



 Lemnos

Modern Slavery Statement 2023

 **LACTALIS**
AUSTRALIA



Contents

Introduction and CEO's Message	4
Our Structure	5
Reporting Entities	6
Our Operations	7
Our Supply Chain	8
Identifying Modern Slavery Risks.....	9
Risk Assessment - Our Operations.....	12
Risk Assessment – Our Supply Chain	13-14
Actions Taken to Address and Assess Modern Slavery Risks	15
Policies	16-17
Review	18



Introduction / CEO Message

Lactalis Australia Pty Ltd together with our wholly owned subsidiary companies (**Lactalis Australia**) and Lemnos Foods Pty Ltd (**Lemnos**) opposes slavery and human rights abuse in all forms. Our people and our community are our key focus as we cultivate a growing, sustainable and profitable dairy business.

Lactalis Australia and Lemnos recognise their responsibility, as manufacturers of high quality milk and dairy products, to contribute to sustainable production and distribution systems. We recognise that we have a responsibility to manage the risk of modern slavery in our operations and supply chains. We are actively committed to preventing all forms of modern slavery.

Modern slavery is a systemic global issue. In this statement we refer to modern slavery as an all-encompassing term capturing all forms of complex, exploitative practices such as forced labour, human trafficking, slavery, servitude, forced marriage, forced or bonded labour and child slavery.

The *Modern Slavery Act 2018* (Cth) acted as a catalyst to strengthen our sustainability strategy and work with our suppliers, customers and other stakeholders on the eradication of modern slavery. We developed this Modern Slavery Statement with input from all areas of the business and initially consulted with external advisors to provide guidance in our modern slavery risk mitigation.

This Modern Slavery Statement is made in accordance with the *Modern Slavery Act 2018* (Cth) and has been approved by the CEO of Lactalis Australia as Board delegate on 30 June 2023.



Our Structure

At the heart of business locally, we have over 2000 passionate employees, working closely and constructively with more than 420 Australian dairy farmers to produce well recognised and award winning dairy products.



Lactalis Australia and Lemnos' ultimate parent entity is B.S.A., registered in France (**the Lactalis Group**). The Lactalis Group is a third-generation, French family-owned business, and is one of the world's largest fresh dairy companies with over 270 production sites and 85,000 employees across 51 countries.

Lactalis Australia and Lemnos benefits from the multi-national scale and ambition of its parent company, without sacrificing any of the proud local heritage and traditions that began with the original Pauls milk business in 1933.

This statement is submitted as a joint statement on behalf of Lactalis Australia Pty Ltd (and its wholly owned subsidiary companies) and Lemnos Foods Pty Ltd.

Reporting Entities – Joint Statement

Lactalis Australia Pty Ltd ABN 56 072 928 879 is a reporting entity for the purposes of the *Modern Slavery Act 2018* (Cth). It is an Australian proprietary company, limited by shares and governed by a board of directors. Its registered office is located at Level 5, 35 Boundary Street, South Brisbane, QLD 4101.

The following entities are wholly owned subsidiaries of Lactalis: Harvey Fresh (1994) Ltd, Longwarry Food Park Pty Ltd, Lactalis Australia YD Pty Ltd, Lactalis Australia Exports Pty Ltd, Koyuga Bio Farm Pty Ltd, Jalna Dairy Foods Pty Ltd and Jalplas Pty Ltd.

Lemnos Foods Pty Ltd ABN 52 147 490 480 is a reporting entity for the purposes of the *Modern Slavery Act 2018* (Cth). It is an Australian proprietary company, limited by shares and governed by a board of directors. Its registered office is located at 10 Bungaleen Court, Dandenong South, VIC 3175.

This is the first joint statement for Lactalis Australia and Lemnos, as in previous reporting periods Lemnos has not met the requirements to report.

The operation of Lactalis Australia, its wholly owned subsidiaries and Lemnos are closely aligned and fall under the responsibility of the same team of senior management (the Executive Committee) and have substantially similar board composition. This means that a common approach to modern slavery has been implemented across Lactalis Australia and Lemnos. In this Modern Slavery Statement any reference to Lactalis Australia includes reference to Lemnos.



