

## MODERN SLAVERY STATEMENT



### **1. Introduction**

This is the **fourth** 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* (the Act), which came into effect on 1 January 2019.

This Statement relates to the reporting period from 1 July 2022 to 30 June 2023 for QSL as the 'reporting entity' for the QSL Group under the Act.

The purpose of this Statement is to describe QSL's approach to 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.

### **2. Our Structure**

QSL's principal activities are the sale of raw sugar for export and the operation of the six 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 two types of members under its Constitution, being Grower Members and Mill Owner Members. As at 30 June 2023, there were 21 Grower Members, of which 19 Grower Members are elected and two 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 four wholly owned subsidiary companies. QSL Investments (No. 1) Pty Ltd, QSL Investments (No. 2) Pty Ltd and QSL Investments (No. 3) Pty Ltd are companies whose business is the holding of G class shares in Sugar Terminals Limited (STL), which owns the six bulk sugar terminals in Queensland from which sugar is exported. On 23 March 2021, QSL incorporated another wholly owned subsidiary called QSL Farm Investments Pty Ltd for future investments by the QSL group. In December 2021, this company has made a share investment in Australian Cane Farms Ltd of around 22%. Australian Cane Farms Ltd owns and operates sugar cane farms in the Burdekin sugar growing region in Queensland.

As the business of the four wholly owned subsidiaries solely involves holding shares in other entities, formal consultation will not provide any further insights into the management of modern slavery risks in the supply chains of the QSL Group. QSL and its four subsidiaries are treated together for the purposes of this Statement.

### **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 has long-standing relationships with customers in our traditional markets of Japan and South Korea, with Indonesia also becoming an important growth market. QSL also markets some raw sugar into the USA and more recently, the UK.

#### **3.2 QSL Operations**

The principal operations of QSL Operations is the safe and efficient operations of the six 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 six 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 and 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.

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- **Supply of Shipping Services to QSL** – QSL directly contracts with international ship owners to put in place charter party contracts, to provide freight vessels 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 and Equipment and Engineering and Operational Services to QSL Operations** – As part of QSL Operation’s role as operator of the six BSTs, QSL engages a wide range of contractors to undertake maintenance and capital works at the BSTs. QSL also buys products and plant and equipment that are used in the maintenance and operation of the BSTs. As and when required, QSL seeks the advice of various engineering and 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 and cyber security; and human resource matters. In addition, QSL acquires office products from a wide range of distributors, including IT and office plant and equipment as well as office consumables.

### 5. Risk Assessment

#### 5.1 Identification and Assessment 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 Chains and its Key Suppliers**

During the initial stages of addressing its obligations under the Act, QSL undertook considerable work to identify its key supply chain categories and its key suppliers through management consultation using QSL’s existing *Risk Management Framework* as well as external resources, including the *Global Slavery Index (2018 and 2023)*.

In previous reporting periods, QSL focussed on direct suppliers with the highest spend and direct suppliers who fall within the key supplier risk categories under the *Global Slavery Index*. This review process is undertaken in each reporting period, which involves QSL doing a detailed evaluation of approximately 50 key supply chain suppliers by a review of their Modern Slavery Statements. As part of this review, there were some suppliers who did not have such a statement due to being below the reporting threshold set out in the Act. However, these suppliers were in the minority out of all of the suppliers to QSL. In this reporting period, QSL refreshed this review by conducting a detailed risk review of QSL’s top suppliers and any new suppliers to QSL with a high spend.

- **Assessment of QSL’s Key Suppliers in relation to Modern Slavery Risks**

As noted above, QSL has undertaken a review of modern slavery risks in relation to its key suppliers using QSL’s *Risk Management Framework* as well as having regard to the *Global Slavery Index (2018 and 2023)*.

