



Tully Sugar Limited

Modern Slavery Statement

For the period

1 January to 31 December 2020



Statement on Modern Slavery

Tully Sugar Limited (Tully Sugar) is owned by COFCO Sugar Holding Co. Ltd, one of the largest sugar traders in China. We are committed to quality, sustainability and safety. Our goal is to identify and manage risks of modern slavery in our supply chains and purchase raw materials, products and services that are produced and delivered in a responsible, sustainable manner.

This statement sets out the steps that Tully Sugar Limited (Tully Sugar) is taking to avoid and prevent slavery, child labour and human trafficking from taking place in our own operations and throughout our supply chains. The Australian Modern Slavery Act 2018 requires certain businesses to provide public statements outlining measures taken to ensure that business operations do not, either directly or indirectly, contribute to human rights abuses.

This first Modern Slavery Statement by Tully Sugar covers the period 1 January 2020 to 31 December 2020. This Statement describes the structure, operations, supply chain, risks of modern slavery, framework to assess and address those risks, and consultation processes.

This Statement was approved by the Board of Tully Sugar Limited on 20 August 2021.

A handwritten signature in black ink, appearing to read "Zuojiang YU".

Zuojiang YU
Chairman of Directors
Tully Sugar Limited

20 August 2021



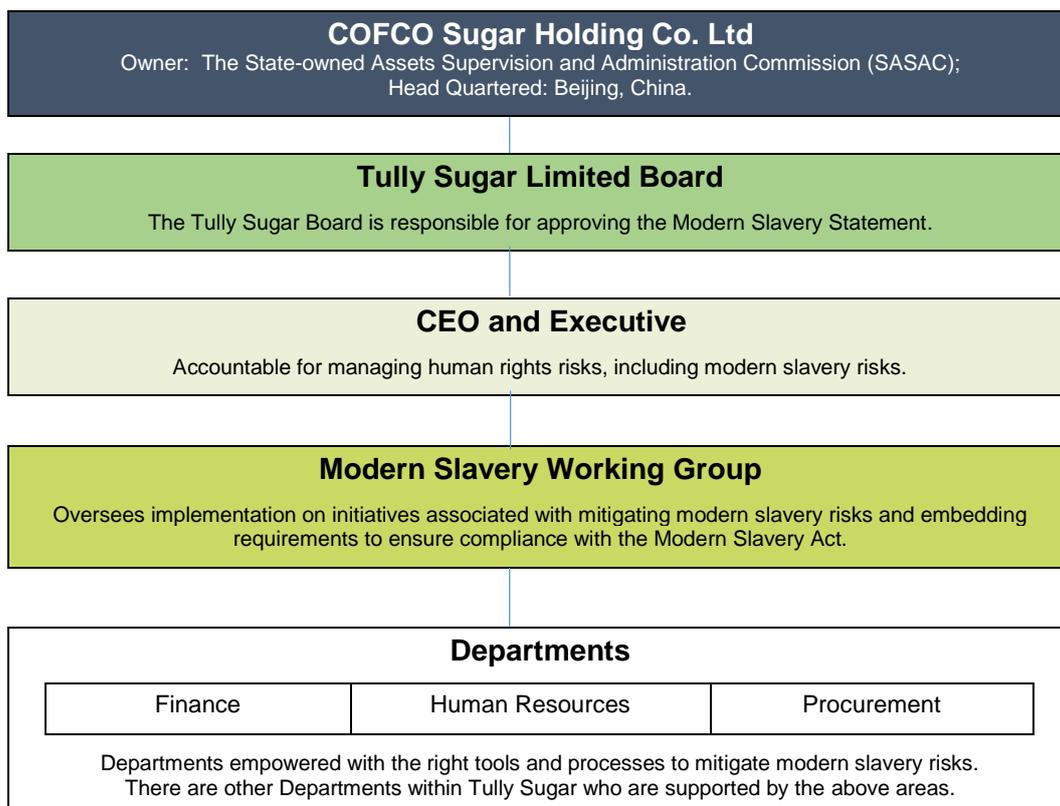
Our Driving Principles

Slavery, child labour, and human trafficking are fundamental abuses of personal freedoms and human rights. Tully Sugar is committed to ensuring that such abuses are not supported by any part of our operation or supply chains. To that end, we are committed to seeking out like-minded business partners and implementing policies, practices, and programs that effectively eliminate any chance of human rights abuses being supported – either directly or indirectly. Tully Sugar has a zero-tolerance approach to any type of modern slavery in our business activities and those of our suppliers.

