

Bega Cheese Limited

**2023**

# MODERN SLAVERY STATEMENT



**100+ YEARS YOUNG  
AND GROWING**

# Contents

|  |           |
|--|-----------|
| <b>About the Statement</b>                               | <b>3</b>  |
| About this Statement                                     | 4         |
| About modern slavery                                     | 4         |
| Message from the CEO                                     | 5         |
| FY2023 Highlights  | 6         |
| <b>About Bega</b>  | <b>7</b>  |
| Our purpose  | 8         |
| Our structure  | 9         |
| Our growth and changes                                   | 9         |
| Our operations   | 10        |
| Our brands, markets and operations                       | 11        |
| Our People   | 12        |
| Our supply chain   | 14        |
| What we processed this year at our sites in Australia    | 15        |
| <b>Our Modern Slavery Risks</b>                          | <b>16</b> |
| Our operations   | 17        |
| Our supply chain   | 18        |
| Our approach and actions to address Modern Slavery       | 24        |
| Governance framework                                     | 24        |
| Our policies   | 25        |
| Commitment to remedy                                     | 26        |
| Grievance mechanisms                                     | 26        |
| Reporting mechanism                                      | 26        |
| Controls in our operations                               | 27        |
| <b>Case Study – Programmed Skilled Workforce</b>         | <b>28</b> |
| Our Responsible Sourcing Program                         | 29        |
| Pre-contract due diligence                               | 29        |
| Supplier obligations                                     | 29        |
| Better Farms Program                                     | 31        |
| Addressing our high-risk Ingredients                     | 32        |
| <b>Case Study: Non-compliant Supplier</b>                | <b>33</b> |
| How we use audits  | 33        |
| What audits can achieve                                  | 33        |
| Stakeholder engagement and collaboration                 | 34        |
| <b>Case Study: Supporting Local Communities</b>          | <b>35</b> |
| Assessing the effectiveness of our actions               | 36        |
| <b>Our progress and future priorities</b>                | <b>37</b> |
| <b>The Process of consultation with entities</b>         | <b>38</b> |
| <b>Owned and/or controlled</b>                           | <b>38</b> |
| <b>Statement approval</b>                                | <b>38</b> |
| <b>Appendices</b>  | <b>39</b> |
| <b>Appendix 1: Bega Group structure</b>                  | <b>40</b> |
| <b>Appendix 2: Entities part of this joint statement</b> | <b>41</b> |
| <b>Appendix 3: Table of mandatory criteria</b>           | <b>42</b> |

# ABOUT THE STATEMENT



# About the statement

This statement has been published in accordance with the *Modern Slavery Act 2018 (Cth)* (MSA or 'the Act'). This is a Joint Statement made by Bega Cheese Limited (ABN 81 008 358 503) of 23-45 Ridge Street, North Bega, New South Wales, 2550 and covers the wholly owned or controlled subsidiaries listed in Appendix A as reporting entities.

This Statement addresses efforts taken by Bega Cheese Limited and its controlled entities, including reporting entities, to assess, mitigate and remediate risks of modern slavery in our operations and supply chain for the reporting period from the 1st of July 2022 to 30th of June 2023 (FY2023).

In this Modern Slavery Statement, the terms "Bega", the "Company", "our business", "organisation", "we", "us", and "our" refer to Bega Cheese Limited, unless otherwise stated. Bega Cheese Limited is a publicly listed company on the Australian Securities Exchange (ASX Code: BGA). To find out more about our business, you can visit [www.begagroup.com.au](http://www.begagroup.com.au).

## ABOUT MODERN SLAVERY

Modern Slavery is a global issue that is estimated to affect over 50 million people<sup>1</sup>. We recognise that modern slavery takes place on a spectrum of exploitation that ranges from deceptive working practices and a lack of worker protections to a total deprivation of a workers' rights or freedoms in situations such as forced labour and human trafficking. We also acknowledge that workers experience different levels of vulnerability that may depend on their location, languages spoken, socio-economic and migration status, and local laws and rights protections. Modern slavery can take various forms, including the trafficking of people, forced labour, servitude and slavery.

The impact of modern slavery is profound, and affects individuals, families and communities, depriving victims of their freedom. Its impact is global, and no country has zero risk. Addressing modern slavery is critical to effective human rights protection and sustainable development.

<sup>1</sup> Fifty million people were living in modern slavery in 2022, according to the latest [Global Estimates of Modern Slavery](#). Of these people, 28 million were in forced labour and 22 million were trapped in forced marriage.

# Message from the CEO

Bega is pleased to present our fourth annual Modern Slavery Statement. Our focus this year has been supporting growth as we transform into a branded business and doing so in a way that supports our sustainability goals. We have done this while navigating some of the most difficult and rapidly changing conditions the company has ever experienced.

Throughout, we have maintained our commitment to sustainability, including our focus on human rights and our dedicated approach to responsible sourcing. This includes concerted actions to address and mitigate modern slavery risk in our operational and procurement activities.

Key actions we have taken this year include screening 923 new suppliers for modern slavery risk, onboarding 37 new suppliers to Sedex and conducting SMETA audits at three of our own manufacturing sites. Since the implementation of our Source to Pay system (S2P) in November 2022, all of our new suppliers have been screened using our Ethical Sourcing Governance questionnaire.

At the close of the financial year, we commissioned an independent risk assessment aimed at refreshing our 2021 and 2019 risk findings related to modern slavery. Through this process we have identified new and existing high-risk commodities for their potential impact to people including coffee, cocoa, vanilla, stevia, coconut flour and hazelnuts. We will continue to adjust our ongoing approach to reflect updated risk findings and investigate opportunities to understand and further mitigate these risks.