Lactalis Australia is committed to the supply of legal, safe and high quality products which exceed customer and consumer expectations. In Australia, we manufacture, market, sell, distribute and import and export dairy products including milk, cheese, yoghurt and long life milk.

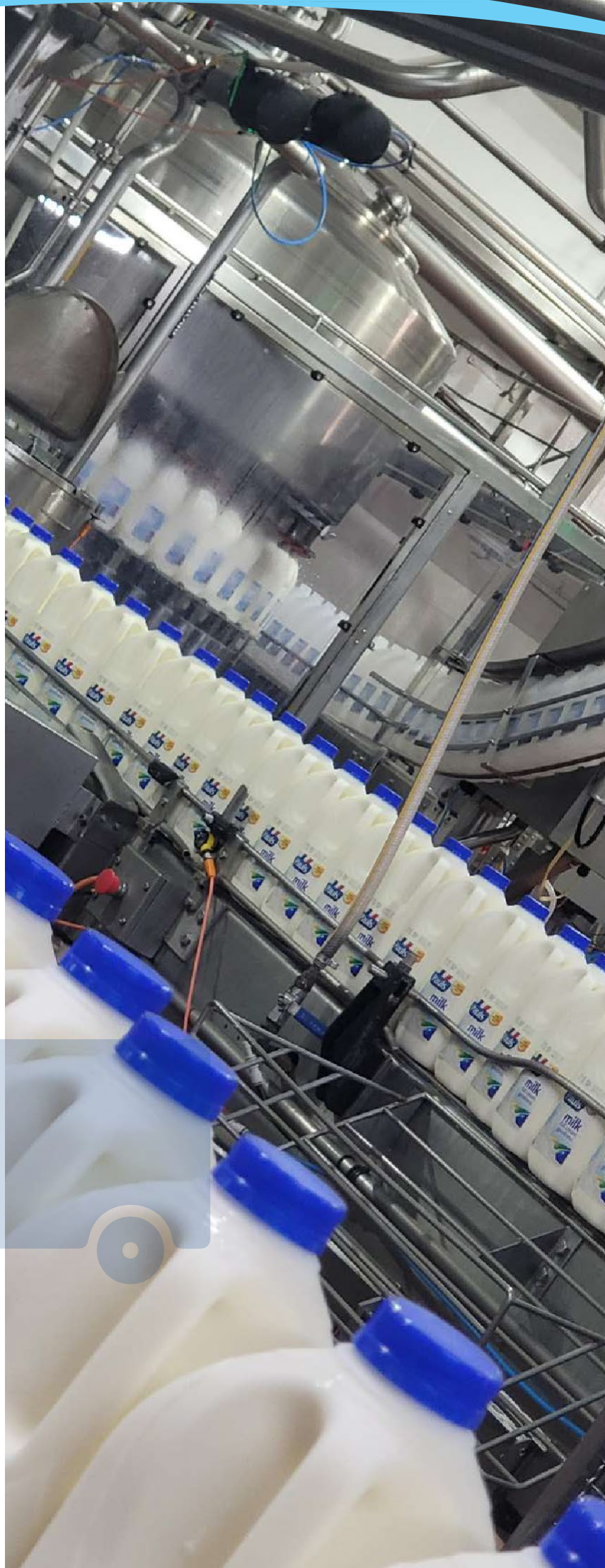
Lemnos manufactures premium quality Mediterranean style cheeses and dairy products. Its products include fetta, haloumi and cream cheeses.

Lactalis Australia supplies its products both domestically and internationally. Pauls Milk, Ice Break, Tamar Valley and Vaalia yoghurt, Oak and Breaka flavoured milks are leading examples of Lactalis Australia's products.

We supply to a variety of retailers and restaurants including all major supermarkets, convenience stores, service stations, hospitals and education facilities, and end retail clients.

Our Australian head office is in Brisbane, with major offices in Sydney and Melbourne.

We operate processing sites across Australia in Bendigo, Adelaide, Thomastown, Melbourne, Longwarry, Echuca, Griffith, Harvey, Launceston, Jindivick, Sydney, Brisbane and Nambour.



