



**WENGFU AUSTRALIA**

Working together

# MODERN SLAVERY STATEMENT 2022



## CEO'S STATEMENT

"Wengfu Australia is a leading player in the fertiliser industry. We hold a deep commitment to upholding human rights and acknowledge the importance of eliminating modern slavery within our business and supply chains. Our focus is on developing and implementing effective processes and systems to identify and eliminate any such risks.

I am pleased to present our 2022 Modern Slavery Statement, which articulates our position and outlines our plans for the 2023 financial year. During this period, we will intensify our efforts to understand and investigate the risk of modern slavery in our operations and supply chain. This invaluable knowledge will inform the formulation of our comprehensive action plan, ensuring the complete eradication of modern slavery risks.

We firmly believe that collaboration and transparency are fundamental to combating modern slavery. To that end, we will actively engage with our employees, suppliers, and communities, fostering a collective commitment to a fair and ethical industry. Open dialogue and cooperation will be key drivers in effecting meaningful change and creating a sustainable future where human rights are universally respected.

Our vision surpasses mere compliance with legal requirements. We aspire to establish a new benchmark for ethical ...



... practices within the fertiliser industry. By ingraining a culture of vigilance, accountability, and integrity throughout our organization, we will proactively address and eliminate modern slavery risks. Every individual involved in our operations and supply chains deserves dignity and respect, and we are determined to ensure their rights are upheld.

Join us on this transformative journey toward a more equitable future. Together, we can forge a path towards a socially responsible fertiliser industry that nourishes the earth while safeguarding the dignity and rights of all.

Thank you for your trust and support."

A handwritten signature in black ink, appearing to read "Damien Heath".

**DAMIEN HEATH**

WENGFU AUSTRALIA, CEO

# INTRODUCTION

Modern slavery is a term used to cover practices such as forced labour, slavery, debt bondage, extreme forms of child labour, forced marriage, deceptive recruitment, and human trafficking. It is a human rights violation and exploitative crime with devastating consequences for the health and wellbeing of its victims.



The 2021 global estimates indicate that there are 50 million people in situations of modern slavery, translating to nearly 1 in every 150 people in the world. The most prevalent form of modern slavery is forced labour, which disproportionately affects people in more vulnerable circumstances, such as children and young people, undocumented migrants, and those living in poverty.

This is our second Modern Slavery Statement and covers the financial year (January 1, 2022 – December 31, 2022). As a reporting entity for the Modern Slavery Act 2018 (Cth) we have undertaken significant steps to both understand our obligations to report and put into place an action roadmap to address the risk of modern slavery in our supply chains and operations over the coming few years.

Our aim with reporting our actions against Modern Slavery, is to be as transparent as possible. We hope our transparency will help other organisations to learn from our experiences, as they implement their own approaches. We welcome feedback, and look forward to learning from others, as we work together with our members and stakeholders to address this serious human rights violation.

## REPORTING ENTITIES

Wengfu Australia Pty Ltd, ABN 31 141 160 581 is a private company registered in Victoria with an annual consolidated revenue of AUD\$588.5 million for the 2022 financial year. WFA does not control any other entities.

WFA is a wholly owned subsidiary of Graceland Industry Pty Ltd based in Singapore. Our ultimate parent is the Guizhou Phosphate Chemical Group (GPC) based in China. GPC was created in 2019 through a merger of Wengfu Group and Guizhou Kailin Fertilizer Group to create the world's third- largest manufacturer of phosphate fertiliser and phosphate chemical products.



*WFA is committed to  
conducting all activities  
ethically,  
with integrity,  
and in a lawful manner ...*



... as detailed in our Code of Conduct and supported by training and communications provided to employees, contractors and business partners.