Our Business – Structure, Operations and Supply Chains

(i) Structure

Tully Sugar is a wholly owned subsidiary of the Chinese agribusiness company COFCO Sugar Holding Co. Ltd. Tully Sugar’s Australian Business Number (ABN) is: 92 011 030 256. Our approach is to empower teams with the right tools and processes to identify and act on modern slavery risks, and have a Modern Slavery Working Group responsible for implementing / reviewing the documentation and processes to support the governance of the Human Rights Due Diligence Framework, including modern slavery risks.

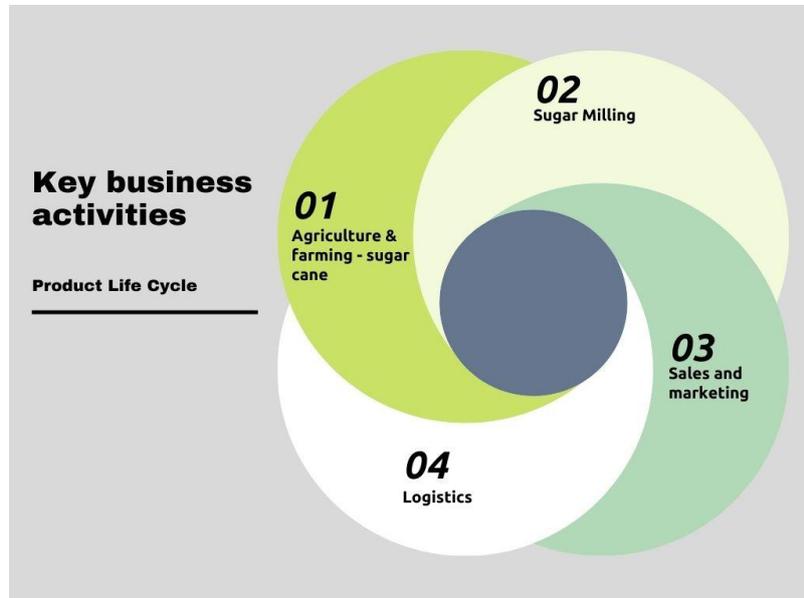


(ii) Operations

Tully Sugar is a leading manufacturer of raw sugar, employing approximately 330 local workers during the crushing season.

Located in Far North Queensland, Tully Sugar operates one of the largest sugar mills in Australia, producing approximately 300,000 tonnes of raw sugar per year; 65,000 tonnes of molasses; and exporting clean, green power to the Queensland Electricity grid.

Tully Sugar’s registered office is at 1 Hort Street, Tully, Queensland, Australia, 4854.



In relation to the key business activities above, there is a potential that modern slavery risks may exist, as follows:

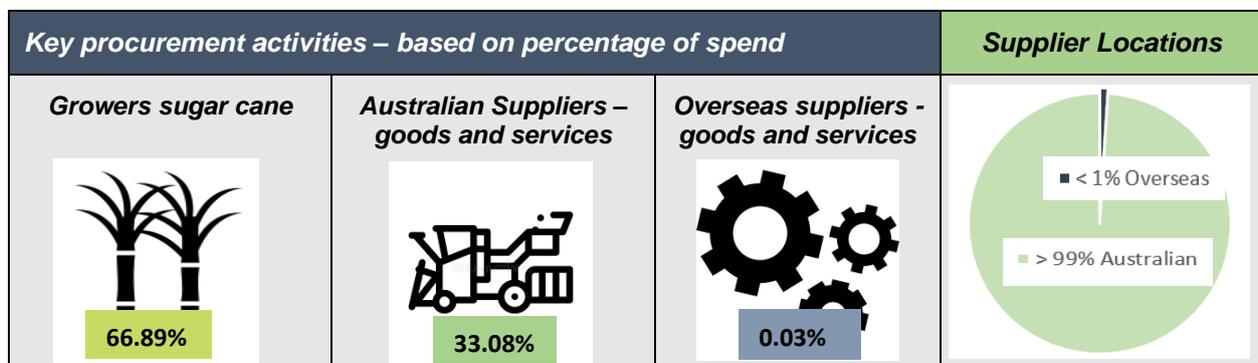
No.	Key business activities	Description of key business activities
01	Agriculture & farming – sugar cane	Tully Sugar operates its own cane farms in the district, utilising approx. 1,800 hectares. Sugar cane is also purchased from 202 local cane Farmers, who operate 368 farms in the District. The Sugar can be transported to the Mill using Tully Sugar’s privately-owned rail network (comprising 300 km of track, a fleet of locomotives and cane haulage bins).
02	Sugar milling	Tully Sugar processes approximately 2.6 million tonnes of cane during crushing season to produce 300,000 tonnes of raw sugar and 65,000 tonnes of molasses. Tully Sugar also co-generates electricity – fueled by renewable biomass - which it feeds into the Queensland power grid in partnership with Ergon. During crushing season, Tully Sugar employs approx. 330 workers.
03	Sales and marketing	On behalf of some 200 Growers, Tully Sugar exports sugar products to overseas markets in accordance with our cane supply and sugar marketing and pricing agreements.
04	Logistics	After manufacture, Tully Sugar transports raw sugar products, using a local contractor, to Sugar Terminals Ltd (STL) at Mourilyan Harbour. Tully Sugar’s responsibility for the product ceases on arrival at the terminal.

