

MODERN SLAVERY STATEMENT 2021



WENGFU AUSTRALIA

Working together

CEO'S STATEMENT



WFA takes its obligations in relation to human rights seriously and is committed to developing and implementing processes and systems to identify where there is risk that modern slavery may be present in our business and supply chains, and to take action to eliminate those risks. This 2021 Modern Slavery Statement articulates our position on modern slavery and our plans in the 2022 financial year to further understand and investigate the risk of modern slavery in our operations and supply chain. This will inform and shape our action plan to ensure modern slavery risks are eliminated.

A handwritten signature in black ink, appearing to read "Damien Heath". The signature is fluid and cursive, written on a white background.

DAMIEN HEATH

WENGFU AUSTRALIA, CEO

INTRODUCTION

Modern slavery is a term used to cover practices such as forced labour, slavery, debt bondage, extreme forms of child labour, forced marriage, deceptive recruitment, and human trafficking. It is a human rights violation and exploitative crime that with devastating consequences for the health and wellbeing of its victims.

The International Labour Organisation estimated that 40 million people were victims of modern slavery worldwide in 2016, approximately 5.4 victims for every thousand people. The most prevalent form of modern slavery is forced labour, which disproportionately affects people in more vulnerable circumstances, such as children and young people, undocumented migrants, and those living in poverty.

At the end of the financial year (July January 1, 2021 – December 31, 2021), Wengfu Australia Pty Ltd (WFA), became a reporting entity for the Modern Slavery Act 2018 (Cth) and began the process of understanding our obligations to report on actions taken to address the risk of modern slavery in our supply chains and operations.

Our aim with reporting our actions against Modern Slavery, is to be as transparent as possible. We hope our transparency will help other organisations to learn from our experiences, as they implement their own approaches. We welcome feedback, and look forward to learning from others, as we work together with our members and stakeholders to address this serious human rights violation.

REPORTING ENTITY

Wengfu Australia Pty Ltd, ABN 31 141 160 581 is a private company registered in Victoria with an annual consolidated revenue of AUD\$481.4 million for the 2021 financial year. WFA does not control any other entities.

WFA is a wholly owned subsidiary of Graceland Industry Pty Ltd based in Singapore. Our ultimate parent is the Guizhou Phosphate Chemical Group (GPC) based in China. GPC was created in 2019 through a merger of Wengfu Group and Guizhou Kailin Fertilizer Group to create the world's third-largest manufacturer of phosphate fertiliser and phosphate chemical products.

WFA is committed to conducting all of its activities ethically, with integrity, and in a lawful manner as detailed in our Code of Conduct and supported by training and communications provided to employees, contractors and business partners.

WFA is governed¹ [1] by a Board of Directors. The Board is made up of Directors appointed from the parent company, and the CEO of WFA. The Board is responsible for ensuring that WFA has an appropriate corporate governance structure and that WFA continues to grow and develop for the advancement of Australian agriculture and the fertiliser industry, and in line with its charter.

OUR STRUCTURE, OPERATIONS AND SUPPLY CHAINS

WFA is an importer and wholesaler of fertiliser products and has storage and despatch facilities situated along the east coast of Australia servicing important agricultural producing regions. Sourcing products from reliable global partners and through our own manufacturing facilities, Wengfu has sites in Adelaide, Portland, Geelong, Newcastle and Brisbane supporting our distribution customers. These customers form an extensive dealer network throughout South-eastern Australia, selling our products, along with other agricultural inputs, to Australian farmers, helping them reach their full potential by providing world class fertiliser products and services.

WFA distributes a range of proprietary and commodity granular fertilisers for use in broadacre, cropping, horticulture, pasture production and a wide range of other agricultural enterprises.

Our products include Urea, Single Super Phosphate, Mono-Ammonium Phosphate, Di-Ammonium Phosphate, Muriate of Potash and Sulphate of Ammonium together with a range of unique and versatile products developed to specifically meet the needs of Australian farmers to improve the productivity and profitability of their crops and pastures, such as: uniSZon®, and soliSZ™.

WFA has well-established modern manufacturing storage and handling facilities and processes. This enables us to create products specific to each grower's needs through our modern blending facilities and liquid coating operations. Products can be supplied either in bulk or in bulk bags at each of our locations. These facilities are a mix of operations staffed by Wengfu Australia employees and third party operated sites.