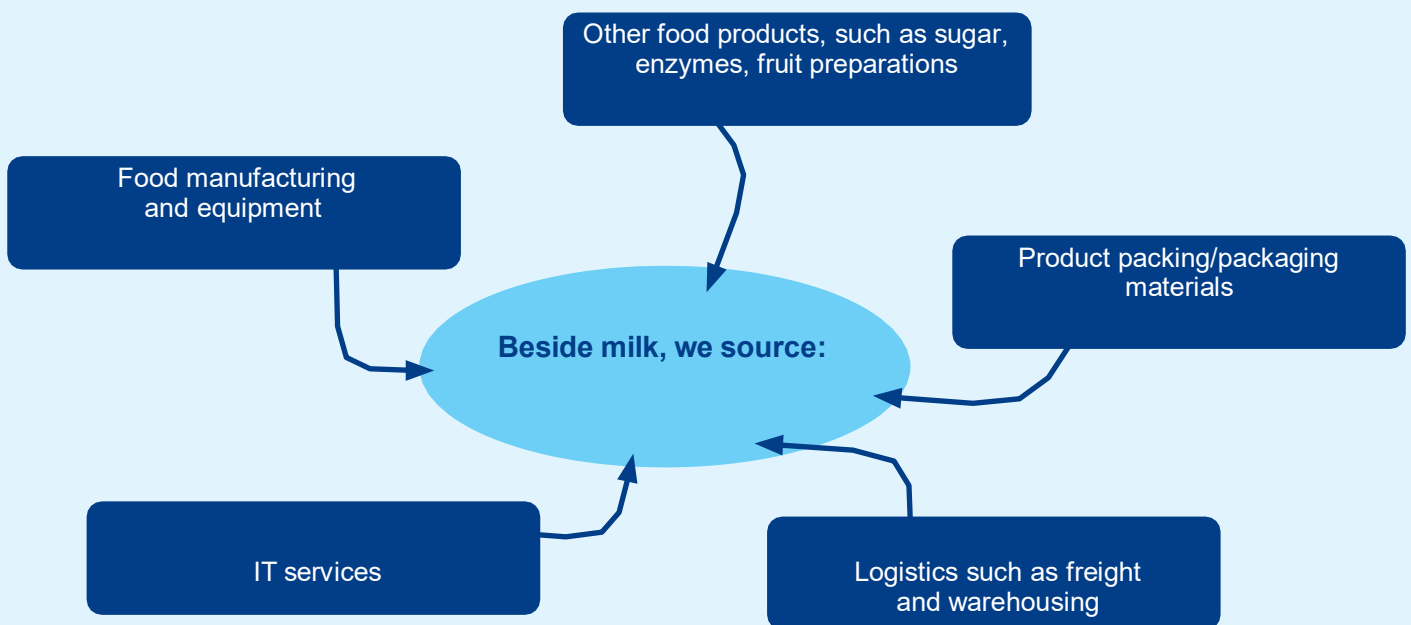
Our Supply Chain

As one of the largest dairy processors in Australia, we source milk more than any other product. Procuring milk from Australia’s dairy farmers and using that milk to make quality dairy products including, milk, cheese and yoghurt is our core business. We source milk from over 420 Australian dairy farmers and have a strong focus on their safety, wellbeing and sustainability.

We also source a broad range of goods and services across Australia and internationally including from Australia, China, Denmark, France, Malaysia, Taiwan and USA.

Lactalis Australia mostly operates with local and offshore suppliers under Supply Agreements which vary in length. Where no Supply Agreement is in place, the arrangements are on a purchase order to purchase order basis where Lactalis Australia’s standard Terms & Conditions of business apply.

Some of the goods Lactalis Australia sources include ingredients such as fruit preparation for yoghurts, sugar, flavours, colours, enzymes, functional starches and stabilisers. Lactalis Australia also sources packaging components such as milk bottles, preformed cups and pouches for yoghurt, liquid paper board and corrugate boxes.



