

Modern Slavery Statement 2023

Our 2023 Modern Slavery Statement – at a glance

Criterion #	Summary	Page #
1. Identify reporting entity:	<p>Horticulture Innovation Australia Limited [ABN 71 602 100 149] ('Hort Innovation') is an unlisted public company limited by guarantee and the declared industry services body for horticulture under the <i>Horticulture Marketing and Research and Development Services Act 2000</i> (Cth).</p> <p>We partner with Australian and international co-investors including government, and leading science, technology, and consumer strategy experts to invest in research and development, marketing and trade campaigns.</p>	4
2. Describe the reporting entity's structure, operations and supply chain:		
3. Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it controls:	<p>Hort Innovation is a services organisation and 85 per cent of our operational expenses are on wages, salaries and superannuation.</p> <p>Based on the number and value of our operations, we are confident there is a low risk of modern slavery occurring in either Hort Innovation itself or in our supply chains, with a small number of exceptions as described in this statement.</p>	5-6
4. Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes:	<p>During the reporting period, we updated our risk management framework including closer consideration of the risk of modern slavery and other third-party risks.</p> <p>We also optimised our procurement management system which will provide a more robust platform for managing third-party risk including modern slavery.</p>	7
5. Describe how the reporting entity assesses the effectiveness of these actions:	<p>We moved from the broader, compliance-based approach in our past three Modern Slavery Statements to the more targeted, risk-based one outlined here.</p> <p>This will provide for greater focus on higher risk-entities and a more accurate assessment of the effectiveness of these actions.</p>	8
6. Describe the process of consultation with any entities the reporting entity owns or controls:	We do not own or control any other entities and therefore this criterion is not applicable	9
7. Any other relevant information:	During the reporting period we held discussions with the provider of purpose-built modern slavery assessment software.	9

Message from our Chair

Hort Innovation is a leading rural research and development corporation (RDC) with a vision and plan for a prosperous and sustainable Australian horticulture industry built on innovation.

One of the imperatives in our newly-launched Strategy 2024-2026 is a commitment to quality compliance and governance. Our Modern Slavery Statement is an important demonstration of this to our members, our partners including the Australian Government, and the broader community.

The Board and Executive team of Hort Innovation acknowledge there is a moderate risk of modern slavery in the Australian horticulture industry. Nevertheless, we are confident there is low risk of this occurring in either Hort Innovation itself or in our supply chains, given the nature of our business and the systems and processes we have in place.

Using a risk-based methodology, we have revised our approach to compliance with the *Modern Slavery Act 2018*. This will see us focus on those areas of our operations and supply chains which have levels of risk outside the Board's risk appetite [see page 8]

and will provide for a more focused due diligence process. Ultimately our goal is that our approach to monitoring and reducing modern slavery practices in any of our supply chains can become a benchmark for others in the horticulture industry.

This statement was approved by the full Board in their capacity as the principal governing body of Horticulture Innovation Australia Limited at its regular meeting on 16 November 2023.

This statement is signed by me in my capacity as Chair of Horticulture Innovation Australia Limited on 13 December 2023.



Julie Bird
Hort Innovation Chair

Criterion 1: Identify the reporting entity

Criterion 2: Describe the reporting entity's structure, operations and supply chain

Hort Innovation is an unlisted public company limited by guarantee, and a charity registered with the Australian Charities and Not-for-Profits Commission (ACNC).

We are a grower-owned, not-for-profit rural research and development corporation (RDC) and the declared industry services body for horticulture under the *Horticulture Marketing and Research and Development Services Act 2000* (Cth). The effect of this declaration is to allow the company to receive funding from the Commonwealth in accordance with a Deed of Agreement.

In 2022/23 the company's revenue was \$171.6M, which included co-investment funds from the Commonwealth Government and other entities, proceeds from statutory and voluntary levies from horticulture growers, and royalty and interest income. Under the *Modern Slavery Act 2018* (Cth), we are a reporting entity as our turnover was greater than \$100M.

We partner with Australian and international co-investors including government, leading science, technology, and consumer strategy experts to invest in research and development, marketing and trade campaigns. Our main expenses were

research and development programs (\$117.9M) and marketing programs (\$21.1M). As detailed elsewhere in this statement, the nature of these outputs [mainly research data, resources, intellectual property and communication campaigns for the benefit of the industry] and the method of their generation [generally conducted by delivery partners which are mainly government departments and universities] means the risk of modern slavery in these supply chains is considered low. We also reported Administrative, Occupancy and Other Expenses of \$22.7M. These are generally delivered through standard form agreements in terms set out by the provider, the majority of whom are established suppliers. Our exposure to the risk of modern slavery through our use of these corporate services and their respective supply chains is similar to those of any other medium-sized Australian organisation.

