



Tully Sugar Limited

Modern Slavery Statement

For the period

1 January to 31 December 2021



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 second Modern Slavery Statement by Tully Sugar covers the period 1 January 2021 to 31 December 2021. This Statement describes Tully Sugar's 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 27 June 2022.

A handwritten signature in black ink, appearing to be "Tang" followed by a stylized flourish.

Qiang (Victor) Tang
Chairman of Directors
Tully Sugar Limited

27 June 2022



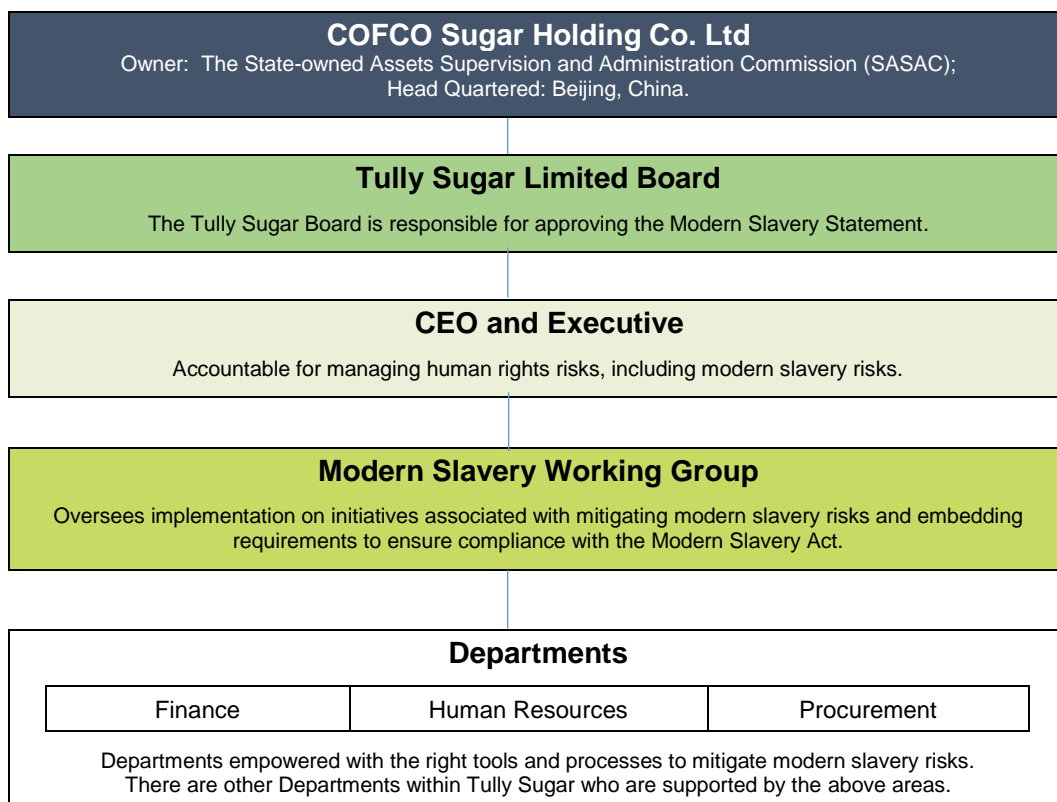
Our Driving Principles

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.