Identifying Modern Slavery Risks

In 2021, Lactalis Australia conducted a formal supply chain risk assessment. We considered a number of indicators of modern slavery risks including sector and industry, certain types of products and services, and geographical location. These risk factors are based on information published by the Walk Free Foundation and the International Labour Organization.

Key risks identified, which are further explored in the table overleaf:

1

there is a potential for risk based on the products we are procuring and the countries we are sourcing from.

2

if our suppliers outsource activities that we have contracted with them to supply, then we do not have a clear line of sight over process.

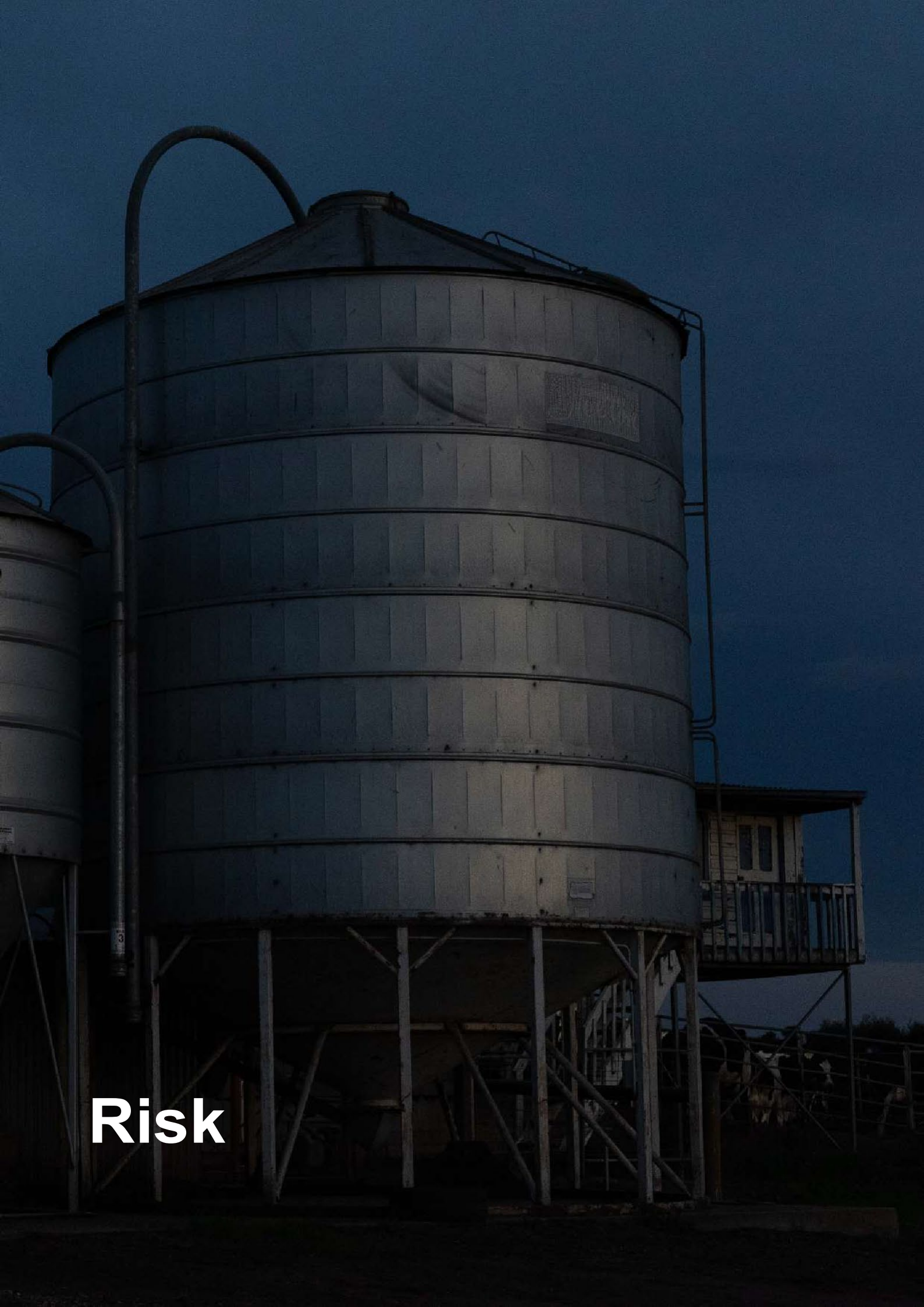
3

labour hire – there is an increased risk of unfair working conditions by people that are employed by third party labour hire companies (such as cleaning, security).



