

Modern Slavery Statement 2020



Introduction

The CBH Group is committed to:

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

implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in its own business or in the supply chains that support our business; and

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

Publish date: February 2021



Organisational structure

The CBH Group is Australia’s largest co-operative and a leader in the Australian grain industry, with operations extending along the value chain from on-farm inputs including fertiliser, grain storage, handling and transport and marketing, shipping and processing.

Owned and controlled by approximately 3,800 Western Australian grain growing businesses, the core purpose of the CBH Group is to sustainably create and return value to growers.

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

Its storage and handling system currently receives and exports around 90 per cent of the Western Australian grain harvest and is regarded as one of the best in the world.

The CBH Group owns a state-of-the-art rail fleet dedicated to the most efficient transfer of grain from country receival points to its four port terminals.

The CBH Group’s marketing and trading arm is the leading grain acquirer in Western Australia and Australia’s largest exporter, with operations in eastern Australia, as well as offices in Hong Kong and Tokyo.

In 2016 the CBH Group bought Blue Lake Milling, a leading manufacturer of premium Australian oat products operating in South Australia, Victoria and Western Australia.

The CBH Group has total assets of A\$1.8 billion and employs approximately 1,100 permanent employees and up to 1,800 casual employees during the harvest period from October through to January.

We have acted in consultation with the CBH Group entities named below which we control and whose revenue exceeds the threshold, and Co-operative Bulk Handling Limited makes this joint statement in relation to the CBH Group’s financial year ended 30 September 2020 (the **Reporting Period**):

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

This statement also covers, and we have consulted with, the wholly owned entities within the CBH Group named below which operate below the threshold for reporting:

- Australian Bulk Stevedoring Pty Ltd; and
- CBH (WA) Pty Ltd



Our business

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

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

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.

Our supply chains

Our supply chains include:

- the suppliers of products and services used in our operating businesses and Head office, including:
 - logistics providers, including road, rail and sea transport;
 - providers of materials and machinery to construct and operate receive points 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.



Our policies on slavery

We are committed to ensuring that there is no modern slavery in our supply chains or in any part of our business.

Our modern slavery policy reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure slavery is not taking place anywhere in our supply chains. As part of that commitment the Board of CBH has passed a modern slavery policy located on the **CBH Group website**.

The modern slavery policy is consistent with the CBH Group Code of Conduct, an overarching business code of conduct which requires compliance by CBH employees and CBH suppliers. The Code of Conduct is located on the **CBH Group Website** and requires that the CBH Group conduct business in a fair and ethical manner:

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

Together with the modern slavery policy and the CBH Group Code of Conduct the CBH Group has a number of other policies that complement its efforts to eradicate modern slavery, including:

- Whistleblower Policy – which is designed to ensure 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 – to ensure that any complaint made about modern slavery in the CBH Group supply chain is registered and acted upon.
- Fraud and Corruption Policy – which 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 – which demonstrates the CBH Group’s lack of tolerance for bribery and corruption.
- Risk and Compliance Policy – which 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.

We consider 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 us 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, the main focus to reduce the risk of modern slavery 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

As part of our initiative to identify modern slavery and mitigate associated risks in our business and supply chain, we created a working group to examine our supply chains in a structured fashion, consult across the businesses and determine what steps would need to be taken to reduce the risk that modern slavery might exist in a supply chain. That working group operates across all 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 the working group examined those suppliers the CBH Group entities directly contracted – that is, the first layer of suppliers. Understanding the nature of this first layer of supplier allows the CBH Group to communicate and consult with those first layer suppliers, which in turn allows us to better understand the scale of risk in the suppliers to those first layer suppliers (that is, second layer suppliers). The CBH Group can then work with those first layer suppliers to target the riskiest second layer suppliers.

We have in place processes to:

identify and assess potential risk areas in our supply chains;

mitigate the risk of slavery occurring in our supply chains;

monitor potential risk areas in our supply chains; and

protect whistleblowers who might raise modern slavery issues.



CBH Group

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

As a result of that examination, we consider that overall there is not a high risk of modern slavery. However, we anticipate that within our supply chain, our acquisition of the following items have the highest risk of being susceptible to modern slavery occurring:

- fabrication – steel components;
- rubber – conveyor belts;
- electronics – laptops; and
- textiles – workwear and personal protective equipment.

When exploring key risk areas CBH have primarily used reference material such as the Global Slavery Index which is produced by Walk Free, an international human rights group focused on the eradication of modern slavery, in all its forms, in our lifetime.

Total number of suppliers for Reporting Period



Marketing & Trading and Fertiliser

Marketing & Trading engages many counterparties that supply goods and services. In order to understand modern slavery risk of using these counterparties, Marketing & Trading risk assessed them by different business units including trading, accumulation, fertiliser and shipping and chartering. Based on the risk assessment performed in 2019, Fertiliser and Shipping and Chartering were assessed to be more at risk when compared to the other areas of Marketing & Trading.

One of the core business activities in Marketing & Trading includes chartering vessels for its bulk export to international customers. 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 rights abuse with poor working conditions.

Another core activity is importing fertiliser and reselling it to Western Australian grain growers. CBH Fertiliser imports some of its fertiliser from countries that may be considered to have a higher risk than Australia, for example China, Indonesia, Saudi Arabia and Jordan.

Marketing & Trading assessed the risks of modern slavery occurring in its Australian based grain grower suppliers as low. Notwithstanding this, the risks of modern slavery existing in this group will be again be reassessed in 2021/2022 and an appropriate risk-based strategy will be created to communicate and engage these suppliers.

