

Modern Slavery Statement 2023



Introduction

During the 2022/23 financial year, the CBH Group worked on an action plan to progress its efforts in eliminating modern slavery and remains committed to:

acting lawfully, ethically and with integrity in all its business dealings and relationships;

implementing and enforcing effective systems and controls to avoid modern slavery being present in its own business or in the supply chains that support its business; and

ensuring there is transparency in its own business and in its approach to tackling modern slavery throughout its supply chains.

Publish date: December 2023



Organisational structure

The CBH Group is Australia’s largest co-operative and is owned and controlled by approximately 3,500 Western Australian grain growing businesses. A leader in the Australian agricultural industry, the core purpose of the CBH Group is to sustainably create and return value to WA grain growers, current and future.

Since being established in Western Australia in 1933, the CBH Group has continuously evolved, innovated, and grown.

The operations of the CBH Group are integrated into the grain supply chain, from fertiliser as an on-farm input, to grain storage, handling, and transport and the marketing, shipping, and processing of that grain.

The fertiliser division of the CBH Group supplies a range of high-quality granular fertiliser products for cropping and pasture to Western Australian growers.

The CBH storage and handling network is regarded as one of the best in the world and currently receives and exports around 90 per cent of the grain harvested in Western Australia.

The CBH Group efficiently transfers grain from country receival sites to its four port terminals with a dedicated, state-of-the-art rail fleet, owned by the CBH Group, or via a contracted road transport fleet.

CBH Grain, the group’s marketing and trading arm, is the leading grain acquirer in Western Australia, Australia’s largest exporter and has operations in Western and South Australia, as well as offices in Hong Kong and Tokyo.

In addition to its core business activities, the CBH Group also owns Blue Lake Milling, a leading manufacturer of premium Australian oat products operating in South Australia, Victoria and Western Australia.

The CBH Group has net assets of A\$2.8 billion and employs approximately 1,270 permanent employees and up to 2,100 casual employees during the harvest period from October through to January.

CBH has acted in consultation with the CBH Group entities named below which it controls and whose revenue exceeds the threshold, and CBH makes this joint statement in relation to the CBH Group’s financial year ended 30 September 2023 (the **Reporting Period**):

- Co-operative Bulk Handling Limited;
- CBH Grain Pty Ltd;
- CBH Group Holdings Pty Ltd;
- CBH Pty Ltd;
- CBH (WA) Pty Ltd; and
- Blue Lake Milling Pty Ltd.

This statement also covers, and Co-operative Bulk Handling Limited has consulted with, the wholly owned entity within the CBH Group named below which operate below the threshold for reporting:

- Australian Bulk Stevedoring Pty Ltd.



The CBH Group's business

The CBH Group is organised into four main entities undertaking the following business:

- storage and handling activities operating through Co-operative Bulk Handling Limited (**CBH**), which includes the construction, maintenance and operation of storage and handling facilities across the grainbelt of Western Australia, export activities from four bulk export terminals and containerised exports via Metro Grain Centre (including stevedoring services provided by a subsidiary Australian Bulk Stevedoring Pty Ltd), and general group procurement activities;
- grain marketing and trading activities operating through CBH Grain Pty Ltd (**CBH Marketing & Trading**), which purchases grain from growers in Western Australia and South Australia and trades and ships product to customers domestically and globally;
- fertiliser activities operating through CBH (WA) Pty Ltd (**CBH Fertiliser**), which acquires and on-sells fertiliser to WA grain growers; and
- oat milling activities operating through Blue Lake Milling Pty Ltd (**Blue Lake Milling**), which acquires, processes and sells processed oats and is located in South Australia, Victoria and Western Australia.

CBH Group Holdings Pty Ltd and CBH Pty Ltd are investment holding companies and do not operate businesses but are captured in reporting due to the consolidated revenue of the entities they own and control.

