

Fonterra Modern Slavery Statement 2023
Pūrongo Ponogatanga Moroki Te Mātāpuna





Drysdale Farm,
Hawkes Bay

About this report

This report covers the activities of Fonterra Co-operative Group Limited for the year ended 31 July 2023 (FY23) and is one supporting document to Fonterra's integrated suite of reports.

This is our fourth Modern Slavery report (our first was in 2020) and we intend to continue this type of reporting on an annual basis, focusing on continual improvement. This 2023 Modern Slavery Statement is prepared in accordance with the Australian Modern Slavery Act 2018.

COVER
Barnes Farm,
Curio Bay

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OUR 2023 SUITE OF REPORTS

[Annual Review 2023](#)
(Referenced as AR)

[Financial Statements 2023](#)
(Referenced as FS)

[Business Performance
Report 2023](#)
(Referenced as BP)

[Sustainability Report 2023](#)
(Referenced as SR)

[Governance & Statutory
Disclosures 2023](#)
(Referenced as G&S)

[Modern Slavery Statement
2023](#)
(Referenced as MS)

[Farmgate Milk Price
Statement 2023](#)
(Referenced as MP)

OUR REPORTS ARE AVAILABLE
FROM [FONTERRA.COM/NZ/
EN/INVESTORS.HTML](https://fonterra.com/nz/en/investors.html)



Introduction

At Fonterra, people matter – in our workforce, in our supply chain, and in the communities in which we operate. We believe that everyone has value and the right to be treated with respect and dignity, regardless of background or circumstances.

Our approach to addressing Modern Slavery is part of our commitment to human rights. We recognise our responsibility to respect human rights and our ability to contribute to positive human rights outcomes. In our effort to achieve this, we are always working to foster a culture which supports internationally recognised human rights and seeks to avoid complicity in human rights abuse.

In line with the UN Guiding Principles on Business and Human Rights, Fonterra's commitments are based on the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization Declaration on Fundamental Principles and Rights at Work.

Our commitments (embodied in our internal policies and standards) include seeking to provide safe, secure, and non-discriminatory working environments, good working conditions, providing for the right to freedom of association and collective bargaining, prohibiting forced labour and child labour (including modern slavery), and prohibiting bribery and corruption.

We also consider the potential impact of our operations on local communities, and we require our supply chain to uphold human rights in their operations through our Supplier Sustainability Code of Practice. The following statement sets out the actions taken by Fonterra to address modern slavery risks in our business and supply chain for the financial year ending 31 July 2023 (FY23).

In this statement, Fonterra reports on its actions to assess and address modern slavery risks associated with its operations, including its employment practices and the protections provided for workers. Furthermore, this statement also outlines how Fonterra is assessing and addressing modern slavery risks within its supply chains, including the efforts with supply partners to mitigate this risk. Finally, this statement contains our own assessment of the effectiveness of such actions required under s16(1) of the Australian Modern Slavery Act 2018.

This statement was approved by the Fonterra Board of Directors on 20 September 2023.



