

## MODERN SLAVERY STATEMENT



### 1. Introduction

This is the second Modern Slavery Statement (**Statement**) made by Queensland Sugar Limited ABN 76 090 152 211 (**QSL**) and its wholly owned subsidiaries (**QSL Group**) in compliance with the Commonwealth *Modern Slavery Act 2018* (**Act**) which came into effect on 1 January 2019.

This Statement relates to the reporting period from 1 July 2020 to 30 June 2021 for QSL as the 'reporting entity' for the QSL Group under the Act.

The purpose of this Statement is to describe QSL's approach in identifying and assessing modern slavery risks in its business operations and supply chains and how QSL addresses and mitigates these risks.

Modern slavery refers to situations where coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom. Serious forms of exploitation include human trafficking, forced labour, debt bondage and deceptive recruitment of labour and services.

QSL is committed to conducting its business in a manner that is consistent with its legal and compliance obligations. This includes QSL playing its part to help combat modern slavery in its supply chains, in compliance with the Act.

Actions undertaken by QSL in the second reporting period (1 July 2020 to 30 June 2021) are noted in italics in the body of the Statement. Actions to be taken in the third reporting period (1 July 2021 to 30 June 2022) are noted in Section 6 of this Statement.

### 2. Our Structure

QSL's principal activities are the sale of raw sugar for export and the operation of the 6 bulk sugar terminals in Queensland. Incorporated as a public company limited by guarantee in Australia, QSL acts as a pass-through organisation, operating on a cost-recovery basis, returning all net value created through our activities to the industry we serve and the Queensland cane growers and sugar millers who choose to use our services.

QSL has 2 types of members under its Constitution, being Grower Members and Mill Owner Members. As at 30 June 2020, there were 21 Grower Members, of which 19 Grower Members are elected and 2 are appointed by Queensland Cane Growers Organisation Limited and Australian Cane Farmers Association. There are 8 Mill Owner Members of QSL who own sugar mills in Queensland.

QSL has 3 wholly owned subsidiary companies, being QSL Investments (No. 1) Pty Ltd, QSL Investments (No. 2) Pty Ltd and QSL Investments (No. 3) Pty Ltd. The business of these three subsidiaries is holding G class shares in Sugar Terminals Limited (**STL**), which owns the 6 bulk sugar terminals in Queensland from which sugar is exported. On 23 March 2021, QSL incorporated new subsidiary called QSL Farm Investments Pty Ltd for future investments by the QSL group.

### **3. Our Business Activities**

#### **3.1 QSL Marketing**

The principal operations of QSL Marketing is the marketing of raw sugar, the management of financial risk in connection with such marketing, financing of the advances program and ancillary services in logistics. In pursuing these short-term and long-term objectives, the company seeks to maximise the returns to marketing clients through revenues generated from pooling activity, enhancing its product and service offering to clients and focusing on adding value for the benefit of clients who have elected to utilise QSL Marketing's services.

QSL typically markets most of the raw sugar received directly to customers in Asia, and have long-standing relationships with customers in our traditional markets of Japan and Korea, with Indonesia also recently becoming an important growth market.

#### **3.2 QSL Operations**

The principal operations of QSL Operations is the safe and efficient operations of the six (6) Bulk Sugar Terminals (**BSTs**) in Queensland in accordance with the Operating Agreement (**OA**) with Sugar Terminals Limited (**STL**). Under the OA, QSL employees oversee the management, operation and maintenance of Queensland's 6 BSTs at Cairns, Mourilyan, Lucinda, Townsville, Mackay and Bundaberg, including storage, shipping and logistics.

The BST operations are performed for the whole of industry on a cost recovery basis. This part of the business is "ring-fenced" to ensure that there is no conflict of interest in terms of sharing commercially sensitive logistical information of any BST user.

#### **3.3 QSL Corporate Services**

The principal operations of QSL Corporate Services is to support both business units by sharing resources including corporate governance, finance, legal, information technology, human resources and payroll. QSL is Australia's largest sugar marketer providing world-class sugar marketing, pricing, finance and logistics services.