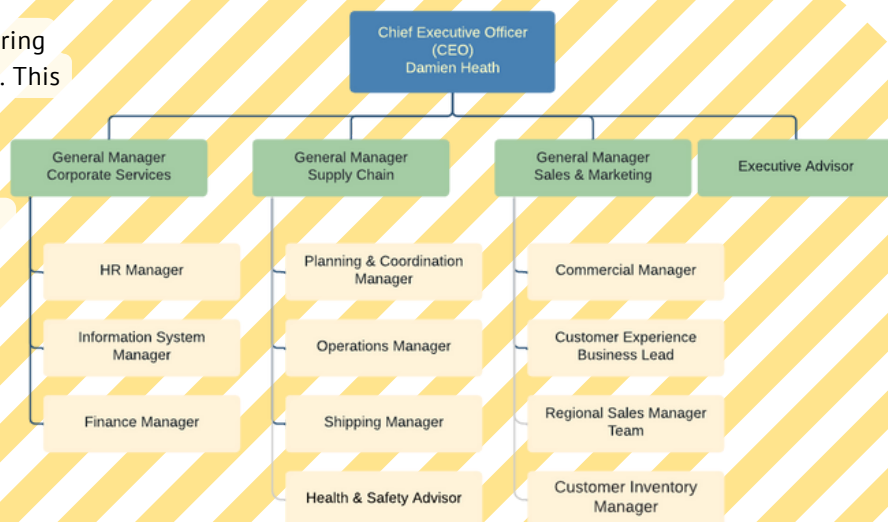
ORGANISATION STRUCTURE

WFA employs a mix of permanent full time, fixed term and casual employees. We currently have 50 permanent full-time employees, 5 fixed term employees and 3 casual employees, as well as 3 agency staff. Our employees are not represented by a union. WFA does not employ any workforce outside Australia.

The majority of our workforce are based at our Port Melbourne head office, with 6 Sales Managers based in regional locations and approximately 20 operations personnel located at our storage & distribution facilities in Adelaide, Portland and Geelong. A combination of fixed term contract employees and agency or labour hire staff are used to supplement permanent employees during the seasonal periods where throughput at sites and demand on the customer service team reaches peak levels.

SUPPLY CHAIN

WFA procures fertilisers and associated products that are used directly in supplying customers, as well as goods and services that support our operations and business activities. In the 2021 financial year, WFA purchased goods and services directly from more than 300 suppliers spanning eight countries. During this period approximately 50% of our spend was with Australian suppliers, and 47% with Singaporean entities, sourcing goods and services of both local and global origin. The majority of spend with non-Australian entities was in relation to fertiliser imports, which is the largest category of spend within WFA.



WFA'S MODERN SLAVERY RISK

The Act provides eight types of exploitation that meet the definition of modern slavery. They are:

- 1)trafficking in persons
- 2)slavery
- 3)servitude
- 4)forced marriage
- 5)forced labour
- 6)debt bondage
- 7)deceptive recruiting for labour or services; and
- 8)the worst forms of child labour.

The worst forms of child labour refer to slavery practices or hazardous work involving children.

With 99% of our first-tier suppliers based in Australia, and over 90% providing goods and services of low risk, it is likely that the potential to be linked with or contribute to modern slavery in our supply chain sit beyond the first tier of our supply chain and most probably outside of our national borders.

With that in mind we see the focus of our actions to strengthen our understanding of our suppliers' supply chain and raise their awareness of the issue, as well as strengthening our supplier onboarding process and procedures.

ACTIONS TAKEN

In 2021, WFA formed a working group with three objectives:

1. Assessing the potential for WFA to cause, contribute to, or be directly linked to modern slavery through its operations and supply chains;
2. Developing a roadmap for establishing meaningful actions to combat the issue, and;
3. Assessing the risk in the first-tier supply chain.

PLAN

We committed to undertake the following actions in the 2022 reporting period:

1. Executive engagement with the issue of modern slavery and the impact of the Modern Slavery Act 2018 (Cth) on the business
2. Formation of a modern slavery working group to steer the implementation process
3. Gaps analysis of governance framework and development of an action plan for FY22 and FY23.
4. More detailed Supplier categorisation and initial risk assessment of first-tier suppliers to understand where the risks lie our supply chain.
5. Awareness training of key stakeholders through e-learning module.
6. Review of purchasing and procurement policy, and human resource and recruitment policy.
7. Development of modern slavery statement for 2022 financial year.