Miles Hurrell
Chief Executive Officer

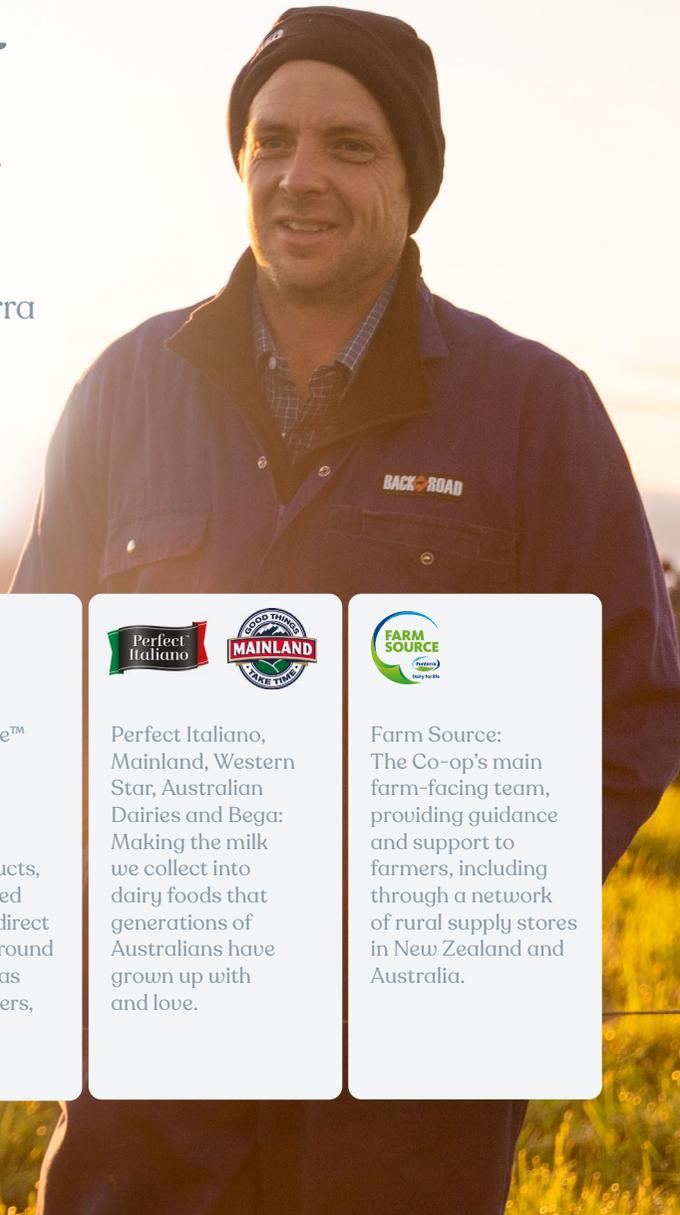


Peter McBride
Chair

Blair,
Hawkes Bay

Fonterra Structure, Operations & Supply Chain

We are a co-operative formed and owned by Aotearoa New Zealand dairy farmers. Fonterra farmers sit at the very heart of our Co-op, producing the high quality, sustainable milk sought by our customers around the world.



NZMP™: Providing world-leading dairy ingredients and expertise to our customers to be used by some of the world's most famous food and nutrition brands.



Anchor™ Food Professionals brand: Creating high-quality products and innovative solutions for foodservice professionals.

Anlene™

Anchor™, Anlene™ and Annum™: Manufacturing, marketing, and distributing consumer products, including branded dairy products direct to consumers around the world, such as milk, milk powders, yoghurt, butter, and cheese.



Perfect Italiano, Mainland, Western Star, Australian Dairies and Bega: Making the milk we collect into dairy foods that generations of Australians have grown up with and love.



Farm Source: The Co-op's main farm-facing team, providing guidance and support to farmers, including through a network of rural supply stores in New Zealand and Australia.

We're committed to producing dairy nutrition in a way that cares for people, animals, and the environment, and brings value to our communities. New Zealand milk is the focus of our strategy, and our global presence helps us generate revenue in over 120 markets.

We have approximately 18,000 employees across the world, including manufacturing operations in New Zealand, Australia, Indonesia, Malaysia, Chile* and Brazil. Our operations encompass significant research, development and application expertise, customer and consumer insight and is enabled by several supporting functions including human resource, sales and marketing teams.

Our operations in Australia are conducted through our wholly owned Australian subsidiary companies, who themselves either own the necessary assets or engage with third parties to produce our goods.

Reporting Entities

This 2023 Modern Slavery Statement is prepared in accordance with the Australian Modern Slavery Act 2018, and covers Fonterra Co-operative Group Limited and its subsidiaries, including the following Australian reporting entities:

- Fonterra Brands (Australia) Pty Limited
- Fonterra Australia Pty Limited
- New Zealand Milk (Australasia) Pty Limited

Further details of Fonterra's subsidiaries are outlined in the Other Disclosures section of the [Governance & Statutory Disclosures](#), available on [fonterra.com](https://www.fonterra.com).

* Chile manufacturing operations, and subsequent milk collection, and the remaining China farm were sold in April 2023

Our Supply Chain

As a global organisation our supply chain sources raw milk primarily from farms in New Zealand, which account for almost 90% of raw milk sourced by volume.