CBH Group supply chains

The CBH Group supply chains include:

- the suppliers of products and services used in our operating businesses, including:
 - logistics providers, including road, rail and sea transport;
 - providers of materials and machinery to construct and operate receival sites and other plant and equipment;
 - information technology equipment;
 - services such as consulting, labour and cleaning;
 - personal protective equipment and clothing for staff; and
 - consumables, such as fuel, energy, paper and the like used in the ordinary course of business.
- the grain growers supplying grain, pulses and oilseeds that CBH Marketing & Trading sells both within Australia and overseas;
- the suppliers of relevant inputs that CBH Fertiliser then on-supplies to growers within Western Australia; and
- the suppliers of grain to Blue Lake Milling, and other products and services used in the processing and packaging of oats.



CBH Group policies on slavery

The CBH Group is committed to ensuring that there is no modern slavery in its supply chains or in any part of its business.

The Modern Slavery Policy, approved by the CBH Board, reflects its commitment to acting ethically and with integrity in all of its business relationships, and to implementing and enforcing effective systems and controls to ensure slavery is not taking place anywhere in the CBH Group supply chains. The Modern Slavery Policy is available on the **CBH Group website**.

The Modern Slavery Policy is consistent with the CBH Group Code of Conduct, an overarching business code of conduct that guides the CBH Group in conducting business in a fair and ethical manner. All CBH employees, contractors and suppliers, and those acting on their behalf, are required to comply with the Code of Conduct, which can be located on the **CBH Group website**.

Fair business practices

At all times we conduct business in a fair and ethical manner. In procurement of goods and services and the engagement of contractors we provide a fair evaluation and selection process to our suppliers.

Source: CBH Group Code of Conduct

As well as the Modern Slavery Policy and the Code of Conduct, the CBH Group has several other policies that complement its efforts to eradicate modern slavery, including:

- Whistleblower Policy – ensures that whistleblowers can safely raise concerns about the evidence of any modern slavery practices that may occur in the CBH Group supply chain.
- Complaints Handling Policy – ensures that any complaint made about modern slavery in the CBH Group supply chain is registered and acted upon.
- Fraud and Corruption Policy – covers the CBH Group’s lack of tolerance for dishonest activity designed to cause actual or potential financial loss to an entity, which covers certain modern slavery practices.
- Unlawful Payments Policy – demonstrates the CBH Group’s lack of tolerance for bribery and corruption.
- Risk and Compliance Policy – covers the CBH Group’s commitment to a risk aware culture, together with a framework to ensure compliance with the laws of any country within which it operates, and the highest standards of integrity, fairness and ethical conduct.

The CBH Group considers that the risk of modern slavery in the operations of the CBH Group’s various businesses is low. This results from:

- the significant effort undertaken by the CBH Group to comply with well-established and resourced Australian regulation and enforcement; and
- the lack of tolerance for modern slavery-like conduct to occur in the CBH Group’s operations in Australia.

Accordingly, to reduce the risk of modern slavery, the CBH Group’s focus will be on the suppliers of goods and services to the various CBH Group entities, particularly those suppliers from locations and industries that have a higher inherent risk of modern slavery.

Due diligence processes for slavery

CBH has a dedicated Modern Slavery Working Group, which includes team members from across the CBH Group, including from the following divisions:

- Legal and Risk;
- Finance, including Procurement;
- Marketing & Trading including CBH Fertiliser;
- Project Delivery Group; and
- Stakeholder Relations, Sustainability and Strategy.

The CBH Modern Slavery Working Group examines the business and supply chains in a structured fashion and operates across the business of the CBH Group to:

- analyse the areas that may be at risk of causing, contributing to or being directly linked to modern slavery;
- create and implement activities that reduce these risks;
- monitor the effect of those activities;
- verify and prepare the content of this Modern Slavery Statement; and
- submit this Modern Slavery Statement for approval to the CBH Board of Directors.