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The main findings from this review process are set out below:

- 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 recognised that some of its supply chains may give rise to modern slavery risk (for example IT products); however, these supply chains do not involve a material spend for QSL.
- As noted above, the majority of the large entities supplying QSL to whom the Act applies have Modern Slavery Statements in place. It is evident from a review of the most recent Modern Slavery Statements of these organisations in this reporting period that the majority of QSL's key suppliers are continuing to progress work in relation to the identification and management of modern slavery risks in their supply chains.
- In addition, the refresh of risk review in this reporting period identified that the vast majority of QSL key suppliers have a low risk of modern slavery in their supply chains. 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.
- A small 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 or publish sustainability reports which cover modern slavery. 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*.
- Given that QSL operates six bulk sugar terminals on the Queensland seaboard from Bundaberg to Cairns, many suppliers that QSL uses are smaller locally based suppliers. The size of these suppliers is such that they are not required to prepare Modern Slavery Statements. This category of suppliers is in a fairly low risk category, given that QSL does not have a significant spend with these types of entities.
- In relation to the supply of raw sugar to QSL, the Australian sugar farming and sugar milling sectors require specialised equipment and a specific skill set to operate that equipment. The Queensland located BSTs also rely heavily on mechanised plant and equipment, and skilled staff to operate that equipment. Given the specialised nature of these items of plant and equipment, the labour used by manufacturers, some based overseas, would necessarily need to be skilled, bringing a low risk of modern slavery.

### **5.2 Addressing Modern Slavery Risks**

QSL addresses the modern slavery risks in its supply chains in a number of ways, as set out below:

- **Governance Framework** - QSL has a number of frameworks and policies in place which assist QSL in assessing and addressing modern slavery risks in key supply chains. In particular, QSL has in place a robust *Governance Framework* 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. The governance framework creates a culture that supports ethical behaviour, integrity, transparency and fairness and legal compliance.

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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 previous reporting periods to include processes to manage modern slavery risk issues.

In this reporting period, QSL commenced a more detailed review of its procurement and contract management procedures with the assistance of an independent advisor. This review took into account the management of modern slavery risks in the procurement process. As part of this review, QSL considered what tools QSL should be using to manage the modern slavery risks in its supply chains, including how best to assess a supplier’s level of compliance with relevant laws, in particular, the Act. This work will be progressed further during FY24 reporting period.

- Other matters covered under this Policy include:
  - *QSL Contractor Evaluation Checklist* - QSL updated its QSL Contractor Evaluation Checklist to include the assessment of 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 Act;
  - *Standard Contract Clauses to cover Modern Slavery Compliance* - QSL has a set of standard clauses incorporated into contracts between QSL and its suppliers which impose obligations on our suppliers to actively assess and take reasonable steps to address modern slavery risks in their operations and supply chains;
  - *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.

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- **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 modern slavery risks involved in QSL’s shipping program, QSL actively checks that the owners of the ships that QSL proposes to charter are managing modern slavery risks in their operations and supply chains.
  - **Other Origin Raw Sugar Purchases Policy** – which sets out the controls for mitigating the risks associated with purchasing such non-Australian sugar from parties, including modern slavery risks. This policy was updated in previous reporting periods 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 previous reporting periods to cover modern slavery risk issues.
- **Supplier Due Diligence** - As outlined above, to commence compliance with the Act, in the previous earlier reporting periods, QSL undertook an assessment of its key suppliers to identify key supply chain categories and key suppliers, and the modern slavery risks associated with those supply chains, using the QSL’s existing *Risk Management Framework* and referring to the *Global Slavery Index*. In subsequent reporting periods, due diligence relating to modern slavery risks in QSL’s supply chain was established as part of QSL’s business-as-usual (BAU) processes.
- As noted above, when evaluating tenders for the supply of goods or services to QSL, the assessment of modern slavery risks is embedded in the tender evaluation process as an important factor to be taken into account in determining to whom a contract should be awarded. In relation to major projects that are undertaken, QSL checks whether that entity has a modern slavery statement in place, and undertakes a review of that statement when assessing the supply chain risks for that project.
- In this reporting period, QSL undertook additional due diligence in relation to the supply of shipping services to QSL and also the supply of non-Australian raw sugar via international trading companies:
- In relation to shipping services, this review demonstrated that QSL undertakes a thorough counterparty assessment to ensure that only ‘first class’ ship owners with proven credentials, reputation and track record are used by QSL to provide shipping services. In addition, QSL requires that certain certificates be provided to QSL by the ship owner, including a Maritime Labour Certificate under the International Maritime Labour Convention as well as details of recent inspection reports by the Australian Maritime Safety Authority and other port state control authorities.
  - In relation to the supply of non-Australian raw sugar via international trading companies, all third-party origin sourcing activities are underpinned by thorough Supplier/ Counterparty assessments. Sourcing activities are only undertaken from approved and reputable counterparties whose own modern slavery policies and history are reviewed and taken into account.
- **Education & Training** – In the first reporting period, initial training was provided to QSL employees about the requirements that QSL must comply with under the Act and the policy framework that QSL has in place to support compliance with that legislation. This training on modern slavery laws is conducted at QSL on an annual basis and is included in the

induction training for new employees at QSL. This training regime for QSL employees covers other key QSL policies, including the Whistleblower Policy, Code of Ethics & Conduct and the Legal Compliance Policy.