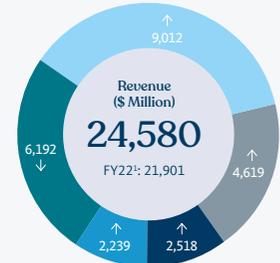
We also have some raw milk collection in five other countries (Australia, Sri Lanka, Chile*, Brazil, and China*). In Australia, our raw milk is supplied entirely by Australian farms in Victoria, New South Wales, and Tasmania.

We source packaging and ingredients from suppliers globally. Our global supply chain stretches from farms to our Fonterra manufacturing facilities, as well as third-party manufacturing sites across the globe enabling the delivery of products to customers and consumers in more than 120 markets.

We make a significant socio-economic contribution to the regions where we operate and from where we source. Our supply chain includes suppliers who are involved in primary production (predominantly agriculture), processing and distribution of raw materials, and these suppliers recruit and employ workers associated with undertaking these activities. We also rely on several other indirect goods and services in our day-to-day operations, for example cleaning and security services.

We want our procurement and other spending to contribute to improving livelihoods. The range of products, sourcing locations, markets and regulations associated with these purchases can present risks and we apply a systematic approach to risk assessment that helps to identify and mitigate these risks, including the risk of modern slavery and breaches of human rights.

* Chile manufacturing operations, and subsequent milk collection, and the remaining China farm were sold in April 2023



1 FY22 has been re-presented due to the Soprole business being moved to held for sale and classified as discontinued operations (and subsequently sold).
2 Amount collected during FY23 (which differs to the 16,317 million litres collected during the 2022/23 season ended 31 May 2023).

Understanding our modern slavery risks



Andrew,
Hamilton

Fonterra has been undertaking Human Rights Due Diligence for several years and in 2023 built on the assessments undertaken in 2020, 2021, and 2022 to better understand our modern slavery risks.

As a large business with diverse operations and supply chain, we recognise that our modern slavery risk profile is not static and will continue to evolve over time. We assess our modern slavery risks in our operations and supply chain using a variety of tools and resources, and consider geographic, sector, product, and supplier-specific risk factors. Additionally, we draw on the UN Guiding Principles on Business and Human Rights (UNGPs) to understand our modern slavery risks. The UNGPs are the authoritative global standard for addressing modern slavery and other human rights harms associated with business activities. They guide our approach to identifying risk, including the potential for us to cause, contribute to, or be directly linked to adverse human rights impacts.

To identify our modern slavery risks we have mapped our operational and supply chain footprint against key modern slavery risk indicators as follows:

Operational Footprint:

- Employee locations
- Property locations
- Milk collection locations
- Manufacturing and own farm sites
- Third party manufacturing
- Merchandising

Supply Chain Footprint:

- Locations of all direct ingredients' vendors
- Locations of top 400 vendors globally by spend (75% of procurement spend)
- Locations of top 200 Farm Source store goods vendors by spend
- Modern Slavery reporting of highest risk vendors globally (including published grievance lists)

Key modern slavery risk indicators

- World Bank Worldwide Governance Indicators
- Corruptions Perceptions Index (Incorporating the Global Slavery Index)
- Various academic and NGO reports (including Amnesty International, Oxfam, University of Auckland, International Labour Organisation (ILO))
- Checks against global sanctions and enforcement databases (for example, OFAC, World Bank Debarment List, and the US Department of Labour List of Goods Produced by Forced Labour or Child Labour)
- Media monitoring to identify risks including human rights abuses, human trafficking, and labour rights violations.

In addition, we have previously anonymously surveyed our employee population to garner their feedback on the likelihood of human rights risks in our value chain.