(iii) Supply Chains

Our single largest group of Suppliers are local cane farmers who supply the sugar cane from which raw sugar, molasses and electricity is produced.

Virtually all goods and services we use – encompassing the sugar cane we mill, harvesting services, fertilisers and sprays, and services (such as engineering, electrical, mechanical, technological, training, and specialist services) - are sourced locally or from Suppliers located on-shore within Australia.

Tully Sugar dealt with four (4) overseas suppliers during this financial year. We purchased specialist machinery components from suppliers in New Zealand and Germany; specialist engineering design services from a supplier in South Africa; and recruitment services from a supplier in China. These purchases are relatively small, and infrequent (accounting for less than 1% of Tully Sugar’s annual procurement spend).



The Potential Risks of Modern Slavery within our Business

Given the culture, policies, and practices within Tully Sugar, the socio-economic environment within the wider Australian society, and long-standing regulated nature of the work environment, Tully Sugar has reason to believe that the risks of slavery, human trafficking, child labour or exploitative labour practices within our own workplace are negligible.

For much the same reason, we believe the risks of modern slavery within our local, Australian Suppliers are low.

The areas of greatest risk in our supply chain are our overseas suppliers, as their operations and managerial oversight are out of our direct control and their regulatory environments are less well-known to us. We have established direct working relationships with these suppliers and are familiar with the professional standards in place at these organisations; and are satisfied that the risk with the suppliers is relatively low.

We do, however, identify that there may be risks that these entities could be linked to modern slavery practices via their supply chains, including through:

1. Labour practices used by raw materials suppliers.
2. Parts of their operations being in countries reported to have a high prevalence of modern slavery by international organisations.
3. Arrangements with transportation and charter vessels that may use exploitive labour.

We note that the Agricultural industry is recognised as a high-risk industry globally in relation to modern slavery. In this regard, Tully Sugar will continue to review modern slavery risks to identify any changes that could be associated with the introduction of new products, materials and / or suppliers.

Our Approach – Human Rights Due Diligence Framework, including Modern Slavery



Design and update

Tully Sugar has introduced a framework to manage the ongoing processes required to undertake human rights due diligence for actual and potential impacts in their operations and supply chains, including modern slavery risks. This framework includes due diligence and remediation processes. The framework will be reviewed at a minimum annually and updated, as required.

Assess

Internal Matters

Tully Sugar’s Human Resources Department acts to ensure that the rights of employees as prescribed under the Fair Work Act 2009 and the (Queensland) Industrial Relations Act 1999 are observed and protected. Furthermore, this Department assesses and investigates any complaints alleging bullying & harassment, discrimination in employment, disputed disciplinary outcomes, etc.

Tully Sugar has a long-standing Joint Consultative Committee consisting of Union, Employee and Management representatives whose functions include examining complaints raised by employees in relation to compensation and benefits claims, harassment, discrimination, disciplinary outcomes, and equal opportunity in employment matters.

Suppliers – Local and Overseas

The Modern Slavery Working Group with Support from their Departments will benchmark Tully Sugar’s Supplier Code of Conduct and Procurement Policy annually against best practice guidance.

The Group will report immediately to the CEO for elevation to the Board any reported allegation involving contraventions of any International Labour Conventions by local or overseas suppliers.

Remediate

Tully Sugar will develop and implement appropriate remediation measures if there are any instances identified that cause or contribute adverse impacts, in relation to modern slavery. This will include if there is any reported breach of –

- Tully Sugar's internal Code of Ethics
- Tully Sugar's Supplier Code of Conduct
- State or Federal Laws governing Human Rights
- State or Federal employment legislation that regulates the entitlements of workers
- The United Nations Bill of Human Rights

The matter will be fully investigated, and appropriate actions taken to resolve the matter.

Tully Sugar's Human Resources Department will investigate the matter in accordance with best evidence, relevant laws and internal policies and procedures, and ensure appropriate actions are taken to resolve the matter, including referral to external Agencies where appropriate.

Any reported human rights breach concerning an overseas Supplier reported to Tully Sugar will be referred to both the Supplier and the appropriate Agency in that Country for investigation. Tully Sugar reserves the right to request open and effective co-operation with verification, and subsequent corrective remediation actions. Depending on the nature of the alleged breach, Tully Sugar may, at its discretion, suspend dealings with the Supplier pending the outcome of an external investigation.

