suppliers are selected based on several key criteria including quantitative factors such as pricing, quantity, quality, lead times and availability; and qualitative factors such as accreditations, ethical sourcing, and commitment of compliance towards KB’s values.

KB sourced goods and services from 17 countries; the top five countries with the highest spend in 2020 were Australia, Vietnam, China, Norway, and Thailand.



As part of the KB Approved Supplier program and Ethical Sourcing Policy, KB aspires to work with suppliers that share the same ethical sourcing approach, which includes undertaking third party ethical/social compliance audits.

In 2020, KB identified there were several T1 GFR suppliers who were not fully compliant with KB’s requirements. KB is committed to engaging with the relevant suppliers to assist and support them to achieve the compliance requirements.



RISKS OF MODERN SLAVERY PRACTICES IN THE OPERATIONS AND SUPPLY CHAINS

Operations

KB’s own seafood processing plant (where the seafood is purchased, received, processed, packed and dispatched), warehouse facilities in Western Australia and offices throughout Australia have identified the residual risk of modern slavery in KB’s operations as low due to being highly regulated by employment law, Enterprise Bargaining Agreements (EBA), freedom of association and the ethical culture of the leadership team. KB addresses human rights issues in our operations under KB’s Code of Conduct and Equal Employment Opportunity Policy. KB’s employees are free to leave at any time with appropriate notice. KB accepts that the risk of modern slavery exists in some of the geographical locations in which business is conducted. Risks exist globally and within goods and services industries where forced labour is largely driven by the motivation to reduce costs in labour intensive, low profit industry that is not technologically advanced. Political and social conflict can cause unrest, leading to extreme poverty and migration to seek employment opportunities. This displacement can result in human trafficking or the unscrupulous treatment of those in desperate need.

Supply Chain

In 2020, KB conducted its risk analysis with all of KB’s approved suppliers using information collated from KB’s annual approved supplier questionnaires, supplier’s status on social compliance (derived from third party social compliance audits) and level of risks from the country of origin where the goods or services are supplied from (with the country’s national policies and Wealth and Institutional Capacity).

Using the risk analysis and FY20 total spend, KB identified the top five countries where suppliers were sourced with the relevant potential modern slavery risks associated with the region and/or countries.

The table below shows the ranking of countries from which KB purchased goods or services from in FY2020 from top (highest spend) to bottom (lowest spend).

Region	Country	Sectors at high risk	Modern Slavery risks
Australia/Oceania	Australia	<ul style="list-style-type: none"> - Aquaculture (seafood) - Food processing - Warehousing/transport - Cleaning services - Security services <p><i>(particularly where non-permanent resident migrant workforce is higher)</i></p>	<ul style="list-style-type: none"> • Bonded labour • Exploitation of migrant workers • Deceptive recruitment • Underpayment of wages
South East Asia	Vietnam	<ul style="list-style-type: none"> - Aquaculture (seafood) - Food processing 	<ul style="list-style-type: none"> • Forced labour • Deceptive recruitment • Exploitation of migrant workers • Excessive working hours



			<ul style="list-style-type: none"> • Underpayment of wages
East Asia	China	<ul style="list-style-type: none"> - Aquaculture (seafood) - Food processing 	<ul style="list-style-type: none"> • Forced/bonded labour • Deceptive recruitment • Exploitation of migrant workers • Child labour • Underpayment of wages • Excessive working hours
Northern Europe	Norway	<ul style="list-style-type: none"> - Aquaculture (seafood) - Food processing 	<ul style="list-style-type: none"> • Bonded labour • Deceptive recruitment • Exploitation of migrant workers • Underpayment of wages
South East Asia	Thailand	<ul style="list-style-type: none"> - Aquaculture (seafood) - Food processing 	<ul style="list-style-type: none"> • Forced labour • Human trafficking • Deceptive recruitment • Exploitation of migrant workers • Excessive working hours • Underpayment of wages

The unexpected COVID-19 disruptions in 2020 presented increased risk of modern slavery practices within the industry. Although there are restrictions enforced by the government sectors in some countries, KB continued to support all our suppliers by:

- Providing best practice guidance (including letters to suppliers, questionnaires, and action and communication plan templates etc.) on how to better manage their staff during the pandemic
- Working with suppliers to ensure good ethical practices were still being adhered to, especially regarding anti-modern slavery practices
- Informing suppliers on industry resources available, such as webinar sessions organised by industry leaders i.e., SEDEX, to support them in operating with reduced or minimised risks