### **4. Our Supply Chains**

QSL's key supply chain categories consist of the following:

- **Supply of Raw Sugar to QSL** - this supply chain involves the supply of raw sugar sourced from sugar cane farmers in Queensland who produce sugar cane from their farms, which is then provided by those farmers to sugar mills located in Queensland for processing. The sugar mills manufacture raw sugar. Under various contracts between QSL and the sugar mills, QSL Marketing purchases a certain amount of raw sugar produced by those farmers who have selected QSL Marketing to provide marketing & pricing services to them. This raw sugar is delivered to the BSTs by the mills, where it is then stored and ultimately shipped to international customers of QSL Marketing.
- **Purchase of Non-Australian Third-Party Sugar by QSL Marketing** – From time to time, QSL purchases non-Australian raw sugar via international trading companies, to assist QSL in managing its marketing and pricing activities.

- **Supply of Shipping Services to QSL** – QSL engages an Australian based company to broker charter party contracts with international ship owners, to provide a freight vessel to transport raw sugar to QSL’s buyers to overseas destinations.
- **Supply of Debt Finance, Financial Products and Banking Services to QSL** – QSL uses a number of major Australian banks or EU/UK international banks to provide debt funding and financial products in relation to QSL’s marketing and pricing activities. This includes provision to QSL of derivative instruments which are used by QSL to manage commodity and foreign currency exposures connected with the export sale of Australian raw sugar, and also purchases and sales by QSL of non-Australian third-party sugar.
- **Supply of Products, Plant & Equipment and Engineering & Operational Services to QSL Operations** – As part of QSL Operation’s role as operator of the 6 BSTs, QSL engages a wide range of contractors to undertake maintenance and capital works at the BSTs. QSL also buys products and plant & equipment that are used in the maintenance and operation of the BSTs. As and when required, QSL seeks the advice of various engineering & operational consultants in relation to its activities at the BSTs.
- **Supply of Office Related Support Services, Products and Equipment** – QSL engages a diverse range of consultants and contractors in relation to its corporate activities, including consultants in the following main areas - accounting, auditors, risk management, insurance, legal, IT & cyber security and human resource matters. In addition, QSL acquires office products from a wide range of distributors, including IT and office plant & equipment as well as office consumables.

## 5. **Risk Assessment**

### 5.1 **Identification of Modern Slavery Risks**

To identify and assess the modern slavery risks in QSL’s supply chain, QSL has undertaken the following activities:

- **Identification of QSL’s Supply Chain and its Key Suppliers** – In consultation with QSL management, QSL has identified its key supply chain categories as well as its key suppliers, using the existing risk management framework that QSL has in place. In the first reporting period, QSL focussed on direct suppliers with the highest spend and those direct suppliers who fall within the key supplier risk categories. In this second reporting period, QSL has undertaken a more detailed review of the modern slavery risks relating to these key suppliers. More detail on this is set out below.
- **Assessment of QSL’s Key Suppliers in relation to Modern Slavery Risks** – In the first reporting period, QSL undertook a review of modern slavery risks in relation to its key suppliers, utilising QSL’s existing ***Risk Management Framework***. QSL has also had regard to the latest version (2018) of the ***Global Slavery Index*** in undertaking this review. The main findings from this review process is as follows:
  - QSL does not directly cause modern slavery practices in its own operations, given that its business activities and operations are conducted in Australia and that QSL has a strong governance framework and culture that supports compliance and the conduct of its business in an ethical and responsible manner;
  - QSL recognises that some of its supply chains may give rise to modern slavery risks;