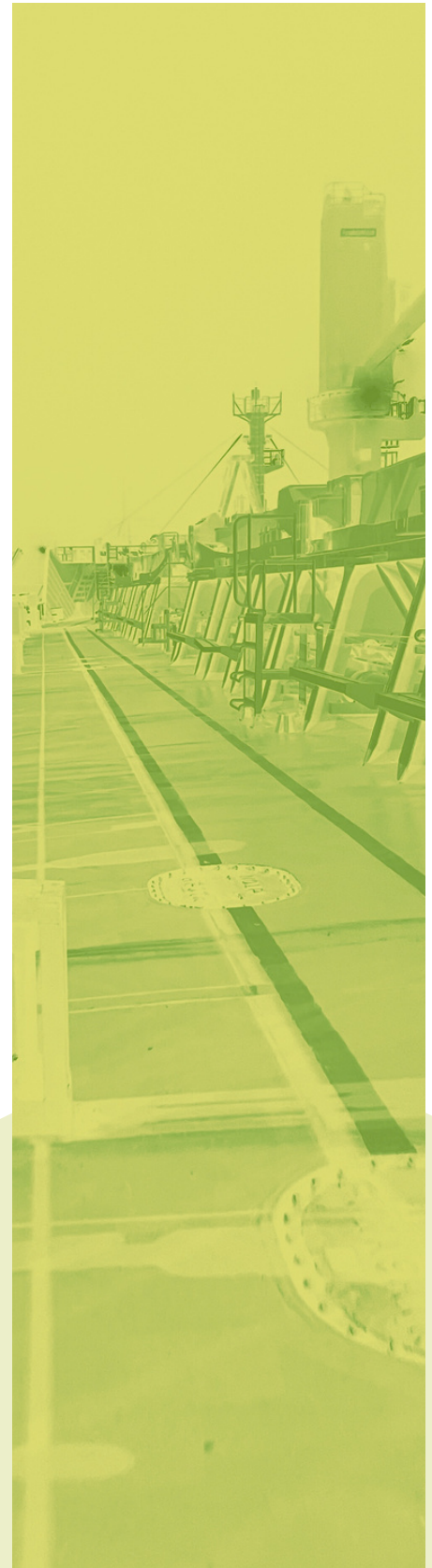
WFA is governed by a Board of Directors. The Board is made up of Directors appointed from the parent company, and the CEO of WFA. The Board is responsible for ensuring that WFA has an appropriate corporate governance structure, and that WFA continues to grow and develop for the advancement of Australian agriculture and the fertiliser industry, and in line with its charter.

# OUR STRUCTURE, OPERATIONS AND SUPPLY CHAINS

WFA is an importer and wholesaler of fertiliser products and has storage and despatch facilities along Australia's east coast, servicing important agricultural producing regions. Sourcing products from reliable global partners and through our own manufacturing facilities, Wengfu has sites in Adelaide, Portland, Geelong, Newcastle and Brisbane supporting our distribution customers. These customers form an extensive dealer network throughout South-eastern Australia, selling our products, along with other agricultural inputs, to Australian farmers, helping them reach their full potential by providing world class fertiliser products and services.

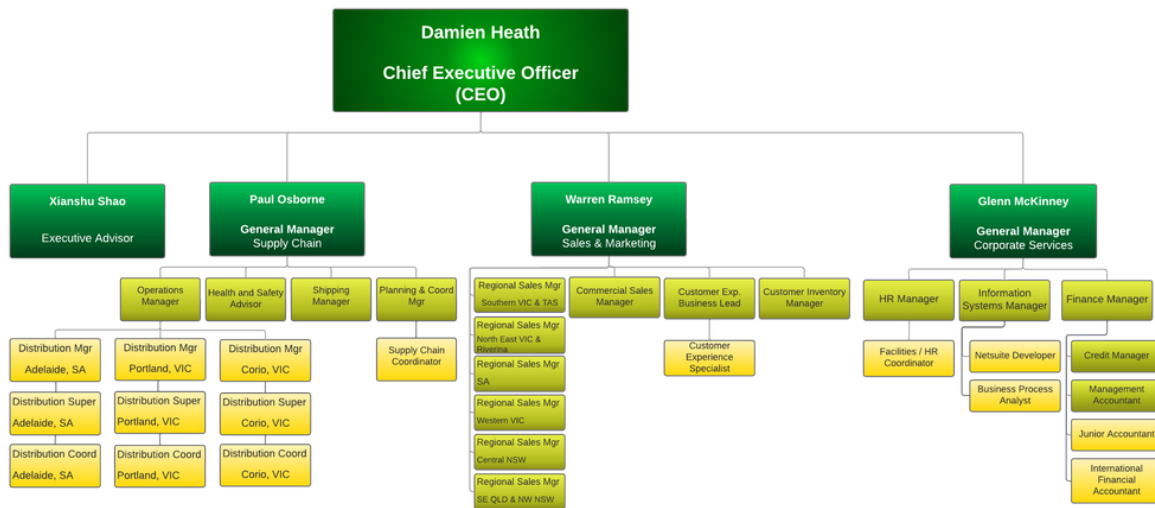
WFA distributes a range of proprietary and commodity granular fertilisers for use in broadacre, cropping, horticulture, pasture production and a wide range of other agricultural enterprises. Our products include Urea, Single Super Phosphate, Mono-Ammonium Phosphate, Di-Ammonium Phosphate, Muriate of Potash and Sulphate of Ammonia together with a range of unique and versatile products developed to specifically meet the needs of Australian farmers to improve the productivity and profitability of their crops and pastures, such as: uniSZon®, and soliSZTM.