88%

88% of charterparties executed in the Reporting Period contained a provision that raises Marketing & Trading’s concerns about modern slavery with the supplier and enabling Marketing & Trading to deal with modern slavery if it is alleged or proven to occur in the supplier’s business.

87%

87% of suppliers (by number) providing goods and services to Fertiliser were based in Australia.

Supplier network breakdown



Blue Lake Milling

Preliminary work was performed to raise the awareness of the business about the steps that it could take to map and understand its supply chains. Blue Lake Milling has commenced mapping its supply chains and understanding the risk of modern slavery in its supply chain.

As a supplier to major Australian supermarkets, Blue Lake Milling also has a number of quality accreditations. Blue Lake Milling is examining to what extent those accreditations provide comfort on the way its supply chains are managed to customers and consumers generally, and to what extent in the future they may represent independent confirmation of Blue Lake Milling's efforts to ensure modern slavery is not present in its supply chain.

Supplier adherence to our values

We have zero tolerance of slavery. To ensure contractors and those in our supply chain comply with our values the CBH Group is putting in place a supply chain compliance program. This will ultimately consist of:

- communication and awareness-raising with CBH Group employees and suppliers;
- training of CBH Group employees who engage with suppliers 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;
- CBH Group entities requesting suppliers conduct self-assessments of their risks and sharing those self-assessments with the CBH Group;
- continued risk assessment and monitoring of adverse reporting on modern slavery issues in relation to our suppliers;
- contractual prohibitions and rights in our suppliers' agreements; and
- in due course, auditing or having third party auditors assessing a supplier's efforts to eradicate modern slavery.

We have a dedicated working group, which utilises team members from across the CBH Group, including from the following divisions:

- Legal and Risk;
- Procurement;
- Marketing & Trading including Fertiliser;
- Project Delivery Group; and
- Grower and External Relations.

Training

To ensure a high level of understanding of the risks of modern slavery in our supply chains and our business, we provide training to our employees on what constitutes modern slavery so that they can understand the investigative and preventative measures that can be taken.

We are taking steps to ensure that our 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.

Our effectiveness in combating slavery

As the CBH Group has learnt more about the potential for modern slavery to occur, we anticipate parts of the supply chain maybe more susceptible to risks of modern slavery than the overall low risk that we have assessed. The CBH Group is, like many other companies, grappling with the most effective way to reduce, and ultimately remove, this risk.

In order to better understand our preparedness in combating modern slavery, for the reporting year 2020, Co-operative Bulk Handling Limited on behalf of the CBH Group self-assessed its maturity making use of the KPMG Modern Slavery Benchmark.

The KPMG Modern Slavery Benchmark is informed by, and seeks to align with, the UN Guiding Principles on Business and Human Rights and other international standards and frameworks. It is designed to assist an organisation to consider the maturity of its approach to managing modern slavery risks related to its operations and supply chain, benchmarked against established elements of international good practice in human rights due diligence.

Whilst the self-assessment activities undertaken by Co-operative Bulk Handling Limited were based on the KPMG Modern Slavery Benchmark methodology developed by KPMG, these self-assessment activities by Co-operative Bulk Handling Limited did not extend to KPMG being engaged to undertake any audit or other review activities to consider or confirm the outcomes of the process, or the maturity or compliance of Co-operative Bulk Handling Limited and its business operations in the context of the Modern Slavery Act 2018 (Cth).

The self-assessment that the CBH Group has conducted using KPMG's modern slavery benchmarking methodology has highlighted areas in which the CBH Group can focus its future efforts to increase its effectiveness in this area.

We will use the following key performance indicators (KPIs) to measure how effective we have been to ensure that slavery is not taking place in any part of our business or supply chains. In particular we will be:

- monitoring the number and nature of whistleblower reports in relation to modern slavery;
- measuring the number of people trained in relation to modern slavery;
- measuring the number of suppliers who are not prepared to accept modern slavery management measures in contracts; and
- measuring the number of self-assessment questionnaires issued and received back from suppliers and monitoring the key risks raised in those questionnaires.

Further steps and remediation

Following a review of the effectiveness of the steps we have taken this year to ensure there is no slavery in our supply chains we intend to take the following further steps to combat slavery in our operations and supply chain:

- further engage with our suppliers about the risks of modern slavery and preventative measures available so that those suppliers may investigate their supply chains and educate their suppliers.

Where those suppliers indicate that they are taking remedial steps, we will follow up to determine whether those steps have been taken;

- ensure that the risk assessment of suppliers is periodically reviewed as it should not be a once off exercise;
- identify suppliers who have filed modern slavery statements and investigate their statements to determine what activities they are doing to manage this risk. This will then provide confirmation of information provided to us as well as allow us to benchmark and source new ways of managing risk;
- focus on those areas that the CBH Group considers has the highest risk of modern slavery being present and review KPIs for further insight;
- clearly set out its expectations as contracts are renewed or entered that modern slavery should not be permitted to occur in the operations of its suppliers, or in the supply chains of its suppliers. These contractual commitments will help to reinforce the CBH Group's stance against modern slavery, manage the risk of modern slavery and allow us to take action if counterparties choose not to act;
- use third party providers to monitor CBH Group suppliers on an ongoing basis for adverse reports on modern slavery and investigate any items identified; and
- further engage with industry groups and forums to share best practice for combatting modern slavery.

This modern slavery statement is made on behalf of the members of our Group for the financial year ending 30 September 2020.

This statement was approved by the Board of Directors of our parent entity, Co-operative Bulk Handling Limited on 3 February 2021.



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Chair
Co-operative Bulk Handling Limited
Date: 03 February 2021





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