During the reporting period CBH appointed FairSupply to improve how CBH manages modern slavery risk. FairSupply provides CBH with the following benefits:

- Improved initial risk assessments – FairSupply runs proprietary software that estimates the risk of modern slavery beyond CBH's direct transaction with a supplier, into the suppliers of CBH's suppliers. This view provides CBH with an improved view of modern slavery risk within our supply chain.
- Improved supplier interaction – FairSupply provides a web portal for suppliers to respond to self-assessment questionnaires in a standardised format.
- Improved data management and tracking – All business units' suppliers, risk assessments and

The CBH Group has systems and processes in place to:

identify and assess potential risk areas in its supply chains;

mitigate the risk of slavery occurring in its supply chains;

monitor potential risk areas in its supply chains; and

protect whistleblowers who might raise modern slavery issues.

questionnaire responses are centralised which allows standardisation, improved transparency, and improved data management.

- Improved residual risk assessments, post self-assessment questionnaire response – As CBH has moved to a standardised self-assessment questionnaire, responses can be analysed, compared, and benchmarked. This more formulaic approach removes any subjectiveness of analysis of questionnaires, improving residual risk ratings.

The appointment of FairSupply is relatively new and CBH is still embedding the tool and amending our internal processes to maximise its effectiveness. This will be a key area of continuous improvement in the years ahead.

Co-operative Bulk Handling Limited (CBH)

Throughout the reporting year, CBH engaged FairSupply and re-examined its supply chains for the highest risk areas based on the geography of the supplier, type of industry and quantum of spend.

As a result of that examination, it is considered that overall, there is not a high risk of modern slavery. However, CBH anticipates that within its supply chain, the acquisition of the following items has the highest risk of being susceptible to modern slavery occurring:

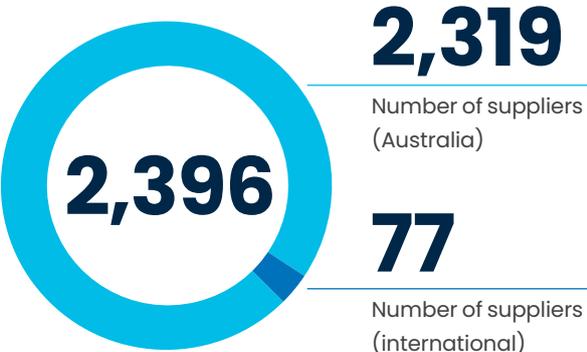
- gas and diesel;
- fabrication – steel components;
- rubber – conveyor belts;
- information and communications technology – electronic devices;
- clothing – workwear and personal protective equipment;
- consumables sourced internationally from countries at risk of modern slavery; and
- office stationery, janitorial and tearoom products.

After designing and implementing a Modern Slavery Action Plan in 2021/22, CBH Procurement started to integrate processes and reporting as Business As Usual (BAU) in 2022/23 and partnered with FairSupply to provide industry intelligence and a standardised set of reporting tools. The following have been implemented:

- modern slavery clauses tracked in all new contracts and variations;
- CBH Modern Slavery questionnaire issued over the 2021–2023 period to 85 of CBH’s highest risk/spend suppliers with a 89% response rate;
- risk assessment on supplier base redone with FairSupply;
 - 1 ‘moderate’ risk supplier;
 - 97 ‘moderate/low’ suppliers in textiles, fabricated metals, machinery, rubber and plastic, and gas and diesel categories; and
- modern slavery questionnaire re-design with FairSupply to incorporate multiple choice answers to allow for easier comparisons across supplier responses.

In 2023/24 the focus will move more towards action plans based upon results received from the questionnaires from suppliers. In addition, a revised modern slavery questionnaire will be issued to any new ‘moderate’ risk suppliers and potentially re-issued to existing ‘moderate’ risk suppliers.