Understanding our modern slavery risks

Assessment of potential modern slavery risks across Fonterra’s operational and supply chain activities

| Fonterra footprint | Modern Slavery Risk or Indicators of Modern Slavery | Activities |
|--------------------|--|--|
| Operational | <ul style="list-style-type: none"> – Forced/Bonded labour – Exploitation of migrant workers – Bullying and Harassment – Underpayment of wages – Excessive working hours | <ul style="list-style-type: none"> – Outsourced / contingent workforces (cleaning and merchandising) – On-farm labour – Third party manufacturing – Milk supply to third party manufacturing |
| Supply Chain | <ul style="list-style-type: none"> – Forced/Bonded labour – Deceptive recruitment – Exploitation of migrant workers – Excessive working hours – Underpayment of wages | <ul style="list-style-type: none"> – Sourcing of garments – Magnesium and phosphate sourcing – Sourcing of ingredients / packaging / finished goods from higher risk countries (including sugar and cocoa) – Palm oil and Palm Kernel Expeller (PKE) sourcing – Outsourced / contingent workforces (cleaning and merchandising) |

Key modern slavery risks to Fonterra include forced/bonded labour and deceptive recruitment.

In 2020 we became aware of allegations of forced labour (through monitoring of our supply chain) in one of our supplying palm plantations, Sime Darby. Following independent investigations by the US Customs and Border Protection (CBP) our vendor suspended the purchase of all palm oil from Sime Darby in 2022. We have engaged closely with our vendor over the last year to understand their monitoring and audit processes and based on satisfactory evidence presented to the CBP that Sime Darby is not using forced labour, have allowed supply from Sime Darby to resume.

As at 31 July 2023 we have not identified any other specific instances of modern slavery across our value chain.

Key areas of potential risk

In our view, our greatest exposure to modern slavery risks is through our extended supply chain. Our most material risks where we may be directly linked to modern slavery practices are described in more detail below, and for simplicity, we include actions being taken to mitigate the risks.

On-farm workers

Farms are a key part of our supply chain, where all workers have rights as employees, and it is a crime for employers to exploit these rights. In Australia and New Zealand where the majority of our milk collection occurs these rights include holidays, leave, work breaks, wages, freely chosen work and written employment agreements.

In Australia, dairy farms are licensed and are required to meet all employment laws.

The 2018 UK Gangmasters and Labour Abuse Authority Report on exploitation shows that practices that if found may indicate a heightened risk of modern slavery for on farm workers include bullying or harassment, insufficient pay (less than minimum wage), and excessive working hours.

Our Farmers’ Terms of Supply sets expectations for farmers when it comes to people, the environment, animal health and welfare, biosecurity, and food safety and quality, and farmers are required to comply with all relevant laws and regulations, including in relation to labour, employment, and Health & Safety.

Where we assess or are notified that mandatory requirements are not being met, our On-Farm Advisors, or equivalent, develop an action plan with the farmer, including target completion dates. We may also suspend the collection of milk until we are satisfied that all minimum requirements are being met and that any actions required to avoid a repeat of the issue have been completed.

The Co-operative Difference programme in New Zealand encourages farm business owners to consider people and their communities through taking the Dairy NZ Workplace 360 assessment. This assessment helps to identify strengths and weaknesses in a work environment, shows opportunities for improvement and helps monitor progress. For the 22/23 season, completing a DairyNZ Workplace 360 assessment and achieving 100% on the foundational level was one of the criteria required for achieving the Te Pūtake level of performance. Farms reaching Te Pūtake are eligible to receive The Co-operative Difference payment of an extra 7 cents per kg of related milk solids.

Worker exploitation in the Palm Oil industry (and PKE sourcing)

Palm products are one of the highest-profile raw materials in our supply chain. The production of palm products is often linked to unsustainable practices, including deforestation, habitat destruction and poor human rights practices.

More specifically, the palm oil industry has been linked to major human rights violations including the use of forced labour. The 2022 Trafficking in Persons report ranked Indonesia and Malaysia as Tier 2 (watchlist) and Tier 3 countries respectively, indicating that they failed to meet the minimum standards established by the Trafficking Victims Protection Act (TVPA) and that Malaysia is not making significant efforts to correct this behaviour.

Despite this, the Malaysian government has taken some steps to address trafficking. However, the report calls out the palm oil industry in Malaysia as having credible allegations of labour trafficking such as restrictions on movement, violating contracts, wage fraud, assault, threats of deportation, the imposition of significant debts, and passport retention that are going uninvestigated.