WFA has well-established modern manufacturing storage and handling facilities and processes. Our modern blending facilities and liquid coating operations enable us to create products specific to each grower's needs. Products can be supplied either in bulk or in bulk bags at each of our locations. These facilities are a mix of operations staffed by WFA employees and third party operated sites.



# ORGANISATION STRUCTURE

WFA employs a mix of permanent full time, fixed term and casual employees. In the year of 2022, we have 50 permanent full-time employees, 5 fixed term employees and 3 casual employees, as well as 3 agency staff. Our employees are not represented by a union. WFA does not employ any workforce outside Australia.



Most of our workforce are based at our Port Melbourne head office, with six Sales Managers based in regional locations and approximately 19 operations personnel located at our storage and distribution facilities in Adelaide, Portland and Geelong. A combination of fixed-term contract employees and agency or labour hire staff are used to supplement permanent employees during the seasonal periods where throughput at sites and demand on the customer service team reaches peak levels. All our staff agencies are governed by the State Labour Hire Authority to protect workers from exploitation by the labour service provider.

# SUPPLY CHAIN

WFA procures fertilisers and associated products that are used directly in supplying customers, as well as goods and services that support our operations and business activities. In the 2022 financial year, WFA purchased goods and services directly from more than 300 suppliers spanning eight countries. During this period approximately 51.6% of our spend was with Australian suppliers, and 47% with Singaporean entities, sourcing goods and services of both local and global origin. The majority of spend with non-Australian entities was in relation to fertiliser imports, which is the largest category of spend within WFA.

## WFA'S MODERN SLAVERY RISK

The Act provides eight types of exploitation that meet the definition of modern slavery.

They are:

- 1) trafficking in persons
- 2) slavery
- 3) servitude
- 4) forced marriage
- 5) forced labour
- 6) debt bondage
- 7) deceptive recruiting for labour or services; and
- 8) the worst forms of child labour.



*The worst forms of child labour refer to slavery practices or hazardous work involving children.*



According to our risk assessment conducted in the 2022 financial year, 98% of our suppliers are from low-risk countries, with 44% of direct suppliers based in Australia. However, it is likely that the potential to be linked with or contribute to modern slavery in our supply chain sit beyond the first tier of our supply chain and most probably outside of our national borders.

With that in mind, we see the focus of our actions to strengthen our understanding of our suppliers' supply chain and raise their awareness of the issue, as well as strengthening our supplier onboarding process procedures. In this, we have scheduled to conduct a supplier engagement strategy in the next reporting period to establish an annual reporting mechanism utilising a Supplier Code of Conduct and Self-Assessment Questionnaire.

With the focus of our engagement being on the supply chain for the reporting period, we have not yet considered areas of risk relating to our operations except recruitment through reputable third-party hire firms for short-term contracts in peak seasons. Steps to explore the risk of modern slavery within our cleaning contracts have been scheduled for future reporting periods.

# ACTIONS TAKEN

## Plan

Below is a graph demonstrating our commitments from the Wengfu Australia 2021 Modern Slavery Statement for the 2022 reporting period.