Total number of suppliers for Reporting Period



CBH Grain Pty Ltd (CBH Marketing & Trading)

CBH Marketing & Trading engages with many counterparties that supply goods and services to the trading, accumulation, fertiliser and shipping and chartering business units, with several longstanding relationships.

In 2022/23, CBH Marketing & Trading have engaged FairSupply to assist with the risk assessment of all key suppliers (including CBH Fertiliser). Based on the risks noted, CBH Marketing & Trading, with the assistance of FairSupply, have sent out self-assessment questionnaires to 61 suppliers. As of 30 September 2023, CBH Marketing & Trading have received 41% of responses.

For new and existing counterparties, the CBH Credit team regularly monitors for any adverse reports on modern slavery using an external subscription tool, Refinitiv World-Check Intelligence. Any non-compliance will be reported to the CBH Marketing and Trading Risk Committee.

The shipping industry has been identified as being particularly susceptible to the risk of modern slavery, given that the seafarers employed are often from nations with high incidences of human abuse with poor working conditions. CBH Marketing & Trading has around 20 vessel owners on its chartering panel in 2022/23.

Most of the vessel owners are members of the International Maritime Procurement Association (IMPA) and must adhere to the IMPA Act Supplier Code of Conduct. In addition, the welfare and safety of seafarers on Australian and foreign flagged ships that are chartered to transport grain are also governed under the Australian Maritime Safety Authority and International Maritime Organisation.

Prior to the end of the 2023 financial year, a review was conducted on a sample of charterparties to ensure the provision of modern slavery clauses had been included in the final agreements as confirmed by CBH. 92% of the 2023 charterparties had modern slavery clauses.

The CBH Marketing & Trading team, in conjunction with the Legal team, strengthened its bulk and container Sale and Purchase Contract General Terms and Conditions by including modern slavery clauses commencing in 2022. In 2023, the modern slavery clauses had not changed.

CBH Marketing and Trading continues to assess and monitor the risk of suppliers. The CBH Modern Slavery Policy has been made available on the CBH website since 2022 with the intent to inform all suppliers of CBH's commitment to implement and enforce effective controls to ensure modern slavery does not take place.

92%

During the Reporting Period, 92% of charterparties contained provisions that:

- made clear Marketing & Trading's expectations about eliminating modern slavery; and
- enabled Marketing & Trading to deal with modern slavery if it is alleged or proven to occur in the supplier's business.

CBH (WA) Pty Ltd (CBH Fertiliser)

In this financial year, CBH Fertiliser’s expenditure comprised of roughly 84% on fertiliser from 15 suppliers, with approximately 67% of them based outside Australia. The remaining 16% of expenditure was on ‘other goods and services’. Of these suppliers, 86% were in Australia. Importantly, CBH Fertiliser maintained a modern slavery clause inclusion rate of 90% for overseas supplier agreements. All CBH Fertiliser’s suppliers were again sent the modern slavery self-assessment forms in 2023 through FairSupply to better understand the risk profile of the fertiliser suppliers. In addition, CBH Fertiliser management visited three fertiliser producers in Jordan and Egypt in May 2023. As a part of that visit, CBH Fertiliser management gained a better understanding of the employees and employment conditions.

90%

of the 2023 overseas supplier contracts that had been executed had modern slavery clauses as part of their General Terms and Conditions.



Blue Lake Milling Pty Ltd (Blue Lake Milling)

In the past year Blue Lake Milling continued to action its approach to managing and understanding the risks related to modern slavery in its supply chain. Blue Lake Milling does this through the mapping and risk assessment of the supply chain, engagement with suppliers on the topic of modern slavery including supplier questionnaires, and maintaining training of all key Blue Lake Milling team members in what modern slavery is, their responsibilities for the supply chain and how to recognise and manage associated risks.

All suppliers with initial risk levels at or above 'medium-low' have responded to questionnaires satisfactorily for Blue Lake Milling to understand they do not engage in or promote activity that would be classed as modern slavery.

