

NORCO CO-OPERATIVE LIMITED'S MODERN SLAVERY STATEMENT 2021/2022

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1. Identification of reporting entity – Norco Co-operative Limited

We have prepared this statement in accordance with the Modern Slavery Act 2018 (Cth) for Norco Co-operative Limited (ABN 17 009 717 417) of "Windmill Grove" 107 Wilson Street South Lismore NSW 2480 , it also incorporates the wholly owned subsidiary Norco Wholesale Pty Limited. Norco Co-operative Limited and Norco Wholesale Pty Limited are a 100% Australian farmer-owned dairy co-operative.

More information can be found on [Norco - An Australian Owned Dairy Co-Operative](#)

This statement describes the actions taken and planned during the reporting period, 1 July 2021 to 30 June 2022 to assess and address any modern slavery risks in operations and supply chain.

Norco Co-operative Limited (Norco) opposes risk of harm to people in all its forms and is committed to identifying and preventing any potential modern slavery risks within our operations and supply chains.

2. Introduction – about Norco

Norco's vision is to be Australia's leading dairy business providing long-term value for members. This vision has the foundation of supportive, safe and inclusive culture, valuing heritage, sustainability and the community, whilst embracing the future.

For the 2021/2022 reporting period, we underwent a review of our major suppliers, our spend, and the compliance to Modern Slavery for those suppliers that are required to provide an annual report.

Our largest raw material input is the milk from our member farms. We have over 2,000 suppliers across our supply chains that we are committed to understanding in greater detail through our review and assessment during the coming financial years. These suppliers provide goods and services to mainly our Norco Foods business or Norco Agribusiness. There are suppliers that also provide goods and services to other parts of the business but are not as predominant.

Our approach to identifying, mitigating and addressing risks of modern slavery will develop over time and the effectiveness of our actions will be reviewed against Key Performance Indicators to be established.

In February 2022, the northern rivers region, namely Lismore experienced historical high flood waters throughout the area. These floods completely destroyed the ice cream operations in Lismore, the Lismore stockfeed mill, and the Lismore rural store. The head office in Lismore was also

inundated with flood waters, leaving the businesses inoperable for a period. The rural store in Mullumbimby was also severely impacted by the floods. After much deliberation with the Government to access appropriate funding the decision has now been taken to rebuild the ice cream factory in Lismore. The approval was not received until the financial year FY 2023 and there we will not see this factory up and operating until the fourth quarter of the financial year 2023 if all goes to plan. This is heavily dependent on access to equipment, resources and labour.

3. Norco's Operations and Supply Chain

Norco is an Australian farmer-owned dairy co-operative which was established in 1895. There are 196 member farms spanning Northern New South Wales and South East Queensland that are members of the co-operative.

Our Operations

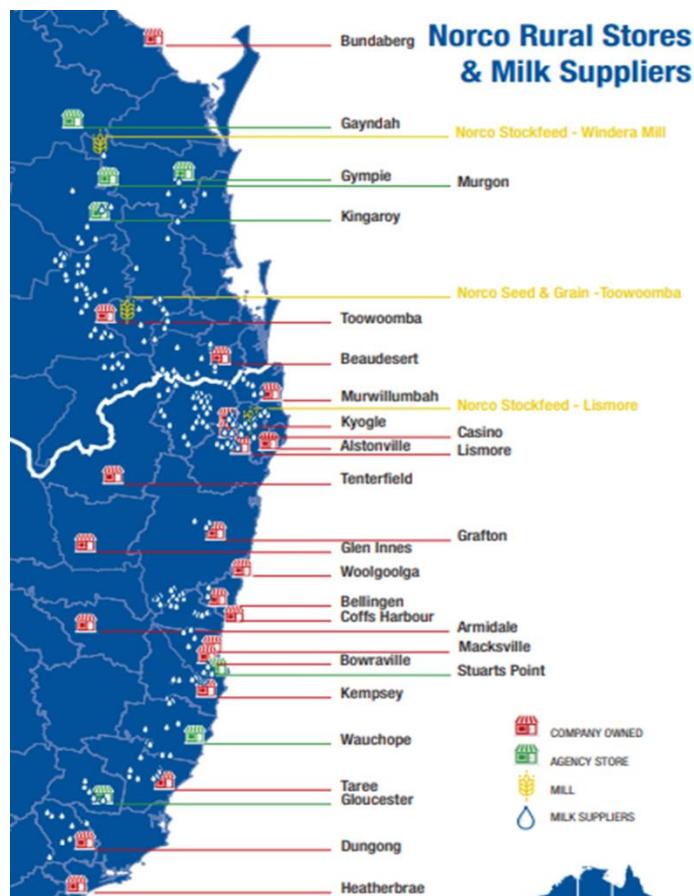
Norco's operations include two dairy production facilities in Raleigh, New South Wales and Labrador, Queensland. Norco also had an ice cream facility in Lismore, New South Wales up until the floods of 28 February 2022. This as mentioned above will be rebuilt.