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- On a high-level risk review, QSL has assessed the vast majority of its key suppliers as having a low risk of modern slavery. This is because most of QSL's suppliers of products and services are based and operate in Australia and are governed by a robust set of Australian government laws and regulations. The labour law in Australia also provides for fair and reasonable compensation and employment terms and conditions for people working in Australia;
- In relation to the supply of raw sugar to QSL, as the Australian sugar farming and sugar milling sectors require specialised equipment and a specific skill set to operate that equipment, there is a very low risk of the use and exploitation of unskilled labour in these sectors;
- The Queensland located BSTs that QSL operates to export raw sugar overseas rely heavily on mechanised plant & equipment and skilled staff to operate that equipment. The supply of plant & equipment to undertake maintenance and capital works at the BSTs are similarly specialised items, some of which are manufactured overseas. However, given the specialised nature of these items of plant & equipment, the labour used by manufacturers would necessarily need to be skilled, which brings with it a lower risk of modern slavery;
- A small number of QSL's key suppliers are located and operate in certain overseas countries. These are overseas countries have political, economic and cultural systems that are different to Australia. According to the **Global Slavery Index**, these countries are likely to have a moderate to high degree of prevalence of modern slavery. QSL has some processes in place that will assist in addressing these modern slavery risks. Further work is continuing in relation to these suppliers to better understand and manage their modern slavery risks.

*In this second reporting period, QSL undertook a more detailed review of its key supply chain suppliers, by a review of the Modern Slavery Statements of these organisations. The main findings from this review is as follows:*

- *The majority of the large entities supplying QSL (to whom the Modern Slavery Act 2018 applies) have Modern Slavery Statements in place. From a review of their Modern Slavery Statements, it is clear that these entities are progressing with the management of modern slavery risks in their supply chains;*
- *Given that QSL operates 6 bulk sugar terminals on the Queensland seaboard, from Bundaberg to Cairns, a lot of suppliers that QSL uses are smaller locally based suppliers. The size of these suppliers are such that they are not required to prepare Modern Slavery Statements. To assess modern slavery risks in the supply chains of these smaller entities to QSL, in the next reporting period (1 July 2021 to 30 June 2022), QSL proposes to engage with these suppliers to gain a better understanding of these risks. Refer to Section 6 for further details;*
- *A number of suppliers to QSL are based overseas. The larger of these overseas entities have modern slavery statements in place under laws in their jurisdictions. As a general comment, these overseas entities are more progressed in managing modern slavery risks in their supply chains, given the relevant legislation in these jurisdictions has been in place for some time. For example, a number of these suppliers are required to comply with the UK Modern Slavery Act 2015.*

## 5.2 Addressing Modern Slavery Risks

In the first Modern Slavery Statement lodged by QSL, QSL noted the following frameworks that QSL already had in place, which will assist QSL in addressing modern slavery risks in its key supply chains. A number of these frameworks and policies were amended during the 2020/2021 reporting period, as noted in *italics* below:

- **Governance Framework** - QSL has in place a robust governance framework that that enables QSL and its employees to operate in a manner that is ethical, complies with the law and is aligned to good governance practices. This governance framework creates a culture that supports ethical behaviour, integrity, transparency and fairness and legal compliance. These policies include:
  - **Code of Ethics & Conduct** – which sets out QSL’s and its employees’ commitment to conduct business in an ethical, law abiding and responsible manner, in accordance with high ethical, legal and professional standards;
  - **Legal Compliance Policy** – which sets out a compliance framework to assist QSL to conduct its business in a manner that is consistent with its legal and compliance obligations;
  - **Whistleblower Policy** - which sets out a process to enable any potential misconduct in relation to QSL to be identified, reported and dealt with appropriately by QSL within the parameters of the law, which includes protection for whistleblowers as required by the law;
  - **Corporate Risk Management Policy** – which provides an effective framework for the management of risk as well as an effective tool for management decision making; also assisting in supporting improved corporate governance and compliance with legal and social responsibilities. *The QSL Strategic Risk Register has been amended to cover modern slavery risk issues;*
  - **Contract Management & Procurement Policy** – which sets up a framework that supports effective management of contracts and procurement risks in QSL and that upholds work health & safety protection and ethical behaviours. *This policy was amended in the second reporting period to include processes to manage modern slavery risk issues.* Other matters covered under this Policy include:
    - **QSL Contractor Evaluation Checklist** - QSL will update its **QSL Contractor Evaluation Checklist** to assess the modern slavery risks in the supply chain of its contractors. Under this Checklist, contractors must provide information to QSL so that QSL can assess the contractor’s level of compliance with relevant laws and Codes of Practice, in particular, *the Modern Slavery Act 2018;*
    - **Standard Contract Clauses to cover Modern Slavery Compliance** -*In the second reporting period, QSL developed a set of standard clauses, to be incorporated into contracts between QSL and its suppliers which impose obligations on our suppliers to actively assess and address modern slavery risks in their operations and supply chains and provide information about this to QSL.* These standard clauses will also include a set of minimum standards that QSL requires its suppliers to comply with, as regards modern slavery risks;