The potential modern slavery risks identified in Lactalis Australia’s supply chain and operations is set out in the table below. We continually review and assess those risks and our current assessment is outlined in the following section:

Goods or services	Potential risk areas for modern slavery
OUR OPERATIONS	
Office based services	Security, cleaning and maintenance are services where high risk work practices may be present e.g. low-skilled or migrant workers
Processing Manufacturing and Packaging	Seasonal, base-skilled labour is required during production, packaging and processing stages, which increases the risk of modern slavery practices such as underpayment
Logistics	Ports and drivers - transport of food and product from suppliers in the supply chain can also increase the risk of modern slavery due to the use of base skill labour.
OUR SUPPLY CHAIN	
Agricultural (Farmers and suppliers of milk)	Raw materials, high risk work practices e.g. low-skilled or migrant workers may be hired to help with dairy production. These workers may be subject to poor working conditions such as underpayment or non-payment of wages, and fraudulent contracting through third-party labour hire arrangements.
Agriculture – (Farmers and suppliers of fruit)	Raw materials, high risk work practices e.g. low-skilled or migrant workers may be hired to help with fruit picking and other horticultural related activity. These workers may be subject to poor working conditions such as underpayment or non-payment of wages, and fraudulent contracting through third-party labour hire arrangements.
Agriculture – other ingredients such as cocoa and coffee	Vulnerable populations, business models structured around high risk work practices, high risk product and service categories, and high risk geographies. Use of wholesale networks that make full transparency difficult. Raw material procurement will not usually take place from a direct, tier one supplier. This reduces the visibility over raw materials in the supply chain.
Processing Manufacturing and Packaging	Seasonal, base-skilled labour is required during production, packaging and processing stages, which increases the risk of modern slavery practices such as underpayment. There are two basic materials that dominate the packaging industry, both of which have an elevated risk of slavery: plastics (soft and rigid) and paper/board. The food manufacturing industry buys large volumes of raw materials on the open market and frequently uses wholesale networks which makes full transparency difficult.
Logistics	Ports and drivers - transport of food and product from suppliers in the supply chain can also increase the risk of modern slavery due to the use of base skill labour and there is less direct oversight of these workers employed through third party arrangements.



Risk

Our operations

Offices

All of Lactalis Australia's offices are in Australia. To minimise risk associated with office based services as identified, we:

- ▶ comply with the robust legislative framework with respect to employment conditions and remuneration.



Processing, Manufacturing and packaging

All of Lactalis Australia's processing plants are in Australia. To minimise the elevated risk associated with processing, manufacturing and packaging services as identified (specifically being base skill workers employed in the manufacturing sector), we:

- ▶ comply with the robust legislative framework with respect to employment conditions and remuneration; and
- ▶ support the rights of employees to join and remain members of unions and agree employment conditions for wages through enterprise bargaining agreements negotiated with employee unions.



Our Supply Chain

AGRICULTURE

The risk of modern slavery in the agricultural industry is considered high by the International Labour Organisation.

All of Lactalis Australia's milk suppliers are Australian farmers or entities that have purchased milk from Australian farms. Most of our milk suppliers operate small dairy farms and have a small number of employees, most of which are long term.

Lactalis also owns and leases fruit orchards. Most of the employees are direct group employees or hired via labour hire firms.

Our initial assessment shows that there is a low risk of modern slavery in our milk supply. This assessment is based on information obtained by us at regular farm visits and the information that suppliers provide to us upon contracting with us, allowed us to determine that the modern slavery risks such as those associated with seasonal, base skilled labour are not present in our supply chain.

Despite this we will continue to monitor this area via regular physical farm visits. We are in the process of consulting with our farmers with respect to their obligations, including child labour requirements.