In 2016, we first launched our Palm Product Standard. This requires palm product vendors within our supply chain to publicly commit to “No Deforestation, No Peatland Development, and No Exploitation” and have processes to meet these commitments, which are outlined in our Standard. In 2023, we replaced this with a wider Forest and Agriculture Products Standard to reflect updates to internationally recognised standards and principles and widening our commitment to zero deforestation across our value chain.

During the 2022 calendar year, we purchased 24,676 tonnes of palm-related products as an ingredient, up 20% on 2021, aligning with purchasing volumes in 2020. Volumes were up in most regions, and this has contributed to reduced progress towards our target of 100% Roundtable for Sustainable Palm Oil (RSPO) certified segregated supply this year. For the 2022 calendar year, 67% of our purchasing was RSPO certified to at least segregated supply level and 25% was certified as mass balance.

By volume, 97% of all palm oil being purchased by our New Zealand business and 100% of all palm oil being purchased by our Australian business in 2022 was certified as segregated supply. It is purchasing for our operations in Saudi Arabia and Indonesia

where sourcing segregated supply is most challenging. We remain committed to achieving certified segregated supply and have implemented an internal exemption process to provide greater rigor for non-conformances against our Standard.

This has made non-conformances visible to leadership and has contributed to several changes in sourcing which should show through our 2023 calendar year reporting. We are increasing our efforts to positively influence the sustainable production of palm within our supply chains and will continue to work with suppliers of direct and indirect palm oil ingredients to work towards 100% certified segregated supply.

We are also engaging directly with our palm product vendors and RSPO to confirm that the safeguards we expect from using certified products are both in place and sufficient.

Managing modern slavery risks linked to COVID-19

The COVID-19 pandemic increased workers' vulnerability to modern slavery practices in some industries through deteriorating working conditions, exploitation of migrant workers, and impacts on auditing. Added complexity and risk has also been introduced across our supply chain from geopolitical events such as the conflict in Ukraine. As a result, Fonterra has been committed to supporting our Co-operative and value chain partners to address new and changing modern slavery risks linked to the global events. We have focused our human rights due diligence assessment approach to consider products and geographies which we assess as most at risk of modern slavery. While many COVID-19 related restrictions have lifted, we have seen the flow on effects impacting some of our detailed regional analysis.

Actions to treat & mitigate risks

Our approach to modern slavery is Co-operative-wide.
To manage and mitigate modern slavery risk Fonterra focuses on four priority areas:

Governance
structure and
policies

Enhancing due
diligence and risk
management processes

Building awareness
through training
and education

Effective reporting
and monitoring of
grievance mechanisms

Governance structure and policies

Our governance structure and policies provide the foundation for our response to modern slavery and broader human rights risks. They establish that responsibility for managing modern slavery risks is clearly defined across our business and assists us in taking a consistent and coordinated approach. We recognise modern slavery cannot be addressed in isolation from other human rights issues. That is why we integrate modern slavery risk management with our broader work to protect and respect human rights.

Fonterra's human rights governance

The Fonterra Board has overall responsibility for Fonterra's sustainability performance, including our strategy and issues relating to the risk of modern slavery in our operations and supply chain. The People, Culture and Safety Committee of the Board is responsible for reviewing Fonterra's Modern Slavery Statement

and considering whether it is complete and consistent with the information known to Committee members and recommending approval of it by the Board. Our Managing Director Co-operative Affairs and our Managing Director People and Culture are responsible for the day-to-day governance of human rights within our business and our sphere of influence.

Responsibility for the strategy and its integration into our day-to-day activities is shared across the organisation. Respect for human rights is embedded in our "Our People" Group Policy, and expectations are articulated throughout our people standards, and our Code of Conduct, "The Way We Work". Both documents were updated in FY21 to better set expectations for how our people need to act and behave. These policies are supported by local guidance to reflect relevant regulations and norms.

International Union of Food (IUF) Obligations

Fonterra has a long-standing agreement since 2002 with the International Union of Food (IUF) and the New Zealand Dairy Workers Union (NZDWU) that recognises our commitment to the Conventions of the International Labour Organisation for all Fonterra employees and is built into our Code of Business Conduct.