Monitor and review

Tully Sugar will monitor and review annually the effectiveness of the modern slavery risk management policies and processes. This will also include the monitoring of complaints to ensure a clear and consistent approach is adopted.

Any findings and / or feedback will be used to provide lessons learned and be embedded into future processes and monitoring activities.

Report

The Human Resources Manager will report to the Board annually (November/December), or at other intervals if required, on whether there have been any issues raised, investigations into, or detected instances of modern slavery, or other human rights abuses either within Tully Sugar or our supply chain.

Policies

Tully Sugar is committed to respecting human rights and operating in compliance with the provisions of the Modern Slavery Act 2018 and the various State and Federal laws designed to safeguard human rights. Primarily, our policies relating to modern slavery are explained in:

- Our ***Code of Ethics***, which provides clear guidance to our management, employees, and business partners that we do not engage in exploitive labour practices, that we respect employees' rights to freedom of association, and that we adhere to the United Nations International Bill of Human Rights.
- Our ***Supplier Code of Conduct***, directly prohibits our Suppliers from engaging in any form of exploitive labour practices. Compliance with our Supplier Code of Conduct will become a precondition for future contracts with Tully Sugar.



Both our **Code of Ethics** and **Supplier Code of Conduct** will be published on the Tully Sugar website.

Tully Sugar also has the following policies, and expects all personnel to adhere to these, when working within our business:

- Recruitment policy
- Procurement policy
- Whistleblower policy
- Employee Code of Conduct
- Safety Policies

Grievance Mechanism

Any people in our supply chain can contact us if they have concerns about modern slavery.

Our workers are encouraged to report any matters related to modern slavery, or human rights, within our workplace and supply chain to the Human Resources Manager, Executive or Chief Executive Officer (CEO).

Actions taken to mitigate Modern Slavery Risks

The initial work leading into our first reporting period provides a base, whereby we can leverage actions taken to date, to pave the way for enhanced monitoring and reporting in the future. Actions taken during 2020 and 2021 (to date) have included:

1. Formation of a Working Group – we have strengthened our team, through the formation of a Working Group which has been newly established in 2021. The Modern Slavery Working Group is charged with implementing / reviewing the documentation and processes to support the framework. (e.g., Code of Ethics; Supplier Code of Conduct and accreditation checks, ongoing compliance with the Modern Slavery Act, etc.). Chaired by the Human Resources Manager, with representation from the Procurement and Commercial Departments - scheduled to meet and undertake its reviews in August of each year.
2. Selecting new suppliers – we will provide new suppliers with the Supplier Code of Conduct, and undertake accreditation and other checks. These processes will assist Tully Sugar in understanding the supplier inputs to their goods / services, including country of origin of those inputs to aid in assessing their risk profile.
3. Supplier Code of Conduct – is being developed and will communicate Tully Sugar's stance on ethical sourcing and modern slavery to all new / renegotiated supplier arrangements.
4. Long term relationships – Tully Sugar has built long-term direct supplier relationships, in part, to safeguard human rights, but also for enhanced services and products.
5. Collaboration – we have observed the actions taken by other organisations in managing modern slavery risk, as a check against the frameworks, policies and processes introduced for Tully Sugar.
6. Delivered targeted briefings – we have delivered briefings to Executive Management, and the Procurement and Commercial teams to build greater awareness around ethical sourcing and human rights commitments, and changes to processes within our business to ensure modern slavery risks are mitigated.

Future actions to be completed in 2021/22 to mitigate Modern Slavery Risks

We will continue to monitor compliance with policies and procedures through our monitoring programs. Further actions to enhance Tully Sugar's approach to measuring the effectiveness of assessing and managing modern slavery related risks will continue to evolve during the 2021/22 financial period, as follows:

1. Overseas suppliers - completing a mapping exercise to further refine our understanding of the potential risks associated with our overseas suppliers.
2. Framework - assessing the effectiveness of Tully Sugar's Human Rights Due Diligence Framework and further refinement of the risk assessment processes.
3. Emerging impacts - Ongoing consideration of emerging challenges and trends (such as COVID-19 impacts and societal changes) to make sure policies and processes remain aligned and current.
4. Sessions - ongoing information sessions for key staff regarding modern slavery, including the framework and reporting mechanisms.
5. Lessons learned - continuing to engage and collaborate with external Stakeholders with respect to modern slavery risks and supporting frameworks, so lessons learned can be incorporated.
6. Policies and procedures - further updating of Tully Sugar's policies and procedures to reflect modern slavery and other human rights risks.
7. Reporting and monitoring – further refinement and promotion of Tully Sugar's Whistleblower policy to ensure channels for grievances and complaints continue to be appropriate for staff and suppliers, including reporting frequency to the Board, CEO and Executive.