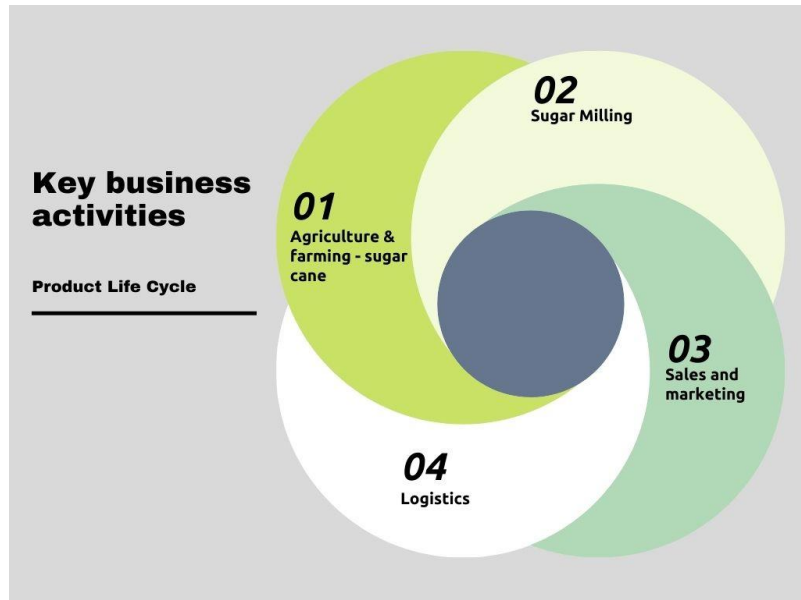


(ii) Operations

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:




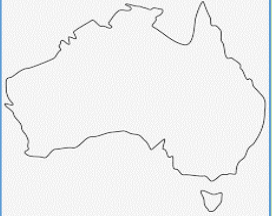
No.	Key business activities	Description of key business activities
01	Agriculture & farming – sugar cane	Tully Sugar operates its own cane farms in the district, utilising approx. 1,800 hectares. Sugar cane is also purchased from some 200 local cane Farmers, who operate 368 farms in the District. The Sugar cane is 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 processed approx. 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 during crushing operations.
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.

In calendar year 2021 all goods and services we purchased – encompassing the sugar cane we mill; harvesting services; fertilisers & sprays; engineering, electrical, mechanical, technological, training, & other specialist services; fuel; parts & materials - were sourced locally or from suppliers located on-shore within Australia.

Tully Sugar dealt with no overseas suppliers in 2021. Whilst some parts and materials originated from New Zealand, we dealt exclusively with Australian distributors and suppliers. What’s more, we are confident that the product manufacturers in New Zealand present little risk of modern slavery practices and human rights abuses.

Key procurement activities – based on percentage of spend			Supplier Locations
<p>Growers sugar cane</p>  <p>76.8%</p>	<p>Australian Suppliers – goods and services</p>  <p>23.2%</p>	<p>Overseas suppliers - goods and services</p>  <p>0.00%</p>	 <p>100% Australian-based</p>

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 exploitive labour practices within our own workplaces are negligible.

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

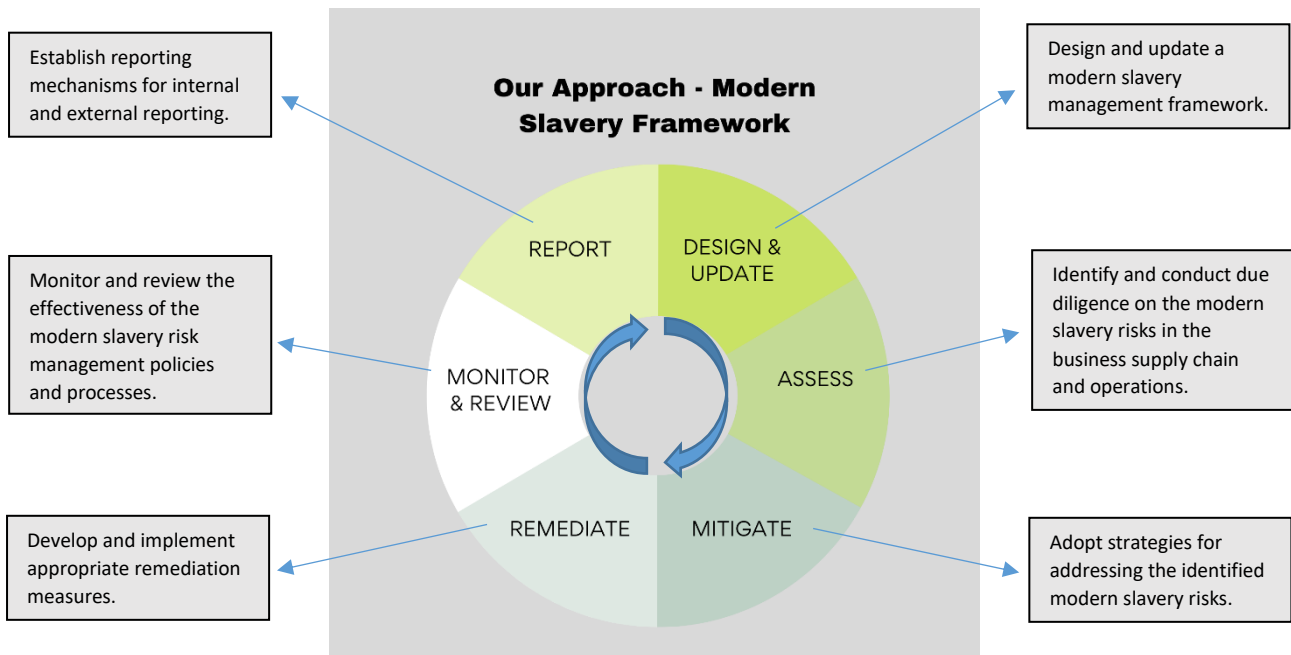
The areas of greatest risk in our supply chain are our overseas manufacturers, as their operations and managerial oversight are out of our direct control. As noted above however, we are satisfied that the risk with the manufacturers in New Zealand is relatively low.