The agreement commits Fonterra to respect international labour standards as defined in ILO Conventions 87 and 98 (freedom of association and the right to collective bargaining), 135 (worker representatives), 29 and 105 (forced labour), 138 and 182 (minimum age, child labour), and 100 and 111 (equal remuneration and employment discrimination).

Climate change impacts on modern slavery

The impacts of climate change are expected to contribute to driving millions of people into poverty and forcing them to migrate in search of work, food, or safety. In some cases, these people will be left more vulnerable to modern slavery, including trafficking, forced labour and child slavery. We recognise that both the physical and transition risks associated with climate change have the potential to exacerbate modern slavery in our value chains and will be looking to expand our due diligence in the future to include climate impacts and considerations.

“The Way We Work” Code of Business Conduct

To reflect our approach to human rights and our agreement with the IUF, our Code of Business Conduct states that in our operations we will comply with some of the international minimum labour standards including:

- not using forced or compulsory labour – where a person has not offered their services voluntarily (in line with the Forced Labour Convention, 1930 (No. 29) and Abolition of Forced Labour Convention, 1957 (No.105)).
- not using any labour that is defined as Modern Slavery (as defined in the Australian Modern Slavery Act (2018)).
- not exploiting children under any circumstances. The minimum age in our workforce is set by local legislation (and in line with the Minimum Age Convention, 1973 (No.138)), and we don't allow those less than 18 years of age to carry out work that is likely to harm their health and safety (in line with the Worst Forms of Child Labour Convention, 1999 (No.182)).

Policy Framework

To provide clarity on labour standards and to respect universally recognised human rights, there are several key policies that set out the requirements of those within the organisation and those with whom we seek to do business, including contractors, visitors, third parties and all other partners we work with.

Key supporting policies are available on [Fonterra.com](https://fonterra.com) and include:

| Policy/Code | Purpose |
|---|--|
| Fonterra Global 'The Way We Work' Code of Business Conduct | Sets out expected behaviours for our employees towards each other, our customers and the wider community and the expectations for our suppliers and business partners to uphold the standards aligned with the principles of the code. |
| Fonterra Global Ethical Behaviour Policy | Sets the ethical expectations of our employees, embedding a culture of integrity, honesty and transparency. |
| Fonterra Global Health, Safety and Wellbeing Policy | Articulates our ambition to achieve zero harm for our people, including contractors and visitors to our sites. |
| Fonterra Supplier Sustainability Code of Practice | Sets out our expectations for suppliers to align with our values and codes of conduct, including upholding human rights, and fair working conditions. |
| Fonterra Respect for Legitimate Land Tenure Rights Position Statement | Recognises the rights (including the human rights) of legitimate land tenure holders and stands against illegal activities in our supply chain. |

Actions to treat & mitigate risks

Enhancing due diligence and risk management processes

Risk Management

Fonterra's Global Risk Management Policy, and Standard are aligned to the Australian/New Zealand Risk Management Standard "AS/NZS ISO31000:2018 Risk management – Principles and Guideline"; outlining Fonterra's risk management principles and accountabilities, and setting out the requirements for managing and reporting risk across its business. They are designed to embed a positive risk culture and co-operative-wide risk management capability, including establishing a consistent approach to identifying, controlling, monitoring, and reporting on Fonterra's key risks.

Our risk management framework is based on the three lines model. Fonterra's first line is our people. Managers and individual business units hold clear risk management responsibilities for business risk management, including requirements for compliance with external requirements as well as Fonterra's Global Policy standards. Fonterra's second line consists of the risk management and assurance processes delivered by its Group and Specialist Functions, delivering a consistent best-practice approach to risk management across the business. Independent assurance and oversight are provided by a dedicated internal audit function, taking a risk-based approach to the control environment and review of key business activities, and providing reporting to the Fonterra Management Team and the Board via the Audit, Finance and Risk Committee.

Human Rights Due Diligence

Human Rights 'due diligence' is a process to identify and prioritise actual and potential human rights issues in an organisation's direct and indirect sphere of influence. Fonterra has been undertaking a Human Rights Due Diligence process (following the guidance of the UN Guiding Principles on Business and Human Rights) for several years, which is outlined in the 'understanding modern slavery risks' section of this report.