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- **ICT Purchasing & Disposal Policy** - There is a specific policy that covers ICT Purchasing, but in the body of that Policy, there is a statement that says that all ICT purchases must also comply with the Contract Management & Procurement Policy. Therefore, no specific changes need to be made to the ICT Purchasing & Disposal Policy to cover modern slavery risks;
  - **Fraud & Corruption Policy** – which aims to protect the integrity, reputation and property of QSL by putting in place processes by which there is active management of the risk of fraud occurring in relation to QSL as well as appropriate procedures for the discovery and investigation of fraud and appropriate corrective actions;
  - **Freight Risk Management Policy** – which sets out a framework for active freight management operations and the controls mitigating associated risks, including modern slavery risks. To address the identified risks involved in QSL’s shipping program, QSL instructs its Sydney based shipping broker to only allow certain ship owners to make a bid for QSL’s business. *This policy was updated in the second reporting period to cover modern slavery risk issues;*
  - **Other Origin Raw Sugar Purchases Policy** – which sets out the controls for mitigating the risks associated with purchasing such sugar purchase of non-Australian sugar from parties, including modern slavery risks. *This policy was updated in the second reporting period to cover modern slavery risk issues;*
  - **Sovereign & Counterparties Limit Framework** – which establishes various limits to mitigate various risks associated with the sale of sugar to and purchase of sugar from global countries and customers, being credit risk, sovereign concentration risk, counterparty concentration risk and delivery risk. The management of modern slavery risks is included as part of this risk mitigation strategy. *This policy was updated in the second reporting period to cover modern slavery risk issues ;*
- **Supplier Due Diligence** – QSL has undertaken a high-level risk assessment on its key suppliers to identify QSL’s key supply chain categories and its key suppliers, using the QSL’s existing risk management framework as well as referring to the **Global Slavery Index (2018)**. As noted above, in the first reporting period, QSL focussed on direct suppliers with the highest spend and those key suppliers that fall within the key supplier risk categories. *As also noted above, QSL undertook a more detailed review of its key suppliers, and the process undertaken and the results of that review is discussed in the later part of Section 5.1.* Ongoing due diligence of QSL’s supply chain relating to modern slavery risks will continue as part of QSL’s procurement and contract management procedures;
- **Education & Training** – Initial training has been provided to QSL employees about the requirements that QSL must comply with under the *Modern Slavery Act 2018* and the policy framework that QSL has in place to support compliance with that legislation. This training will be conducted on an annual basis and be included in the induction training for new employees at QSL. This training regime for QSL employees is also provided by QSL on other key policies, including the Whistleblower Policy, Code of Ethics & Conduct and the Legal Compliance Policy. *In the second reporting period, all relevant QSL staff received detailed training in relation to modern slavery issues and risks, as well as training on the key governance policies that support QSL’s management of modern slavery risks;*