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

1. Labour practices used by raw materials suppliers.
2. The potential for parts of their operations to be in countries that may have a higher prevalence of modern slavery.
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 our own operations and supply chains, including modern slavery risks. This framework includes due diligence and remediation processes. The framework was reviewed by the HR Manager in 2021 and will be reviewed at least 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 relevant State & Federal legislation are observed and protected. Furthermore, this Department assesses and investigates any complaints alleging underpayment, bullying & harassment, discrimination, 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 benchmarks Tully Sugar’s Supplier Code of Conduct and Procurement Policy annually against best practice guidance.

The Group reports 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 possible breaches in accordance with best evidence, relevant laws, internal policies & 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 and investigative procedures and outcomes 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

Anyone 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, human rights, or contraventions of applicable labour laws within our workplace and supply chain to the Human Resources Manager, Senior Leadership Team, or Chief Executive Officer (CEO).

Actions taken to mitigate Modern Slavery Risks

Actions taken during 2021 included:

1. Our Modern Slavery Working Group is charged with implementing / reviewing the documentation and processes to support the ethical supplier framework. (e.g., Code of Ethics; Supplier Code of Conduct and accreditation checks, ongoing compliance with the Modern Slavery Act). Chaired by the Human Resources Manager, with representation from the Procurement and Commercial Departments – it reviewed our policies and procedures in September 2021.
2. Selecting new suppliers – we will provide new suppliers with the Supplier Code of Conduct, and undertake accreditation checks. These processes assist Tully Sugar in understanding 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 – this is currently under revision. It communicates Tully Sugar's stance on ethical sourcing and modern slavery to all new and renegotiated supplier arrangements.
4. Long term relationships – Tully Sugar has built long-term direct supplier relationships with ethical and reliable corporations, business partners, service providers, and stakeholders.
5. Collaboration – we have observed and adopted many of the safeguards taken by other organisations in managing modern slavery risk, as a benchmark for our own frameworks, policies and processes.
6. Delivered targeted briefings – the Working Group has 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 2022 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 our 2022 financial period (January – December), as follows:

1. Overseas suppliers - continue a mapping exercise to further our understanding of the potential risks associated with our (small number of) overseas suppliers.
2. Framework - assessing the effectiveness of Tully Sugar's Human Rights Due Diligence Framework and further refinement of the risk assessment processes, based on review frequency and instances of detected breaches.
3. Emerging impacts - Ongoing consideration of emerging challenges and trends (such as COVID-19, the evolving overseas socio-political outlook, and mooted changes to our own domestic industrial relations framework) to make sure practices, policies and procedures remain aligned and current.
4. Sessions - ongoing information sessions for key staff regarding modern slavery, including policy 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 into policy development and supplier selection.
6. Policies and procedures - further updating of Tully Sugar's policies and procedures to reduce the risk of modern slavery and other human rights abuses.
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.