In 2017, our workforce evaluation across New Zealand, Australia, Brazil, and Chile, covering approximately three-quarters of our employees, identified some concerns about bullying and harassment, long working hours, and the potential for human rights risks in our non-milk supply chain. We have been responding to these concerns within our workforce, and in our supply chain. To date over 10,000 employees completed an eLearning course on Culture of Care, a Bullying and Harassment awareness campaign.

Non-Milk Vendor assessments

Assessing and managing the risk of environmental and social issues within our supply chain is a core part of responsible procurement. Globally we engage with more than 10,000 vendors, and we are reliant on them to deliver our objectives.

Sustainability is one of the key pillars considered when we refresh our category strategies and a standing item on the agenda in our vendor meetings for providers of ingredients, packaging and engineering categories.

In 2022 we designed a vendor vetting and engagement framework, enabled by an online portal, to help us better understand and manage the risks associated with our vendors. Our framework, supported by an online portal and a robust business process, enables us to assess and manage our vendors in a more efficient and consistent way, both during initial selection and on a proactive ongoing basis.

For our employees, our procurement processes are being simplified and standardised, which is supported by new technology and targeted training. As a result, we can comprehensively cover the broad range of topics that need to be considered and focus on the most relevant and highest risk topics for each given vendor. The topics covered include regulatory compliance, food safety and quality, health and safety, cyber security, environmental performance and working conditions.

For our vendors, the goal is to provide them with easy-to-use systems that supports a transparent assessment with clear requirements and good management processes throughout the entire engagement lifecycle.

Following introduction of the portal in July 2022, we continue to progress its roll out. To date, more than 600 vendors have been assessed representing a range of categories, services and vendor size.

A new Fonterra Procurement page on our website became live in July 2023 to provide our global vendors with easy-to-access information on our processes, links to terms of supply and users guides for vendors to participate in our sourcing events.

Independent evaluation and certification of sites

Our manufacturing sites are subject to regular internal and third-party audits. Internal audits are conducted by employees independent of the site and are used to identify areas for improvement. Third-party audits give regulatory authorities and our customers independent assessments of our performance. For example, independent audits against the Sedex Member Ethical Trade Audit (SMETA) standard for labour practices, environment, health and safety and business practices are required by some of our customers. Other customers require us to undertake an annual assessment by EcoVadis. For FY23 we retained a gold rating with EcoVadis.

Building awareness through training and education

Employee training and development

Our procurement teams play a critical role in assessing and managing the sustainability performance of our vendors. In FY19 we ran company-specific training on sustainability, including social and environmental issues faced in our supply chain. This specifically included training on human rights risks to assist with our preparation to report on Modern Slavery.

In FY21 we updated and extended the training to continue to develop the capabilities of our team, holding five specific training workshops, attended by 57 key people on Human Rights and Modern Slavery, including employees from our procurement and internal audit functions.

In FY22 we deployed an online eLearning module on Modern Slavery which is available to all employees globally. Additionally, in FY23 we started running a biannual employee engagement survey where employees can use the comments section to raise concerns and highlight issues.

Effective reporting and monitoring of grievance mechanisms

As outlined in our core Fonterra values, we encourage our people to speak openly and honestly and to challenge things that don't seem right and are committed to providing our teams access to effective remedies aligned with our commitment to the United Nations Guiding Principles on Business and Human Rights.

We fund an independently administered whistle-blowing hotline (The Way We Work Hotline), facilitated by Deloitte.

Previously just for employees, in FY21 the hotline was extended to provide all Fonterra stakeholders, including farmer shareholders, suppliers, and contractors globally with a confidential and anonymous channel (by phone, email, mail, or online) to report concerns about serious wrongdoing or behaviour that does not meet the standards described in The Way We Work.

Concerns and issues are investigated by a Fonterra team not involved in the substance of the concern (Employment Relations, Internal Audit, other specialist teams or, where appropriate, an external investigator) before appropriate action is taken. Timely updates are made available to the whistle-blower through the hotline. Concerns and issues raised through the hotline are also reported to the People, Culture and Safety Committee of the Board.