- **Regular Reporting to the QSL Board** –as part of QSL’s compliance and assurance activities, reporting on the identification and management of modern slavery risks in QSL supply chain will be provided to the QSL Board Audit & Risk Committee on a regular basis. This Board Committee will regularly monitor and review the effectiveness of the controls that QSL has in place to manage modern slavery risks in its supply chain, to ensure that the requirements of the *Modern Slavery Act 2018* are complied with. Controls will be updated as required, to better manage this risk;
- **Remediation** – The purpose of the policy framework that QSL has in place is to create a culture whereby QSL and its employees are committed to conducting business in an ethical, law abiding and responsible manner. QSL’s risk management framework enables QSL to effectively manage its material business risks and make sound business decisions, all of which supports improved governance and compliance with legal and social responsibilities, which includes modern slavery risks. Any potential misconduct in relation to modern slavery issues will be reported, reviewed and dealt with under QSL’s Whistleblower Policy. This policy contains robust procedures about the reporting and investigation of any potential misconduct in relation to modern slavery, as well as what actions will be taken by QSL if any such misconduct is found have occurred.

### **6. Future Actions**

In the third reporting period (1 July 2021 to 30 June 2022), QSL will undertake further work in relation to modern slavery risks in its supply chain, to get a better understanding of this risk in QSL’s supply chain, including the following:

- As noted above, in the second reporting period, QSL undertook a detailed risk review of its key suppliers, to better understand its existing supply chains in terms of modern slavery risks. In the third reporting period, QSL will undertake further engagement with its key suppliers, to enhance QSL’s knowledge of the modern slavery risks and practices in its supply chains. This will be facilitated through developing a questionnaire, to be provided by QSL to those key suppliers of QSL who are not required to prepare a Modern Slavery Statement. The key areas covered in this questionnaire will include details of the products & services provided (in particular, the source of those items) geographical aspects in the supply chains of our key suppliers as well as information about the corporate governance policies and workplace practices that those suppliers have in place. This will enable QSL to refine its approach in managing this risk, thereby lessening this risk in its supply chain;
- QSL will update its QSL Contractor Evaluation Checklist to assess the modern slavery risks in the supply chain of its contractors. Under this Checklist, contractors must provide information to QSL so that QSL can assess the contractor’s level of compliance with relevant laws and Codes of Practice, in particular, *the Modern Slavery Act 2018*.
- For major projects that are undertaken by QSL, a process will be developed to assist in assessing the supply chain risks at the project planning stage;
- QSL will continue to review the controls that it has in place to mitigate modern slavery risks – with the aim being to improve the effectiveness of those controls;
- QSL’s governance framework will continue to evolve to reflect the further work that QSL will undertake to better manage the modern slavery risks in its supply chain.

**7. Covid-19 Pandemic**

The CoVid-19 pandemic resulted in challenging times across the world. Despite this, QSL has been able to manage its business without material impact on its business. While there has been no significant impact to QSL's raw sugar sales or export shipments to date, QSL is continuing to closely monitor the situation and work with sugar industry participants in protecting our sector's supply chains. Given this, QSL is of the view that any impact of CoVid-19 on its operations has had very little flow-on impact on the modern slavery risks in its supply chains.

**8. Consultation with QSL's Controlled Entities**

As noted in item 2 above, QSL has 3 wholly owned subsidiaries, whose sole business is being a passive shareholder in Sugar Terminals Limited and 1 wholly owned subsidiary that has been set up to house future investments by QSL. Formal consultation with these subsidiaries will therefore not provide any further insights into the management of modern slavery risks for the QSL group. QSL and its 4 subsidiaries are treated as a single entity for the purposes of governance.

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This Modern Slavery Statement was approved by Managing Director/Chief Executive Officer of Queensland Sugar Limited and endorsed by the Board of Queensland Sugar Limited on 10 December 2021.

A handwritten signature in blue ink, appearing to read 'Greg Beashel', is positioned above the printed name.

Signed by Greg Beashel  
Managing Director/Chief Executive Officer  
For Queensland Sugar Limited & its Controlled Entities  
ABN 76 090 152 211  
Registered Office: Level 12, 348 Edward Street Brisbane Qld 4000  
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