- **Regular Reporting to the QSL Board** - Any significant changes to QSL's risk profile in relation to modern slavery risks in its supply chain are provided to the QSL Board Audit and Risk Committee (ARC) as part of QSL's BAU compliance and assurance activities. The ARC reviews the annual Modern Slavery Statement and makes recommendations to the Board about that Statement. The effectiveness of the controls that QSL has in place to manage modern slavery risks in its supply chain are monitored to ensure that the requirements of the Act are complied with. Controls are 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. There is a framework in place to report any potential misconduct in relation to a range of issues, including modern slavery breaches, being QSL's Whistleblower Policy. This policy provides a process under which any such misconduct would be reviewed and managed. This policy contains robust procedures about the reporting and investigation of any potential misconduct, which would include modern slavery breaches, should this arise.

### **5.3 Effectiveness of Actions Taken to Manage Modern Slavery Risks**

QSL assesses the effectiveness of the actions taken to address modern slavery risks in its supply chains by undertaking the following:

- In each reporting period, QSL management undertakes additional due diligence in relation to one or more of its supply chains to determine if the actions described in item 5.2 above are working to address modern slavery risks in QSL's supply chains. In this reporting period, the areas reviewed were the supply of shipping services to QSL and the supply of non-Australian raw sugar via international trading companies. The results of such review are noted in item 5.2.
- In each reporting period, the QSL's *Governance Framework* is reviewed to ensure that it continues to be effective in managing modern slavery risks in QSL's supply chains.
- In each reporting period, QSL's *Risk Management Framework* is reviewed to ensure that the risk ratings are up to date or require amendment, and this includes in relation of modern slavery risks.
- A regular review of the QSL standard suite of contracts is undertaken to assess if the modern slavery clauses in those contracts are relevant and up to date.
- A regular review of QSL's training programme is undertaken to ensure that a high number of QSL staff attend the annual modern slavery training.
- QSL monitors public communications in relation to modern slavery to ascertain if any non-compliances have occurred in relation to our key suppliers. Also, to ascertain if any current or potential suppliers to QSL have been subject to regulatory or some other external review for their poor management of modern slavery risks in their supply chains.

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- QSL reviews key publications on modern slavery risks to ascertain if there any changed trends in relation to modern slavery risks in supply chains. This includes any changes identified in the *Global Slavery Index*.
- In subsequent reporting periods, internal audits may be conducted in relation to certain parts of the business to assess whether the mitigation measures in place are effective and whether they have been applied consistently throughout the business.
- In subsequent reporting periods, QSL will continue to review how best QSL can assess the effectiveness of its actions, in line with continuous improvement, to better manage modern slavery risks and any changes in the risk profile of this risk.

### 6. Future Actions

- QSL will continue to undertake an annual risk review of its key suppliers and any changes in QSL's supply chain, in order to better understand its existing supply chains in terms of modern slavery risks.
- QSL will continue to undertake additional due diligence in relation to the management of modern slavery risks of the supply chains that relate to particular parts of the business, on a revolving basis. As noted in item 5.2 above, in this reporting period, the areas reviewed were the supply of shipping services to QSL and the supply of non-Australian raw sugar via international trading companies. Other areas of the business will be reviewed in subsequent reporting periods.
- QSL's *Governance Framework* and *Risk Framework* will continue to evolve to reflect the further work that QSL will undertake to better manage the modern slavery risks in its supply chains.
- 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.

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This Modern Slavery Statement was approved by the Board of Queensland Sugar Limited on 8 December 2023 and signed by Managing Director/Chief Executive Officer of Queensland Sugar Limited.

A handwritten signature in blue ink, appearing to read 'Greg Beashel', is written over a horizontal line.

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  
Date Signed: 14 December 2023