Highlights in 2020:

- Refreshed all internal stakeholders within KB regarding modern slavery practices
- Continued to improve on supply chain assurance by reviewing current policies and our approach on ethical practices (which includes modern slavery) through a comprehensive risk assessment involving collaboration with all relevant internal stakeholders
- Reviewed and refreshed the supplier approval program
- Agreed to a business action plan of introducing Modern Slavery Act requirements to all T1 suppliers, with priority given to high risk rated suppliers
- Provided extra resources to support suppliers that are rated high risk through second-party audits/site visits
- Finalised the rolling three-year plan to improve ethical sourcing practices and requirements from KB’s approved suppliers

ACTIONS TAKEN TO ASSESS AND ADDRESS THE RISKS OF MODERN SLAVERY PRACTICES OCCURRING IN ITS OPERATIONS AND SUPPLY CHAINS

Risk Assessment

KB initiated reviews on all the existing information within its own operations and the supply chains with regards to social compliance and ethical practices.





All suppliers of goods and services both locally and from overseas were assessed and rated in accordance with the perceived level of risk associated with compliance to ethical sourcing and human rights.

The risk assessment process improved the overall understanding of KB as a business, which enabled KB to map the key parts of its operations and supply chains. This process provided information to help with the detailed risk assessment. During the risk assessment, factors were considered to mitigate the country level risks based on internationally recognised standards, which change according to the type of business being assessed.

For example, if a supplier is based in a high-risk country (where the global slavery index is high and has limited to no national law to support), but the supplier has policies and practices that govern the business ethical practices (including anti-modern slavery) and is verified by an independent third-party auditing body, Then the supplier will have an overall medium risk rating.

To ensure KB further minimises the risk of modern slavery, tools are utilised to strengthen the risk assessment methodology including:

- The Global Slavery Index
- SIAA initial ranking tool (The Seafood Importers Association of Australasia Inc.). <https://www.globalslaveryindex.org/2018/findings/importing-risk/fishing/#table:1>
- OECD (Organisation for Economic Co-operations and Development) <https://www.oecd.org/investment/due-diligence-guidance-for-responsible-business-conduct.htm>
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KB uses available resources through organisations such as:

- Modern Slavery Registry <https://modernslaveryregister.gov.au/>; <https://www.modernslaveryregistry.org/>
- International Labour Organisation <https://www.ilo.org/global/lang-en/index.htm>
- ITUC (International Trade Union Confederation) <https://www.ituc-csi.org/ituc-global-rights-index-2020>

The risk assessment was completed with key representatives from the Human Resources, Procurement, Quality Assurance and Senior Leadership areas. This extensive process produced a list of suppliers with high, medium, and low risk ratings currently existing within the KB's organisation.

Action plans were established with prioritised timelines to address all the suppliers that pose higher risks to the business.

Responsibilities were assigned to key area representatives, which included measurable outcomes and deadlines to ensure KB can improve continuously in its response to modern slavery. A key senior leadership representative was responsible for communicating the plan and strategy to the board accordingly.

A pragmatic approach was taken in preventing and addressing KB's involvement in modern slavery whilst operating a safe, responsible, and profitable business.

All KB's suppliers are communicated to regarding KB's expectations on modern slavery requirements and ethical sourcing. KB's plan with high risks suppliers include:

- Communicating KB's expectations and engaging with suppliers to understand their modern slavery risks
- Using existing traceability processes to improve information of the sourced products
- Identifying any existing credible assessments, such as external or internal audit reports