The Hort Innovation head office is located at Level 7, 141 Walker Street, North Sydney NSW, Australia. We also have small offices in Melbourne and Brisbane and several regional locations.

Hort Innovation does not maintain any operations or offices in foreign jurisdictions, nor do we have any subsidiaries. From time-to-time we

participate in international trade shows and campaigns on behalf of the horticulture industry.

Hort Innovation is governed by its Board and three subcommittees, including the Audit & Risk Committee, which reviewed and endorsed this statement on 10 November 2023. Under the terms of the Charter of the Committees of the Board, the statement was subsequently approved by the Board on 16 November 2023.

Hort Innovation is led by its Chief Executive Officer (CEO) who reports to the Board. The CEO leads a team of seven executives, each with their respective teams.

As at 30 June 2023 Hort Innovation had 83 full-time equivalent (FTE) employees, consisting of 77 full-time, nine permanent part-time and two fixed term staff members. This was up from 73 FTE at the same time the previous year (inclusive of the same number of permanent and fixed term staff). Employees are covered by the *Fair Work Act 2009* (Cth) and workplace safety, conditions and culture is overseen by another subcommittee of the Board, the People & Performance Committee.

Criterion 3: Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it controls

Hort Innovation is a services organisation and 85 per cent of our operational expenses are on wages, salaries and superannuation. Our supply chain has not materially changed compared to the previous reporting period and we continue to conduct business primarily with Australian-based organisations.

During the reporting period we revised our approach to the preparation of this Modern Slavery Statement and we have moved to a risk-based methodology.

As outlined in the **Commonwealth Modern Slavery Act 2018: Guidance for Reporting Entities (May 2023)** this has been undertaken using the following criterion:

- Risks that we may **cause** modern slavery practices
- Risks that we may **contribute** to modern slavery practices
- Risks that we may be **directly linked** to modern slavery practices.

We have identified the key elements of our operations and supply chains at a thematic level and used a number of factors to consider the likelihood of modern slavery occurring in each. We have also considered to what extent we have leverage over these suppliers. Taken together, their likelihood and leverage scores provide an overall risk rating for each entity. These are presented in **Table 1** following the sequence of our inputs – levies from horticulture producers (who are eligible to apply to be a member of Hort Innovation) remitted to us via the Commonwealth Government – and our outputs – research, development and extension (RDE), trade and marketing activities.

Based on the number and value of our operations delivered with or by each of these elements, we are confident there is a low risk of modern slavery occurring in either Hort Innovation itself or in our supply chains, with a small number of exceptions.

As noted in the guidance provided by the Commonwealth¹, in instances where an entity lacks the leverage to influence the entity causing the risk, the option exists to end the relationship.

Table 1 suggests that horticulture producers have a moderate risk of modern slavery occurring and there have been a number of high-profile instances of this. Horticulture producers who are also levy players can apply to become members (that is, the owners) of Hort Innovation. Under the terms of the *Horticulture Marketing and Research and Development Services Act 2000* (Cth), our Constitution and other core governance documents such as the Deed of Agreement between us and the Department of Agriculture, Fisheries and Forestry (DAFF) the option of ending the relationship does not exist. Our goal, therefore, is that our approach to monitoring and reducing modern slavery practices in any of our supply chains can become a benchmark for others in the horticulture industry.

¹ Commonwealth Modern Slavery Act 2018: Guidance for Reporting Entities (May 2023)