Norco member farmers produce the milk product that supplies these facilities directly. Norco manufacturers a variety of dairy products under its own brand (see examples below) and provides contract-manufacturing facilities for other retail companies.



Norco has two stockfeed mill operations, one in New South Wales and the other in Queensland. These operations provide on-farm delivery of manufactured stockfeeds and grains as an integral part of the customer service offering. We have a grain trade business based in Toowoomba, Queensland who trade grain within Australia across NSW and Qld.

Norco also has 28 rural stores that carry a wide range of products to meet farming needs, 21 of these stores are owned and operated by Norco directly and the other seven are agency stores branded with Norco.



Our People

In 2022, Norco had a headcount of approximately 785 employees which was comprised as follows:

- Norco Foods 542
- Norco Rural 164
- Norco Agribusiness 41
- Corporate 38

Our employees are engaged through an enterprise agreement for which we have five, by an appropriate award or by a common law agreement.



Our Supply Chain

Norco has a wide range of suppliers providing products and services including but not limited to dairy farmers who provide the milk, agricultural raw materials, packaging, ingredients, logistics, machinery, maintenance, training, consulting, legal and financial services. These suppliers range from family owned farms to small and medium sized businesses to international organisations.



In the analysis of our suppliers, we have focused on our tier one (direct) suppliers and those with greater than \$5 million per annum expenditure. In the Foods business there are six suppliers. These suppliers are all domiciled with a business in Australia. These make up 7.1 percent of our

expenditure for Foods. This excludes the supply of milk as this is part of the membership in the co-operative.

Foods Manufacturing

The 196 member farmers provide the milk for the production of dairy products by the manufacturing facilities. Milk is purchased on a cents-per-litre basis and the base price is determined by Norco and influenced by market and economic factors. Our aim to be competitive with our milk pricing to ensure we look after our members financial wellbeing. Further, the members are also receive a dividend payment annually depending on their shareholding and subject to the approval of the Board of Directors (members). Due to seasonal requirements, milk may also be purchased from other suppliers of milk outside of the members. This milk is also processed through the Norco facilities.

There were many raw ingredients that were required for the production of ice cream. However during the second half of the financial year, all purchasing related to the ice cream production ceased. Packaging is part of our the supply chain that requires further assessment. The focus on packaging also aligns with the sustainability objectives that we have to reduce our carbon footprint.

Norco Rural Stores

The merchandise for the 28 stores consists of products which include seed, fertiliser, fodder, agricultural and non-veterinary chemicals, fencing, irrigation supplies, horticultural products, cattle handling equipment, general hardware, gardening requisites and other rural merchandise.

Norco Agri

Our two stockfeed mills manufacture bulk stockfeed and bagged stockfeed. The grain trade division sources grains from Australian farmers, to on sell to our own stockfeed mills, other farmers or corporate buyers.

Norco Corporate

Our corporate functions include finance, information technology, people and culture, marketing and administration. All of these functions have procurement activities which supports the service they provide to internal customers in Norco. The purchasing is varied and includes but is not limited to cleaning contractors, uniforms, marketing promotional materials, stationery, computer equipment, labour hire, and training providers. Although these are not large expenditure items, and are sourced from Australian based companies, in time further review will support our deeper understanding of our supply chain.

4. Assessing Modern Slavery Risks

Norco has undertaken a review of suppliers. This review was based on spend, it was further reviewed by the revenue earnings of the supplier and the ingredient volumes required in the foods business. The key suppliers were also evaluated based on whether they were required to provide a modern slavery report based on their annual revenue and the policies and procedures that supported their commitment to human rights.

The level of understanding of the nature of and risks pertaining to modern slavery continues to evolve so to effectively elevate modern slavery risks through the Norco supply chain.

We recognise that our review and assessment of our actions to identify and address our modern slavery risks in our operations and across our supply chain will be an ongoing and evolving process. During the reporting period the review of suppliers was undertaken based on the criteria mentioned. At this stage only tier one suppliers have been reviewed.

A risk matrix for modern slavery risks is in development. Norco has been actively participating in the Australian Dairy Sustainability Framework’s Human Rights Working Group. This working group conducted a review of the human rights risk areas in the dairy supply chain. The Group worked with a third party, KPMG to collect, analyse and produce the final report.