SUPPLIER RISK ASSESSMENT

A review of WFA accounts payable data and categorisation of the spending allowed us to conduct an assessment based on the following risk factors:

Sector and industry risks: Certain sectors and industries may have high modern slavery risks because of their characteristics, products and processes. For example, mining, textiles and fashion, fishing, electronics, cleaning, and agriculture are recognised as high-risk industries globally.

Product and services risks: Certain products and services may have high modern slavery risks because of the way they are produced, provided or used. For example, bricks, cobalt, cotton and rubber are recognised as high-risk products globally. Similarly, services that involve lower wages, manual labour, casual/seasonal workers or low qualification, such as cleaning may have high modern slavery risks.

Geographic risks: Some countries may have higher risks of modern slavery, including due to poor governance, weak rule of law, conflict, migration flows and socio-economic factors like poverty.

WFA utilised various sources to inform our risk analysis including:

- Global Slavery Index
- Corruption Perception Index
- Verite Forced labour Commodities Index
- U.S. Department of Labour List of goods Produced by Child Labour or Forced Labour

IMPROVEMENT ROAD MAP

The following step will be undertaken to strengthen our modern slavery risk controls within our supply chain and operations:

1. Engage with a specialist advisor in the area of modern slavery to assist WFA in gaining more transparency and better understanding of modern slavery risks in our supply chain, including visibility into lower tiers, and to review and, where necessary, develop governance structures.
2. Extend review of fertiliser suppliers (largest spend category) to tier 2 suppliers.
3. Develop a supplier engagement strategy including:
 - Provision of awareness training
 - Development and issue of a self-assessment questionnaire
 - Development of a Supplier Code of Conduct
 - Incorporation of a modern slavery risk assessment tool for selecting & onboarding new suppliers
4. Evaluate recruitment of third-party labour hire agencies.
5. Development and implementation of a Whistleblower Policy.

ASSESSING EFFECTIVENESS AND CONSULTATION PROCESS

As we deploy the road map, we will identify the appropriate effectiveness indicators so that efficiency can be measured at regular intervals.

There are no entities owned or managed by WFA that require a consultation process.

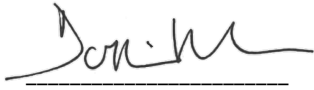
This first annual Modern Slavery Statement 2021, marks the start of our organisation's journey to assess, engage, address and monitor modern slavery risks and to take positive actions against violation of human rights.

MODERN SLAVERY ACT 2018 (CTH) – STATEMENT ANNEXURE

Principal Governing Body Approval

This modern slavery statement was approved by WFA'S Board of Directors and Executive Leadership Team in JUNE 2022.

This modern slavery statement is signed by a responsible member of WFA as defined by the Act:



DAMIEN HEATH
CEO

Mandatory Criteria

Below table outlines the page number/s of our statement that addresses each of the mandatory criteria in section 16 of the Act.

Mandatory criteria	Page Number/s
a) Identify the reporting entity	3
b) Describe the reporting entity's structure, operations and supply chains.	4
c) Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls.	5
d) Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes.	5
e) Describe how the reporting entity assesses the effectiveness of these actions.	6
f) Describe the process of consultation on the development of the statement with any entities the reporting entity owns or controls (a joint statement must also describe consultations with the entity covered by the statement) *.	Do not own or control any other entities
g) Any other information that the reporting entity, or the entity giving the statement, consider relevant. **	N/A

[1]Section 4 of the Act defines a principal governing body as: (a) the body, or group of members of the entity, with primary responsibility for the governance of the entity; or (b) if the entity is of a kind prescribed by rules made for the purposes of this paragraph—a prescribed body within the entity, or a prescribed member or members of the entity.

[2]Section 4 of the Act defines a responsible member as: (a) an individual member of the entity's principal governing body who is authorised to sign modern slavery statements for the purposes of this Act; or (b) if the entity is a trust administered by a sole trustee—that trustee; or (c) if the entity is a corporation sole—the individual constituting the corporation; or (d) if the entity is under administration within the meaning of the Corporations Act 2001—the administrator; or (e) if the entity is of a kind prescribed by rules made for the purposes of this paragraph—a prescribed member of the entity.