Criterion 3: Continued

Table 1: Overall risk rating of elements of our operations and supply chains

Entity	Likelihood of modern slavery risk occurring in entity	Leverage over entity causing modern slavery risk	Overall risk rating
Horticulture producers			
	Possible	Moderate	Moderate
Us			
Employment arrangements	Rare	High	Low
Our corporate service partners			
IT and technology (e.g., IT platforms)	Possible	Insignificant	Low
Facilities management and business services (e.g., couriers, office supplies, catering)	Possible	Insignificant	Low
Professional services (e.g., audit, legal, other consultancies)	Rare	Insignificant	Low
International procurement services (e.g., trade show displays, merchandise)	Likely	Insignificant	Moderate
Trade partners (e.g., Austrade, Australian Horticultural Exporters and Importers Association)	Rare	Minor	Low
Our project delivery partners			
Advisory mechanisms	Rare	Minor	Low
Commonwealth, State and Territory Government agencies or statutory authorities	Rare	Insignificant	Low
Universities	Rare	Insignificant	Low
Peak Industry Bodies (PIBs)	Rare	Insignificant	Low
Private sector research agencies	Rare	Insignificant	Low
Other RDCs	Rare	Insignificant	Low
Media agencies	Rare	Insignificant	Low

Criterion 4: Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes

As noted in previous Modern Slavery Statements, Hort Innovation has taken a number of actions to assess and address these risks, including:

- Developing and implementing a modern slavery supplier questionnaire as part of the tender or pre-contracting stage
- Providing a quick reference card (QRC) for use as a pre-check by staff
- Updating standard contract templates to include modern slavery provisions
- Requiring all new staff members to complete an online modern slavery and awareness training module.

We have also maintained a number of avenues for confidential grievances:

- Whistleblowing Policy and an independently managed hotline
- External complaints directed to and independently managed hotline.

During the reporting period, the following steps were taken:

- We updated our risk management framework including closer consideration of third-party risk
- We developed and published a Compliance Policy setting out the Board's expectations including for the Modern Slavery Act

- We formed two new committees – a Risk Management Committee and a Compliance Committee to lead a more proactive approach to assess and address risks, including modern slavery risks
- We built a Compliance Management System to better track and record our various compliance requirements
- We optimised our procurement management system to streamline the process and enhance usability for our staff and our delivery partners, which provides a more robust platform for managing third-party risk including modern slavery.

Criterion 5: Describe how the reporting entity assesses the effectiveness of these actions

During the reporting period, we received feedback on our 2022 statement from the Modern Slavery Business and Government Engagement Section of the Commonwealth Attorney General's Department. This feedback was in relation to how we addressed Criteria 5 and 6 in our statement and triggered a report to the Audit & Risk Committee and the Board via the new Compliance and Risk Management Committees.

Consequently during the reporting period we moved from the broader, compliance-based approach in our past statements to the more targeted, risk-based one outlined in this statement. This will provide for greater focus on higher risk entities and a more accurate assessment of the effectiveness of these actions in the future.

Although not a reporting requirement for this statement, the following actions are planned in the coming period:

1. Developing a more granular expression of the Board's risk appetite and tolerances for risk. One focus will be whether the 'zero' appetite for modern slavery articulated in our previous statements is still realistic given those 'medium risk' entities in our supply chains over which we have little leverage.
2. Develop a new suite of controls and treatments for those risks outside the Board's appetite and tolerances, including for modern slavery.
3. Better targeting of the existing modern slavery questionnaire by distributing it at the pre-contract stage, rather than the pre-tender stage which is currently the case. This will provide for a more detailed and relevant analysis of responses.
4. Assess the feasibility of providing online education modules for the industry.
5. Developing modern slavery key performance indicators (KPIs) which could include:
 - a. The number of modern slavery training modules delivered to staff and partners
 - b. The proportion or number of complaints resolved by a grievance mechanism
 - c. The number of contracts that include modern slavery clauses
 - d. The number of actions taken to work with suppliers to improve their capacity to respond to modern slavery risks.
6. Validating the assumptions in the risk assessments carried out and summarised in **Table 1**.

Criterion 6: Describe the process of consultation with any entities the reporting entity owns or controls

Hort Innovation does not own or control any other entities and therefore this criterion is not applicable.

Criterion 7: Any other relevant information

During the reporting period we held discussions with the provider of purpose-built modern slavery assessment software. With the anticipated optimisation of our core business systems during 2023/24, further consideration will be given to its use.

On 1 July 2023 we moved our online compliance training to another provider. A modern slavery online module is not currently available from this provider. As an interim step, this training will be provided inhouse as part of our revised induction process, while we work with the new provider for the delivery of an updated online module.

Hort Innovation

Horticulture Innovation Australia Limited
ACN 602 100 149

Level 7, 141 Walker Street
North Sydney NSW 2060 Australia

02 8295 2300 | communications@horticulture.com.au

www.horticulture.com.au