Blue Lake Milling continues to maintain its Sedex Members Ethical Trade Audit¹ (SMETA) accreditation. This certification entails a third-party verification of the responsible business practices of Blue Lake Milling and how social compliance is maintained. Standards of labour, health and safety, environment and business ethics are audited through a document review, site tour, and interviews with employees and management. Furthermore, Blue Lake Milling can access reports of its suppliers who are also Sedex members, giving greater verification of the systems, processes and conduct relating to modern slavery and ethical standards for those suppliers

Training

To ensure a high level of understanding of the risks of modern slavery in the CBH Group supply chains and its business, the CBH Group provides training to its senior leaders and those employees involved in procurement on what constitutes modern slavery so that they can understand the investigative and preventative measures that can be taken.

Since CBH launched this training program 159 training sessions have been completed for employees across the CBH Group to better understand modern slavery risks, including 59 in the current reporting period. CBH also circulated educational material to suppliers and conducted awareness raising.

The CBH Group is also taking steps to ensure that its suppliers understand the risks and indicators of modern slavery, as it is only with their support and assistance that modern slavery can be identified and eradicated.

Summary of employee and supplier interactions

The CBH Group has zero tolerance of slavery. To ensure contractors and those in its supply chain comply with its values, the CBH Group has introduced a compliance program focussing on mitigating the risk of modern slavery in its supply chain. This program incorporates:

- communication and awareness-raising with CBH Group employees and suppliers;
- for CBH Group employees who engage with suppliers, training on modern slavery and the steps that the CBH Group is taking to eliminate it from its supply chains;
- using third parties to monitor suppliers for modern slavery indicators so that the CBH Group can take action if reports or allegations of modern slavery in the CBH Group supply chain are made;
- requesting that suppliers to CBH Group entities conduct self-assessments of their risks and sharing those self-assessments with the CBH Group;
- continuing risk assessment and monitoring of adverse reporting on modern slavery issues in relation to its suppliers;
- contractual prohibitions and rights in its suppliers' agreements; and
- in due course, auditing or having third party auditors assessing a supplier's efforts to eradicate modern slavery.

¹ <https://www.sedex.com/solutions/smeta-audit/> viewed 15 September 2023

CBH Group effectiveness in combating slavery

Four key performance indicators (KPIs) are used as part of measuring how effective the CBH Group have been in ensuring that modern slavery is not taking place in any part of its business or supply chains. The results for these KPIs in the Reporting Period were:

- 0 – number of whistleblower reports in relation to modern slavery;
- 59 – number of employees trained in relation to modern slavery;
- 5* – number of suppliers who are not prepared to accept modern slavery prohibitions in contracts; and,
- 110 – number of self-assessment questionnaires issued and received back from suppliers (representing a 67% response rate, up slightly from last year). The key risks raised in the self-assessment questionnaires can then be monitored as part of these KPIs.

* CBH will continue to work with these suppliers to ensure alignment on the end goal of eradicating modern slavery.

Further steps and remediation

There is still significant work globally to be done to eradicate modern slavery, with most recent estimates showing that the number of people affected by modern slavery has increased². Therefore, it is important for the CBH Group to continue its efforts to combat slavery in its operations and supply chain in its day-to-day activities by:

- continuing its business-as-usual activities relating to modern slavery from the prior year.
- further embedding the FairSupply tool into CBH processes and supplier interactions.
- benchmarking CBH's efforts against peers.

This modern slavery statement is made on behalf of the members of the CBH Group for the financial year ending 30 September 2023.

This statement was approved by the Board of Directors of the parent entity, Co-operative Bulk Handling Limited on 6 December 2023.



Simon Stead

Chair

Co-operative Bulk Handling Limited

Date: 6 December 2023

² See 2023 Global Slavery Index by Walkfree
<https://cdn.walkfree.org/content/uploads/2023/05/17114737/Global-Slavery-Index-2023.pdf>

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