The Fonterra 'The Way We Work' Investigation Guidelines require that investigations take a victim-centred approach, putting the rights and dignity of victims, including their well-being and safety, at the forefront of all efforts to respond to concerns and complaints raised. We also take steps to protect the subject of the complaint, and any witnesses from identification and victimisation.

Assessing the effectiveness of our actions

Fonterra is focused on continually strengthening our response to modern slavery and recognises that defining metrics that measure success in identifying, managing, and mitigating modern slavery is challenging.



Building awareness through training and education

We understand that raising awareness is key in addressing the risk of modern slavery. We recognise the need to continue building capacity and capability among our employees to identify risks of modern slavery and the actions required to respond effectively. We track the general level of awareness of modern slavery in several ways:

- Participation in training and awareness raising modules.
- Completion of eLearning modules.
- How empowered our people feel to speak up without fear of negative consequences (measured through regular anonymous engagement surveys with employees).
- Engaging with suppliers on their modern slavery response through our supplier due diligence assessments.

Policy and risk management processes

We monitor compliance and regularly review and assess the effectiveness of policies, standards, and frameworks as part of our risk management framework, including human rights risk, but do not currently have any key risk indicators specific to modern slavery. We will continue to review and assess the completeness of the various tools we use to assess Modern Slavery risk to understand potential gaps in our risk frameworks.

Engagement and collaboration

In FY23, we continued to be active members of several multi-stakeholder initiatives that are engaged in the protection and promotion of human rights and the elimination of forced labour. These include the Roundtable on Sustainable Palm Oil (RSPO) and the International Union of Food (IUF). We have also been involved in conversations with the New Zealand Government and business leaders on the consultation process for a New Zealand Modern Slavery Act of which we are supportive. Our membership to these and other organisations allows us to assess our progress against industry best practice, work in collaboration across industries, and helps to identify areas for further improvement.

Measuring effectiveness remains an area of focus for us and we will continue to develop and modify our approach as we formally identify our risks and implement mitigation measures. This will include developing metrics that enable us to track the progress and effectiveness of our actions over time, as we look to continually improve.

Consultation & looking ahead

All Fonterra entities operate under a common set of governance policies and programmes.





Solange & Mark,
Auckland

This includes the programmes through which modern slavery risks in both our operations and supply chains are assessed and addressed by Fonterra. A process of consultation across Fonterra and some of our reporting entities was undertaken during the Human Rights due diligence process which contributed to the identification on salient modern slavery risks, and to help with the drafting of this statement.

This included engagement with procurement, food safety and quality, third party manufacturing and our Farm Source teams. We will look to expand this as we continue our Modern Slavery journey.

Fonterra is committed to further developing and refining our programme as we learn more about our risks with respect to Modern Slavery and are looking to continually improve over time. Our focus for the next few years will include:

- Extension of our due diligence process and continue with our assessment and response to any issues identified in our supply chains.
- Expanding our engagement with specific vendors in high-risk areas so that they better understand our expectations, and we better understand practices in their supply chains.

Appendix

This statement was prepared to meet our Australian regulatory disclosure requirements. It complements our existing sustainability disclosure on the Fonterra website and in our 2023 Suite of Reports. The table references where the mandatory criteria are disclosed for the Australian Modern Slavery Act 2018.

| Mandatory criteria | Definition |
|--|--|
| Identify the reporting entity | Reporting entities (page 05) |
| Describe the reporting entity's structure, operations and supply chains | Fonterra structure, operations and supply chain (pages 05 – 06) |
| Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls | Understanding our modern slavery risks (pages 07 – 09) |
| 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 | <p>Actions to treat and mitigate risks (pages 10 – 13)</p> <p>Understanding our modern slavery risks (pages 07 – 09)</p> |
| Describe how the reporting entity assesses the effectiveness of these actions | Assessing the effectiveness of our actions (pages 14 – 15) |
| Describe the process of consultation with any entities the reporting entity owns or controls | Consultation and looking ahead (pages 16 – 17) |

Port of Tauranga



Fonterra Modern Slavery Statement 2023
Pūrongo Ponogatanga Moroki Te Mātāpuna

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