	<ul style="list-style-type: none"> - Providing support by working directly with high-risk suppliers to assist them with their risk assessment and addressing the potential risks <p>KB recognises some support may be required and will provide this to suppliers that are committed to continually growing and improving with KB in the journey of reducing and/or eliminating any risks associated with modern slavery practices.</p> <p>Clear expectations are set and communicated to all KB’s employees during scheduled KB’s communication sessions, bulletins, and email notifications; and suppliers (including contractors and agents) through regular KB-supplier communications, supplier agreements, and policies to ensure reducing and addressing of any potential modern slavery.</p> <p>KB’s internal reporting has been designed to allow team members to report and capture any modern slavery risks identified within the operations and suppliers; suppliers have been encouraged to implement a similar mechanism. To improve the understanding of modern slavery risks, KB will continue to work with industry partners, such as SIAA and the government, to ensure consistency, robust best practices and regulatory initiatives are executed where appropriate.</p>
<p>Changes to policies and procedures</p>	<p>In preparation of the modern slavery statement, KB has undertaken a review of some of its key policies that will assist with preventing modern slavery practices including:</p> <ul style="list-style-type: none"> - Ethical Sourcing policy, which includes compliance of Ethical Sourcing principles and incorporates the modern slavery requirement - Supplier Approval Program (including policy, procedures, and questionnaires that all KB suppliers are required to complete - Further improvements on one of its grievance mechanisms i.e., Whistleblowing procedure <p>One of the main findings observed during the process was the need to improve awareness of modern slavery risks through fit for purpose training and education provided:</p> <ul style="list-style-type: none"> - Internally to executive leadership team and to all KB staff - To suppliers (external) of goods and services <p>Currently, (Ethical Trading Initiatives (ETI) also provides specific training courses that can further assist with obtaining a higher level of understanding of the risks of modern slavery practices.</p> <p>KB recognises there is a need to have an appropriate response and is currently working through how we will address any future findings of modern slavery reported.</p>
<p>Due Diligence</p>	<p>As part of KB’s initiative towards preventing modern slavery within its own operations and supply chains, KB recognises that appropriate due diligence is critical in identifying and mitigating risks effectively. This includes the following:</p> <ul style="list-style-type: none"> - Communicating to all suppliers regarding KB’s expectations, including informing suppliers they must comply or demonstrate commitment to work towards complying with KB’s Ethical Sourcing Policy - Mitigating risks through identification and assessment of actual and potential modern slavery risks and human rights impacts with current suppliers and when onboarding new suppliers - Ongoing evaluation of suppliers’ performance against KB’s expectations through third party auditing bodies and/or KB’s internal auditors; this includes ensuring suppliers execute actions within the agreed timeframe



	<ul style="list-style-type: none"> - Conducting relevant training sessions on modern slavery requirements for internal and external stakeholders - Maintaining membership with Supplier Ethical Data Exchange (SEDEX), which is a not-for-profit membership organisation dedicated to supporting companies with managing social compliance and responsible sourcing throughout their supply chains - Always seeking improvements in engaging with all stakeholders (within the organisation, externally with suppliers, local government agencies i.e., Department of Home Affairs Australia, and internationally i.e., International Labour Organisation and industry experts such as SEDEX) to lead more effective long-term solutions - Strengthening relationships with all stakeholders by creating transparency in the operations and supply chains - Ensuring transparency by communicating publicly regarding what KB is currently doing, and planning to do, in the modern slavery space through publication of our annual modern slavery statement
<p>Remediation</p>	<p>The UN Guiding Principles on Business and Human Rights (the Guiding Principles) state that when a company causes or contributes to a negative human rights impact, companies have a responsibility to prevent the action causing the harm, use leverage to mitigate any harm and remediate those people who have been impacted.</p> <p>KB's expectations of its operations and suppliers are aligned to the Guiding Principles. Suppliers within KB's supply chains are expected to be committed in reviewing their operations and supply chains to identify any actual or potential risks of modern slavery or human rights breaches.</p> <p>KB understands that not all suppliers may be compliant currently; however, KB is willing to work with those suppliers if they are committed to working through agreed plans to demonstrate improvement and full compliance with KB's requirements. KB may choose to discontinue the partnership with suppliers that are not willing to comply with KB's requirements.</p> <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p><i>Case study 1:</i> In 2020, KB worked with its Japanese seafood suppliers on improving their policies around the modern slavery requirements. The suppliers were inexperienced with these requirements, and as part of the ongoing supplier engagement KB educated them regarding best practices, enabling the supplier to review their own business practices and ensure alignment with policies around anti-modern slavery breaches. The suppliers determined actionable tasks with agreed timeframes to ensure the overall intent of business ethical practices was met.</p> </div> <p>Within KB's own operations in Australia, we have communicated with employees regarding the "zero tolerance" policy on any modern slavery/human trafficking practice. All KB employees have been encouraged to report any unethical or illegal conducts of modern slavery or human rights breaches.</p> <p>If any KB employees have further questions regarding modern slavery requirements, support will be provided by KB's leadership team to ensure better understanding of what is required. Any internal breaches by KB employees will be referred to HR for commencement of counselling/disciplinary process.</p> <p>Legislation within Australia, such as the Fair Work Act and the Modern Slavery Act, are leveraged to assist KB in protecting vulnerable workers within KB's operations and supply chain.</p>
<p>Supplier Engagement</p>	<p>KB firmly believes in a collaborative approach and agrees the concept of the Modern Slavery Act is to engage with all the internal and external suppliers in our own operations and supply chain. KB plans to engage all suppliers, starting</p>



from the T1 suppliers and working towards further tiers, with the assistance of the T1 suppliers, as part of KB’s rolling three-year strategy.