PROCESSING MANUFACTURING AND PACKAGING

Lactalis Australia procures a range of goods and services from various entities throughout the world, including countries identified as ‘high risk’ which are concentrated in Asia and Eastern Europe.

To address modern slavery risk we are a member of Sedex (Supplier Ethical Data Platform) to review operational practices. Being part of a Global organisation we can share knowledge with respect to global suppliers.

New suppliers are required to complete a questionnaire to assess compliance with anti-slavery principles and then enter into a Supply Agreement which contractually requires them to comply with obligations including:

- providing a warranty that it does not engage in any conduct that contravenes Anti-Slavery Laws and that it is not aware of any risks present in its supply chain
- if the supplier is aware then it has taken appropriate action to mitigate, remediate and reduce those risks
- confirmation it will comply with Lactalis Australia’s anti-slavery policy and procedures
- promptly notify Lactalis Australia if it becomes aware of a possible, potential, suspected or actual breach by the supplier or its personnel of any Anti-Slavery Laws;
- cooperating in good faith with Lactalis in investigating circumstances where there is a breach or potential breach of any anti-slavery laws
- ensuring that their supply chains meet anti-slavery law obligations.

LOGISTICS

To assist in the delivery of milk and dairy products, Lactalis Australia works with a number of suppliers and contractors that supply products and services used in our transport and warehousing activities, such as heavy vehicles, planes, rail, ships, materials handling equipment, IT equipment, personal equipment and clothing.

The supply chain includes sub-contractors for the transportation of milk, other ingredients, packaging and dairy products.

There is a risk of causing or contributing to modern slavery through the use of labour in vulnerable populations, high risk geographies and by using a large number of sub-contractors to complete the work.

Whilst Lactalis Australia imports goods and exports products, most of its logistic operations are based in Australia which decreases the geographical risk. Lactalis Australia uses reputable transport operators both within Australia and to export goods.





Actions Taken to Address and Assess Modern Slavery Risks

Through our formal supply chain risk assessment, Lactalis Australia:

- 1** identified the responsible teams and leaders in Lactalis Australia who would be responsible for reporting;
- 2** reviewed existing policies and procedures and amended our Social and Ethical policy to specifically address our commitment to upholding human rights, and fair working conditions;
- 3** updated all supply agreements to minimise the risks of modern slavery in our supply chain and require our suppliers to comply with anti-slavery principles;
- 4** developed a questionnaire for suppliers to complete, to provide us with information in relation to their compliance with anti-slavery principles;
- 5** participated in an external audit arranged by Lactalis Group and obtained and reviewed audits which had been undertaken globally by Lactalis Group;
- 6** updated Australian Labour Hire Agreements to ensure compliance with anti-slavery principles;
- 7** began mapping our supply chain;
- 8** identified particular parts of operations where there may be risks of modern slavery; and
- 9** developed a Supplier Code of Conduct.

POLICIES

At Lactalis Australia we are committed to the development of a zero harm philosophy throughout our business operations. The Board of Directors and the Executive Committee are responsible for the oversight and implementation of policy and procedure that supports corporate social responsibility and ethics. Our Social and Ethical Policy provides a framework for all of our employees to only engage in responsible procurement and employment practices.

In accordance with the expectations of our customers, trade partners, the public community at large and the requirements of legislative authorities, we endeavour to always operate responsibly within the community and we expect the same from our suppliers.

Maintaining a reputation for the highest legal, moral, ethical and socially responsible standards and expectations in our dealings with our customers and other stakeholders, is critical for our ongoing success.

Lactalis Australia operates a number of policies, practices and controls to maintain the high level of compliance and ethics expected. It recognises, though, that any genuine commitment to detecting and preventing illegal and other undesirable conduct must include, as a fundamental cornerstone, a mechanism whereby employees and others can report their concerns freely and without fear of repercussion.