Norco is responsible for the processing and retailing of the dairy products. Further this involves the logistics and inputs such as labour, machinery, vehicles, fuel, technology, energy, etc.

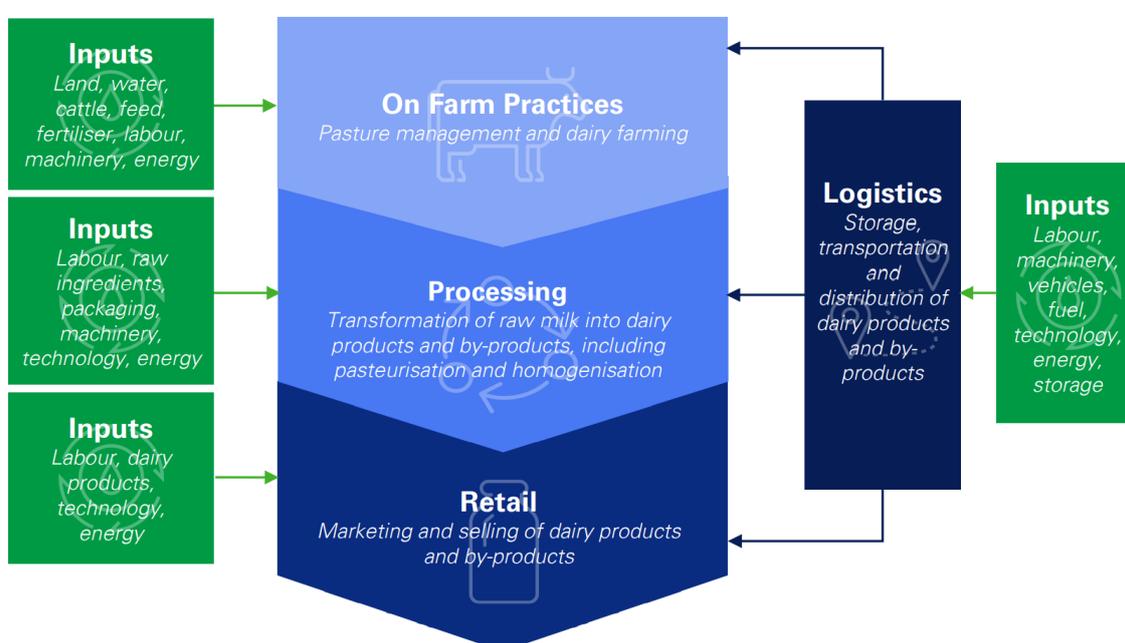


Figure 1 – Australian dairy industry value chain map

KPMG Report 2022

We are committed to increasing our knowledge and understanding of our supply chain and establishing a plan that will set Key Performance Indicators for which we will be able to assess the effectiveness of our approach and inform our policies, practices and business decisions moving forward. We had not identified any major risks during the reporting period as we have not had the processes and information that would have allowed us to effectively assess the risks however these will be prioritised in the future years.

Our Business

Our employees are engaged under either enterprise agreements, employment agreements that are underpinned by the relevant industrial award or by a common law contract. Norco believes that by engaging in enterprise agreements, ensuring our terms and conditions are underpinned by a relevant award and/or the use of a common law contract which is detailed in writing, we are

reducing the risks of modern slavery within our operations. This allows transparency with our terms and conditions which we can communicate openly with our employees.

Our controls include:

- training on policies and procedures including code of conduct, whistleblower policy, workplace behaviours and complaints procedures, work, health and safety and chain of responsibility policies and practise
- compliance with all labour, employment, immigration and whistleblower protections under applicable legislation including the Corporations Act 2001 (Cth) and the Fair Work Act 2009 (Cth)
- have a dedicated human resources and work, health and safety team
- conducting internal audits
- communicating to our employees that they are free to join unions and participate in union activities
- ensure we meet WHS regulations and codes of practice
- providing adequate resources, systems, and processes to administer employee payments.

Our Supply Chain

The procurement functions within Norco have traditionally operated independent of one another. Norco Foods has a more mature procurement structure with the existence of an Ethical Sourcing policy which is shared with our suppliers and available on our Intranet and supplier agreements. Norco Rural/Agribusiness identified that there was a gap in their agreements with suppliers and address this gap by providing an Addendum to Agreement for Supply of Goods and/or Services that specifically detailed the requirements to meet the Modern Slavery requirements as well as Anti-bribery and Anti-Corruption laws. We continue to progress the maturing of this structure.