As part of the plan, KB communicated to all our operations and internal stakeholders in September 2020. Supply chain communication started around the same time, with the plan being to complete communication to the full list of all suppliers by the first quarter of 2021 regarding its expectations and commitment to prevent modern slavery practices. This provides the opportunity to inform suppliers of all changes made to the supplier approval process.

KB encourages all our suppliers to work with us for our agenda to be successful. KB will support all our suppliers by providing them with the knowledge and training if required. KB continues to encourage all suppliers to be open regarding their operations and supply chains, thereby supporting supplier transparency. KB has also communicated its willingness to provide help to all suppliers that are committed and require further assistance.

KB’s plan is to strengthen its relationship with all its suppliers, working with all suppliers to create transparency and an open environment. Our initial focus will be on the suppliers identified as high-risk to ensure they are supported and committed to implementing changes required to ensure anti-modern slavery compliance.

Additional support has been provided to suppliers that are currently not fully compliant with all KB requirements. Agreed action plans have been established and will be reviewed more frequently with the suppliers and KB’s procurement team.

Case study 2: In 2020, KB worked with one of its seafood suppliers based in Thailand where it was noted breaches of overtime and excessive working hours were found during a regular third party ethical social compliance audit. One of the common challenges faced with Thailand suppliers is the excessive hours worked. The Thailand labour law and the ETI guidelines differ. KB used this opportunity to work with the Thailand suppliers and one of the major retail customers to develop a robust and sustainable plan to rectify this matter. Although this is not a direct modern slavery breach, this illustrates KB’s approach to ensuring suppliers are complying with ethical practices, which will reduce the risk that modern slavery practices occur.

To ensure the objectives are met, regular supplier performance reviews take place. During these reviews, all key performance indicators (such as food safety, legislative requirements, and ethical/social compliance) will be reviewed, including whether the agreed actions have been executed within the timeframe stated.

KB’s approach to onboarding new suppliers aligns with the commitment of working with suppliers that accept KB’s Ethical Sourcing Policy, which will promote reduction or elimination of modern slavery practices within the supply chain.

HOW TO ASSESS THE EFFECTIVENESS OF THE ACTIONS IT IS TAKING TO ASSESS AND ADDRESS THE RISKS OF MODERN SLAVERY

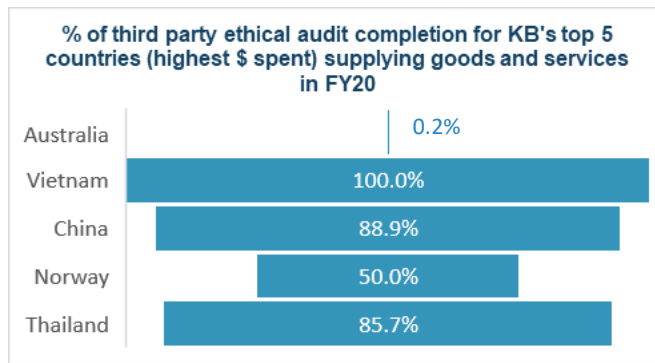
Social Responsibility Ethical Audits



One of the key measures KB uses is the social responsibility ethical audit requirement. The audit reviews ethical performance with KB's suppliers focussing on labour, health and safety, environment, and business ethics, including reviews of any breaches with modern slavery and human rights requirements. Suppliers with third party ethical and social audits will continue using this approach to ensure modern slavery risks are reviewed on a regular basis.

In 2020, approximately 40% of KB's T1 GFR international suppliers underwent third party ethical/social compliance audits. All audit reports were reviewed by the KB team to and there were no non-conformances raised related to modern slavery and/or human rights breaches.

KB's expectation is for all suppliers to undergo third party ethical and/or social audits. KB supports suppliers that are not able to comply by accepting the use of KB's internal auditors (second party audits). With the unforeseen pandemic event in 2020, the execution of second party audits did not progress as planned.



Training requirement and compliance

KB's executive leadership and key stakeholders were communicated to regarding the Modern Slavery Act. As this is a new requirement for the business, training plans were yet to be established in 2020.