Our Whistleblower Policy provides a mechanism for people to report conduct by any person employed by, who holds an office in, or is otherwise connected with, Lactalis Australia, which in the view of the whistleblower, acting in good faith, is:

- *corrupt or dishonest*
- *fraudulent*
- *illegal, unlawful or contrary to any state or federal legislation*
- *unethical or in breach of Lactalis policies*
- *constitutes an abuse of authority*
- *serious improper conduct or*
- *any other conduct which may cause loss to Lactalis, or otherwise may be detrimental to its interests.*

Through application of this policy, Lactalis Australia aims to achieve a number of benefits, including more effective compliance with laws and improved morale by providing our employees and stakeholders certainty that illegal and other undesirable conduct will be dealt with by Lactalis Australia.

To support the policy, Lactalis Australia will be implementing a whistleblower platform in July 2023. The platform, Lact@Lert provides eligible whistleblowers the protection of reporting conduct anonymously.

POLICIES

Supplier Code of Conduct

In 2022, Lactalis Australia implemented the Lactalis Group Supplier Code of Conduct (Code). The Code outlines the Lactalis Group's behavioural expectations of its suppliers (excluding raw milk suppliers) and governs all employees, agents and subcontractors of a supplier. Since the implementation of the Code, we have updated our supplier contracts to incorporate a requirement to comply with the Code and are working with our existing suppliers to obtain their acceptance of the Code.

The Code has been designed to comply with the following:

- the 10 principles of the United Nations Global Compact;
- the United Nations Universal Declaration of Human Rights;
- the International Labour Organisation conventions; and
- the guiding principles of the OECD applicable to Multinational Enterprises.

The Code specifically addresses the expectations of suppliers in relation to:

1. human rights;
2. child labour;
3. forced or compulsory labour;
4. freedom of association and collective bargaining;
5. working conditions and social dialogue;
6. diversity, equity and inclusion; and
7. occupational health and safety.

REVIEW

THE EFFECTIVENESS OF OUR ACTIONS

Since the last reporting period, Lactalis Australia advises that we have achieved the following:

- Introduction of the Supplier Code of Conduct which has been signed by approximately 90 percent of our direct suppliers and 50 percent of our indirect suppliers;
- We have conducted employee training on the significance of the Supplier Code of Conduct and have implemented a process so that any potential concerns with our suppliers can be dealt with efficiently;
- We have updated our supply agreements to reference our Supplier Code of Conduct;
- We have increased the percentage of our suppliers under contract;
- We have introduced a whistleblower platform (Lact@Lert) which will be launched in July 2023; We have discussed anti-slavery risks in our regular business reviews with suppliers; and
- We have monitored the effectiveness of our action items by conducting a review of our 2022 Modern Slavery Statement.

CONSULTATION

This statement is submitted as a joint statement covering Lactalis Australia Pty Ltd and its wholly owned subsidiaries. Being the Australian arm of a global group of companies, we all work towards a common operational direction. Our day-to-day operations are overseen by the same Executive Committee, senior management and largely common Board directors.

The consultation between companies has been through senior leadership and executive committee members who have been critical in undertaking the assessment and activities required to complete Lactalis Australia's Modern Slavery Statement 2023.

FUTURE ACTIONS

We are committed to undertaking further steps to assess and address the risks of modern slavery in our operations and supply chains, building on what we have done in the last period.

In our next reporting period we will focus on the following actions:

Lactalis Australia plans to:

- launch our whistleblower platform (Lact@Lert) to encourage the callout of non-compliant behaviour;
- update our purchase order trading terms and conditions to include reference to the Supplier Code of Conduct;
- continue to discuss anti-slavery risks in our regular business reviews with suppliers;
- prioritise developing our assessment of Australian suppliers and undertaking additional due diligence of those assessed as high risk;

- continue to ensure that all incoming suppliers sign our Supplier Code of Conduct;
- consider implementing an anti-slavery survey for suppliers to complete annually to help monitor potential risks;
- continue to work towards increasing the percentage of suppliers under contract; and
- monitor the effectiveness of our actions by conducting an annual review of the Modern Slavery Statement and effectiveness of controls.

APPROVAL OF STATEMENT

This statement was approved by the boards of Lactalis Australia Pty Ltd and Lemnos Foods Pty Ltd on 30 June 2023.



Mal Carseldine
CEO