In the 2022 reporting period, we have committed to the following actions:		Silent	Sched uled	Actioned
1	Executive engagement with the issue of modern slavery and the impact of the Modern Slavery Act 2018 (Cth) on the business			
2	Formation of a modern slavery working group to steer the implementation process			
3	Consultation with modern slavery experts			
4	Gaps analysis of governance framework and development of an action plan for FY22 and FY23			
5	More detailed Supplier categorisation and risk assessment of first-tier suppliers to understand where the risks lie our supply chain			
6	Awareness training of key stakeholders through e-learning module			
7	Review of purchasing and procurement policy, and human resource and recruitment policy			
8	Development of modern slavery statement for 2022 financial year			



# SUPPLIER RISK ASSESSMENT

## Executive Briefing

In the 2022 reporting period, Wengfu Australia engaged Unchained Solutions Pty Ltd to assist us in the implementation of the Modern Slavery Act 2018 (Cth). The engagement commenced with an Executive Briefing to the CEO and Senior Management in which the issue of modern slavery and our obligations under the Act, and foundational steps in compliance were explored in detail.



## GAP Analysis and Action Roadmap

Under executive sponsorship, WFA formed a modern slavery working group which engage Unchained who facilitated a Gap Analysis and Action Roadmap solution. The aim of the process was to assess the enablers of modern slavery across key business functions including governance, procurement, supply chain management, human resources and external stakeholders. Through a facilitated workshop, WFA's current position was assessed against four key compliance indicators: engage, assess, address and monitor and report. The results of this gaps analysis concluded that while several actions are implemented, in progress and scheduled, there is much to be done.

It was through this process that WFA developed an action roadmap of reasonable steps to address modern slavery risk over a three-year period, with clear goals, KPIs and understanding of the investment required.

WFA is excited to continue our progress in assessing and addressing the risk of modern slavery. Each reporting period we will aim to achieve all our commitments from the previous year and ensure that each year we push ourselves to commit to more work. We understand that modern slavery may exist in our supply chains, even if that is in a lower tier, and we are committed to a rigorous due diligence to reduce this risk and its impact on people working in the supply of goods and services to the business.

## Direct Supplier Risk Assessment

Following the gap analysis process, The working group and Unchained conducted an initial modern slavery risk assessment amongst our direct suppliers, representing 99% of our spend.

A review of WFA accounts payable data and categorisation of the spend allowed us to conduct an assessment based on the following risk factors:

### Sector and industry risks

Certain sectors and industries may have high modern slavery risks because of their characteristics, products and processes. For example, mining, textiles and fashion, fishing, electronics, cleaning, and agriculture are recognised as high-risk industries globally.

### Product and services risks:

Certain products and services may have high modern slavery risks because of the way they are produced, provided or used. For example, bricks, cobalt, cotton and rubber are recognised as high-risk products globally. Similarly, services that involve lower wages, manual labour, casual/seasonal workers or low qualification, such as cleaning may have high modern slavery risks.

### Geographic risks:

Some countries may have higher risks of modern slavery, including due to poor governance, weak rule of law, conflict, migration flows and socio-economic factors like poverty.

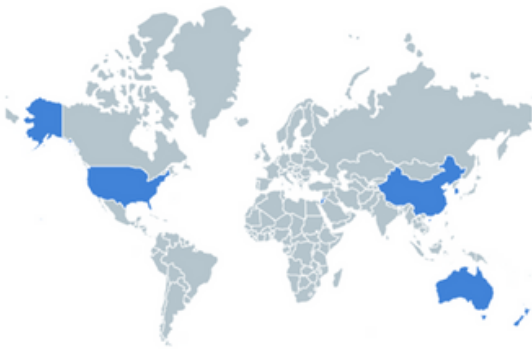
## Key Findings:

The key findings of the supply chain analysis were that most of the direct suppliers posed a low modern slavery risk because they are based in low-risk countries. However, when we consider the risk beyond tier one (indirect suppliers), the risk of modern slavery is increased.

- 89% of WFA spend is concentrated in two suppliers: Graceland Industry Pte Ltd and Cambridge Mercantile (Australia) Pty Ltd.
- 99% of WFA spend are represented by 49 suppliers.
- 44% of Tier-One is based in Australia.
- 98% of suppliers are from low-risk countries.
- Nutrients such as boron, urea and potassium carry medium risk of modern slavery in their production.

Data Insights  
(Country risk)

To evaluate the tier one risk (direct suppliers), we consider the country where the supplier is based.