All T1 GFR suppliers have been communicated with regarding KB's expectations, which is that all suppliers shall ensure training and awareness sessions are conducted on a regular basis as part of their commitment to complying with our requirements.

Support has been provided to any T1 GFR suppliers that are currently not being audited, ensuring they have internal ways of complying to our requirements. KB has extra resource based overseas to assist with this process.

Supplier reviews with measurable objectives

Regular reviews are ongoing, with an increased focus on ethical and social compliance. These reviews have been scheduled for the prioritised T1 GFR suppliers in 2021, and actions have been monitored to ensure timelines are kept and met.

Internal management reviews

Within KB's own operations, quarterly reviews will be scheduled from 2021 onward to review whether all actions are on track. Monitoring and mapping activities undertaken to improve supply chain transparency will also be reported at the relevant management and board meetings. Risk assessments of each supplier are conducted annually with current suppliers and part of new suppliers' approval.

HOW TO CONSULT THE STATEMENT WITH ANY ENTITIES IT OWNS OR CONTROLS

KB's owned or controlled entities exist principally for corporate or financial reasons and do not have active business operations. For this reason, consultation with those entities was not considered to be necessary or useful.

MOVING FORWARD – KB'S PLAN OVER THE NEXT THREE YEARS



In 2020, KB used the opportunity presented by the Australian Federal government introducing the requirement of publishing a modern slavery statement to further improve our current ethical and social compliance requirements for our own operations, which also considers all stakeholders within our supply chain.

KB implemented a rolling three-year plan to manage the risk of modern slavery and promote transparency within our operations and supply chains. This is a journey which enables the business to take the next steps on building partnerships with suppliers based on good ethical practices, providing a clear path of ensuring modern slavery practices is minimised or prevented.

First year – FY20

- As this was the first year KB published its modern slavery statement, KB focussed on its T1 and high-risk suppliers identified within our operations and supply chain to ensure there is no immediate risk through the risk assessment process.
- KB prioritised the category of suppliers deemed to require attention i.e., high-risk suppliers providing “goods for resale”
- Communicated to all suppliers (GFR) and start engaging its suppliers.
- KB revisited the Ethical Sourcing Policy and approval process for suppliers, working out action plans on how to mitigate risks for the high-risk suppliers
- Introduced modern slavery agenda to be discussed with KB management and executive leadership teams as part of the action plan of continuous improvement on a quarterly basis
- Quarterly review on progress with suppliers that require further assistance
- Gained an understanding of what modern slavery practices entail and ensured the business and all KB's suppliers were educated on this matter
- Initiated plan on revamping the training program to ensure material used is fit for purpose considering KB's policies and the legislative requirements on modern slavery practices
- Expanded ideas on other ways to improve grievance/reporting mechanisms for KB's own staff and other external stakeholders i.e., whistle-blowers

Second year – FY21

- Start communicating with all other suppliers, such as the low and medium-risk suppliers including service providers “goods not for resale” (GNFR). Examples include suppliers of equipment, utilities, technical, freight, financial etc.
- Continue to drive agreed improvements with high-risk suppliers as part of the regular supplier-KB reviews with agreed metrics and progress updates
- Support suppliers that are not able to commit to third party audits by performing second party audits, considering remote/virtual audits if site audits are not feasible due to restrictions
- Initiate conversations with low and medium risk suppliers and set action plans with agreed timeframes



- Complete the training program revamp and roll out training for all KB internal stakeholders

Third year- FY22

- Continue to track progress of agreed action plans with all the high and medium-risk suppliers
- Commence conversations with all T1 suppliers on the expectations required for their supply chains (KB’s second tier (T2) and third tier (T3) suppliers) regarding their ethical sourcing policies
- Ongoing review on training materials, potentially providing as resources to KB’s suppliers if and when required

Fourth to fifth year – FY23 - FY24

The rolling three-year plan is a continuous review process to ensure there will be positive year on year results by improving the risk ratings of its suppliers. KB will continue to seek further improvements through industry best practice to promote further transparency.

KB will also continue this journey with focussing on its lower risk suppliers for both GFR and GNFR.

Regular reviews of latest news and incidents reported to ensure the key learnings will be communicated to KB’s operations and supply chain.

Supplier	High risk	Medium risk	Low risk
T1	FY20	FY21	FY22
T2	FY21	FY22	FY23
T3	FY22	FY23	FY23 – FY24

This statement has been approved by the KB Board on 18 May 2021

Shenshen Li
Director