

Brownes
dairy



**MODERN HUMAN
SLAVERY STATEMENT
2021**

Introduction

Brownes Dairy is pleased to submit its **Modern Human Slavery Statement** for the financial year 1st January 2021 - 31st December 2021, in compliance with the Commonwealth Modern Slavery Act 2018.



MODERN HUMAN SLAVERY STATEMENT 2021

Our commitment

Brownes is committed to always acting ethically and with integrity in all our business dealings and relationships. We commit to implementing and enforcing effective systems and controls against modern slavery not taking place anywhere in our own business or in any of our supply chains.

We are also committed to ensuring there is transparency in our own business and in our approach to tackling modern slavery throughout our supply chains, consistent with our disclosure obligations under the Commonwealth Modern Slavery Act 2018.

We expect the same high standards from all of our contractors, suppliers and other business

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

Brownes do not and will not tolerate any acts or behaviours that involve any form of human slavery practices by suppliers, partners or other stakeholders and we intend to be fully compliant with all the relevant laws both in spirit and in practice.

THIS STATEMENT COVERS THE REPORTING ENTITY(S):

Australia Zhiran Co Pty Ltd
(ACN 619 268 727)



Brownes Foods Operations Pty Ltd,
trading as Brownes Dairy
(ABN 60 146 849 881)

Brownes Foods Operations Pty Ltd (ABN 60 146 849 881), trading as Brownes Dairy is ultimately owned by Australia Zhiran Co Pty Ltd (ACN 619 268 727).

Brownes Dairy do not own or control any other entities so our process for consulting with any entities the reporting entity owns or controls, is therefore not applicable.

This statement covers

- Who we are as an organisation
- Brownes operations and supply chains
- Brownes approach to understanding the risks of Modern Human Slavery and commitments
- Brownes' approach and commitment to identify risks & actions to date
- Brownes methods to assess the effectiveness of the MHS actions
- Governance and Modern Human Slavery assessments
- The future
- Statement approval



Who we are as an organisation

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

Brownes operates from its main processing site in Balcatta WA and owns a second site at Brunswick Junction WA, collecting over 140 million litres of milk each year from over 50 dairy farms in WA's South West region accounting for near 40% of the State's milk production. The company has a diverse portfolio of dairy and other food products including white milk, cream, yoghurt, flavoured milk, juice, desserts and cheese. The company prides itself on its innovative products and services that is embedded in its DNA and consequently is a significant awards winner in the dairy industry.

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

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

Brownes operations and supply chains

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

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

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

Today Brownes Dairy operates from its main site in Balcatta WA where the majority of dairy processing occurs and houses the vast majority

of its staff and owns a second site in Brunswick, serving primarily as a milk receivable plant and cheese processing facility.

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

Primarily Brownes sources raw milk supply from 50 Western Australian dairy farms and converts this milk into various dairy products including white milk, flavoured milks, yoghurts, cheeses, creams and ice-cream. In doing so Brownes sources packaging and raw materials primarily through Australian suppliers though many ingredient and material inputs come from across the world.



Brownes' approach to understanding the risks of Modern Human Slavery and commitments

BROWNES INTERNAL

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

OUR SUPPLY CHAINS

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

This report identified coffee as the highest risk category of product that Brownes Dairy uses in the production of our products.

Risks were identified and rated using a number of different tools, including:

- Questionnaires
- Legislative requirements
- Controls in place
- GSI Country rating
- Consequence of risk
- Likelihood of risk occurring

As a result we have worked with our key coffee suppliers to commence a project to input practices to de-risk this key supply chain from MHS practices by working on sourcing Fair Trade certified green coffee beans.

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

Our largest supply cost is raw milk sourced from Western Australian farms. At this early stage Brownes has not identified any current circumstances of concern, however it is well aware that potential risks arise commonly due to the nature of agriculture in food production industries, areas such as migrant and transient labour and the use of third party labour sourcing.

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



Brownes Dairy's approach and commitment to identify risks & actions taken to date

Brownes holds a firm view on Modern Human Slavery and is committed to understanding more on all aspects of risk throughout its supply chain. At face value our supply chain is simple primarily taking milk from WA farms and bottling it for local market consumption, however Brownes is well aware that complexities arise and opportunities exist for exploitation of workers globally. Brownes Dairy is committed to understanding this more and mitigating such risks.

This is Brownes's second public statement on Modern Slavery. In the reporting period Brownes has, through the development of the Brownes Anti-Slavery Plan, conducted a preliminary internal assessment of risks and completed the below initiatives.

- Policy development – in 2020 Brownes drafted for publication in 2021 the formal Anti-slavery policy.
- Development of Brownes Supplier Responsible & Sustainable Sourcing code of Conduct to include awareness of the risks of Modern Human Slavery.
- Updated Procurement Supplier approval process to include acknowledgement of Brownes Supplier Responsible & Sustainable Sourcing code of Conduct.
- Established a Sustainability Committee that meets on a regular basis, this comprises individuals from across the different departments of the business.
- Staff education through;
 - Direct communication from the CEO and Managing Director introducing the policy and outlining staff and contractor expectations.
 - Online training of all staff on a wider understanding on Modern Human Slavery and its implications for Brownes and its stakeholders.
- Drafted inclusion in induction programs for staff and contractors.
- Conducted preliminary assessments of geographical risks using the Walk Free Foundation Global Slavery Index to identify geographical areas of concern (<https://www.globallslaveryindex.org/resources/downloads/>).
- Categorising suppliers in tiers to engage the largest suppliers and contractors to Brownes first.
- Engagement of an independent auditor to audit Brownes in June 2021 to validate initial assessments and lead formal risk assessment matrix creation and the action plan for 2021 onwards.
- In early 2022 we conducted a four pillar SMETA audit on our Balcatta production facility. Only six minor observations were picked up as part of this audit and all have been resolved at the time of writing this report.

Governance and Modern Human Slavery Assessments

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

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

Over subsequent reporting periods we will continue to build on these monitoring methods to ensure that we review the effectiveness of our actions, in-line with continuous improvement.

Brownes recognises we are in the early stages of fully understanding all aspects and risks of Modern Human Slavery and in subsequent years will continue to develop a robust governance framework and assessment mechanisms as we seek to understand risk or as they avail themselves within the supply chain.

The CEO assumes ultimate responsibility aided by the Chief of People & Culture and Chief Operations Officer though encourages the ownership and accountability across all employees at Brownes.

Brownes Dairy's methods to assess the effectiveness of the MHS actions.

Currently Brownes assesses our actions against;

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

The future

Brownes will look to build on its early research work and practices in place to ensure a greater understanding of its supply chain in its entirety with the view to identifying and eradicating all risks of Modern Human Slavery through;

- Driving greater awareness of the risks of Modern Human Slavery across all staff.
- Creating an environment of engagement with key suppliers to gain greater transparency of our supply chain with the view to mitigating risks down the chain of suppliers.
- Creating opportunity to educate smaller suppliers in aspects of Modern Human Slavery specifically around milk supply off farm in WA.
- Completing an independent audit of Brownes and its supply chain to aid in the action plan.
- Building a formal Governance framework relating to Modern Human Slavery risks in our business and supply chains.

Statement Approval

Brownes Foods Operations Pty Ltd is pleased that this statement was approved by the Board of Brownes Foods Operations Pty Ltd (ABN 60 146 849 881), trading as Brownes Dairy and owned by Australia Zhiran Co Pty Ltd (ACN 619 268 727) on 28 June 2022.



Natalie Sarich-Dayton

CEO & Executive Director
Brownes Foods Operations Pty Ltd
Date: 28/06/2022