Direct Suppliers

- 49.06 % of Wengfu spend is based in Australia - Low country Risk
- 47.55 % of Wengfu spend is based in Singapore - Low country Risk
- 3.21 % of Wengfu spend is based in United States - Low country Risk
- 0.09 % of Wengfu spend is based in New Zealand - Low country Risk
- 0.04 % of Wengfu spend is based in Jordan - Low country Risk
- 0.03 % of Wengfu spend is based in China - Medium country Risk
- 0.03 % of Wengfu spend is based in South Korea - Low country Risk

Even though the risk on direct suppliers is low, when looking beyond direct suppliers we recognise that the risk can be medium since fertiliser nutrients are imported from medium risk countries such as China.



WFA understands that conducting a risk assessment of indirect suppliers (tier-two and below) will give us greater transparency of the risk of modern slavery in our business supply chain. Unchained has recommended several additional actions that WFA can implement over the successive reporting periods. These activities will provide greater clarity on the nature of the risk according to indicators articulated in the Modern Slavery Act 2018 (Cth).

Policy Portfolio Review

WFA engaged Unchained to review three policies with a view to include inputs that pertain to modern slavery risks. These being:

1. Code of Conduct
2. Grievance and Dispute Policy
3. Equal Opportunity, Discrimination and Harassment Policy

Unchained recommended several inputs to implement into the policies, which we have done.

## Improvement Road Map

WFA has engaged Unchained for the 2023 reporting period to assist is in complying with the Modern Slavery Act 2018 (Cth). The following steps will be undertaken to strengthen our modern slavery risk controls within our supply chain and operations:

### 1 Supplier Engagement Strategy

This includes:

- Identification of key suppliers and recruitment firms
- Set up facilitation of virtual workshops with high-risk suppliers and third-party recruiting agencies.
- Develop a tailored modern slavery self-assessment questionnaire
- Develop and test processes to evaluate responses with key stakeholders
- Data collection and performance management processes
- Develop a supplier code of conduct

### 2 Skills training workshop

Unchained will facilitate a skills training workshop for the WFA procurement, commercial team, contracts managers, and site managers on the following topics:

- The impact of Modern Slavery on the agriculture sector and supply of fertilisers.
- The reality of modern slavery in supply chains including case studies of labour exploitation.
- Exploration of modern slavery risk indicators and risk assessment processes.
- Explanation of modern slavery SAQs and what to look out for in assessing subcontractors and suppliers.
- Strategies for non-responses and unclear responses.

### 3 Policy development

WFA will develop and incorporate additional policies, procedures, and mechanisms into our policy suite, including:

- Procurement Policy
- Human Rights and Modern Slavery Policy
- Remediation Policy
- Grievance Mechanism
- Supplier Code of Conduct
- Human Resource and Recruitment Policy

### 4 Measuring effectiveness strategy

With the understanding of what criterion 5 of the Modern Slavery Act 2018 (Cth) asks, WFA will engage Unchained to conduct a workshop on how to measure the effectiveness of actions taken to address modern slavery. This will help up develop realistic objectives social indicators, key outputs, projected outcomes and begin a data strategy.