The supplier review process identified several overlaps of suppliers within the business, the 2022 review has allowed Norco to refine the supplier compliance and communication process. Norco has commenced reviewing the supplier agreement terms to ensure compliance with best practice in meeting our human rights obligations and that we are doing business with companies that are ethically aware and compliant.

At this stage no specific areas of concern have been identified. However, the awareness of potential risks due to the nature of agriculture and food production is in a developmental phase. These areas will be reviewed in more detail during the financial year 2023.

Norco plans to collaborate with its farmers, suppliers, customers and other relevant stakeholders to assess risks across our supply chain and address appropriately. Due to the impact of the floods to the business, progress on this action was slowed and will be taken up in the second half of the financial year 2023.

This will include Norco adhering to and promoting ethical practices and assisting in minimising the risks of modern slavery within its operations and supply chain. Again, more activity on this is planned for the financial year 2023.

5. Addressing Modern Slavery Risks

In the reporting period 1 July 2021 to 30 June 2022 all employees have access to the following policies and practices:

- Ethical Sourcing Policy
- Procurement Policy
- Code of Conduct Policy
- Affirmative Action Policy
- Discrimination, Bullying and Harassment Policy
- Conflict of Interest Policy
- Recruitment and Appointment Policy
- Pre-Employment Checks Policy
- Various Leave Policies
- Remuneration for Employees Policy
- Handling Complaints Policy
- COVID Testing Leave Policy
- Whistleblower Policy
- Work, Health and Safety Policy
- Chain of Responsibility Policy
- Risk Management Framework and Register
- Procedure for initiating new supplier agreements

We believe every employee is entitled to be treated with dignity and respect. We recognise and support diversity and inclusion. Norco is committed to comply with applicable laws, rules and regulations that govern employment terms and conditions. We manage the employment lifecycle with policies, practices and initiatives to ensure compliance with legislation, freedom of association, the right to collective bargain, fair and equitable remuneration, opportunity to have a fulfilling and rewarding career and flexibility to support work life balance.

Our values which underpin our approach to human rights have been further embed in the business and across the employment lifecycle.



How we make a difference from the ground up



Authenticity

We know the decisions we make today will create a better tomorrow



Connection

We foster belonging amongst our people, customers and communities



Diversity

Our differences empower us to rise to excellence



Agility

We anticipate, and respond in a decisive and disciplined manner to, an ever-changing environment

Norco supports anyone with concerns about compliance, ethical issues, illegal or unethical activities relating to modern slavery to report these concerns either directly to a member of the senior executive team, a member of the board, or through the external Whistleblower hotline which are detailed in the policy.

As mentioned much of the work that was planned for the reporting period has had to be put on hold due to the impact of the floods across the foods and agrisolutions business units. We plan to address these activities in the next reporting period.

6. Actions planned to address Modern Slavery Risks

These key actions shall be addressed in the financial year 2023 and include:

- Further assessing and auditing our suppliers based on modern slavery criteria and identifying risk profiles.
- Linked policies shall be reviewed to ensure they are compliant with the Modern Slavery Act requirements and encourage greater collaboration with employees and suppliers.
- Supplier risk management plans will be developed focusing on high-risk areas initially.
- Norco will continue to participate in the dairy industry sustainability workshops to develop a standard for the industry on human rights and modern slavery for the supply chain.
- Managers and leaders that have a direct impact on modern slavery such as finance, human resources, procurement, will undertake appropriate training initially. The training will be delivered to a wider group of Norco employees who are making decisions and engaging suppliers, and Norco will investigate what free learning resources can be provided to suppliers to improve communication, awareness and collaboration to assess and address modern slavery risks.
- Updating of the Ethical Sourcing and Procurement Policy and deployment to suppliers and internally.

These key actions shall be addressed in the financial year 2023 and include:

- ESG strategy approved by the Norco Board with appropriate action plans underway.
- Outcomes from the external consultant audit will be prioritised and actioned.
- Supplier risk management plans developed focusing moving from high risk to medium risk areas.
- Supplier assessments and agreements streamlined and updated across Norco's operations.
- Awareness training on modern slavery will be included in Norco onboarding processes.

7. COVID-19

The business has been agile with dealing with COVID-19 challenges. Rapid Antigen Testing kits were purchased for staff to control the virus and ensure minimal disruption to our production facilities.

8. Statement Approval

This statement was approved by a resolution of the Board of Norco Co-operative Ltd on 15 December 2022 and authority provided to the Chairperson to sign this statement.

A handwritten signature in black ink, appearing to read "m. jeffery".

Michael Charles Jeffery
Chairperson – on behalf of the Board of Directors
Norco Co-operative Ltd
15 December 2022