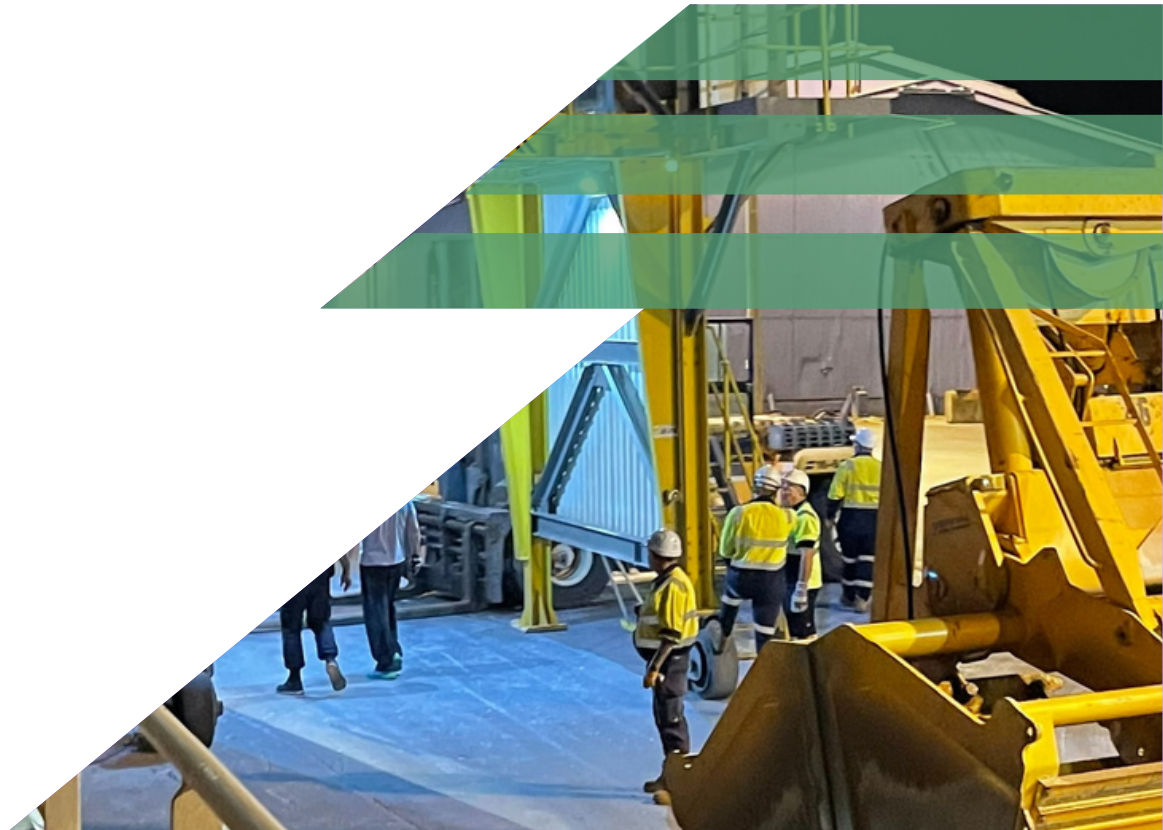
# ASSESSING EFFECTIVENESS AND CONSULTATION PROCESS

WFA recognises that this second statement has not actioned activities that comply with criterion 5 of the Modern Slavery Act 2018 (Cth). Our commitment to a measuring effectiveness strategy and workshop for the next reporting period, will equip us with the skills and knowledge to start measuring the effectiveness of our actions taken to address modern slavery.

There are no entities owned or managed by WFA that require a consultation process.

## CONCLUSION

This second annual Modern Slavery Statement 2022, marks the continued progress of our organisations journey to assess, engage, address, and monitor modern slavery risks and to take positive actions against violation of human rights.



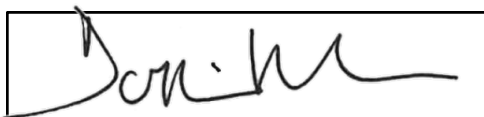
# MODERN SLAVERY ACT 2018 (CTH) – STATEMENT ANNEXURE

## Principal Governing Body Approval

This modern slavery statement was approved by Wengfu Australia's Board of Directors and Executive Leadership Team on JUNE 2023.

## Signature of Responsible Member

This modern slavery statement is signed by a responsible member of WFA as defined by the Act:



Damien Heath  
Chief Executive Officer

## Mandatory Criteria

Below table outlines the page number/s of our statement that addresses each of the mandatory criteria in section 16 of the Act.

Mandatory criteria	Page number/s
a) Identify the reporting entity	4
b) Describe the reporting entity's structure, operations and supply chains.	5
c) Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls.	7
d) 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.	8
e) Describe how the reporting entity assesses the effectiveness of these actions.	13
f) Describe the process of consultation on the development of the statement with any entities the reporting entity owns or controls (a joint statement must also describe consultations with the entity covered by the statement) *.	Do not own or control any other entities
g) Any other information that the reporting entity, or the entity giving the statement, consider relevant. **	N/A

\*If your entity does not own or control any other entities and you are not submitting a joint statement, please include the statement 'Do not own or control any other entities' instead of a page number.

\*\*You are not required to include information for this criterion if you consider your responses to the other six criteria are sufficient.

[1] Section 4 of the Act defines a responsible member as: (a) an individual member of the entity's principal governing body who is authorised to sign modern slavery statements for the purposes of this Act; or (b) if the entity is a trust administered by a sole trustee—that trustee; or (c) if the entity is a corporation sole—the individual constituting the corporation; or (d) if the entity is under administration within the meaning of the Corporations Act 2001—the administrator; or (e) if the entity is of a kind prescribed by rules made for the purposes of this paragraph—a prescribed member of the entity.