We recognise that the market-leading position of many of our brands means that the sustainability measures we take with those products can have an impact at scale. For example, our market-leading Dare Iced Coffee brand maintains its certification under the Rainforest Alliance Standard for the sourcing of coffee, helping coffee growers adopt more sustainable farming practices including labour conditions. Almost 68.62% of our total coffee powder, sourced by weight, across the Bega Group was certified under the standard.

While we have more work to do, we are optimistic about how we can contribute to a more sustainable future and address human rights issues such as modern slavery as part of our purpose to create great food for a better future.



*Pete Findlay*

**Pete Findlay**  
Chief Executive Officer

# FY2023 highlights

---

# 100%

of new suppliers were screened using our ethical sourcing questionnaire

---

# 100%

of Bega Manufacturing sites have completed a Sedex audit in the past 2 years

---

# 99.7+%

of our purchased palm oil is certified by the RSPO, 95% of this is identity preserved or segregated<sup>2</sup>

---

# +13%

increase in the percentage of Rainforest Alliance Certified coffee purchased vs prior reporting period

**VISIT:** [RAINFOREST-ALLIANCE.ORG](https://rainforest-alliance.org)

# 100%

of Dare Iced Coffee uses coffee from Rainforest Alliance Certified Farms

**VISIT:** [RAINFOREST-ALLIANCE.ORG](https://rainforest-alliance.org)

<sup>2</sup> See Sustainability Report for more information.

# ABOUT BEGA



## Our purpose

# CREATING GREAT FOOD FOR A BETTER FUTURE

Our purpose helps connect our people, customers, consumers, suppliers and the communities in which we operate. It helps guide strategy and decision-making and informs our values and behaviours.

Our Greater Good Strategy, which is aligned to the United Nations Sustainable Development Goals, details our focus and commitment to sustainable development – our products, our people and communities and our planet. You can read more about this in our latest Sustainability Report.





# Our structure

This Modern Slavery Statement has been prepared as a joint statement by Bega Cheese Limited ABN 81 008 358 503 on behalf of the reporting entities listed in Appendix 1 & 2.

Bega has a portfolio of leading iconic brands in seven consumer categories. Many of these brands have become trusted household names by generations of consumers. Our brands and category mix are shown in the table below<sup>3</sup>.

| Category             | Brand portfolio <sup>4</sup>   |
|----------------------|--|
| Fresh white milk     |      |
| Yoghurt              |      |
| Milk-based beverages |       |
| Spreads <sup>1</sup> |       |
| Chilled juice        |      |
| Creams and custards  |    |
| Water ice            |    |

# Our growth and changes

During the reporting year one of our owned entities Bega Dairy and Drinks (NZ) Ltd was deregistered. This was an administrative change alone as we continued our manufacture and distribution services in New Zealand for our drink products.

In addition, we note that Bega Groups' 49 percent interest in Vitasoy Australia Products Pty Ltd was sold, effective 13 February 2023. For this reason, Vitasoy operations and supply chains have not been considered in the re-assessment of modern slavery risks shown on pages 19-22.

Operational changes have occurred since the end of the reporting period covered by this Statement including an internal restructure of our parent company. These changes will be detailed in our FY2024 modern slavery statement.

<sup>3</sup> Table excludes cheddar cheese and stringers products sold under the Bega brand, as these products are sold by a third party under licence. We also manufacture cheese products retailed to our international customers through the brands Dairymont, Melbourne, Royal Victoria and Tatura. These products are not sold in Australia and therefore not included above.

<sup>4</sup> Yoplait brand used under licence.

# Our operations

Bega is an Australian food and beverage company that sources, produces, manufactures, sells and distributes a variety of consumer goods including dairy products, beverages, condiments and spreads under the brands listed on page 9. We operate across two business segments: branded, which includes many of our products under the brands listed on page 9, and bulk, which includes nutritional powders and dairy ingredients sold primarily to food manufacturers.

We sell our products in over 40 countries to manufacturers, retailers, distributors and agents. In Australia, we have a broad range of retail customers, including the key grocery outlets Aldi, Coles, Woolworths and Independent Grocers as well as Petrol and Convenience, Route, Foodservice and Quick Service Restaurant channels. Our customer base also includes cafes, government institutions, and aged and healthcare sectors.

Our international customer base includes manufacturers, retailers, distributors, and agents in markets in South-East Asia, China, Japan, South Korea, the United Kingdom, France, and the Middle East. In addition, we have a number of business-to-business relationships including international brands such as Fonterra, Kraft, Mondelez, Bellamy's, and Blackmores.

Domestically, our corporate teams manage sales, marketing, category management, quality and safety management and procurement. Support teams then manage human resources, finance, legal and IT. We have regional sales and marketing team members in the United Arab Emirates, China and Malaysia who predominantly work from home.

In Australia, we have 19 manufacturing and processing sites with technical team members responsible for production, maintenance, quality assurance and food safety. We have three international sales offices managing sales and distribution of our products to our global business customers. We also have third-party manufacture agreements with 21 suppliers. These business relationships are described further on page 15.



# Our brands, markets and operations

## Manufacturing facilities

- 7 White milk and milk-based beverages
- 1 Milk-based beverages hub
- 3 Cheese
- 2 Dairy powder and fats
- 2 Peanuts
- 2 Juice
- 1 Yoghurt
- 1 Spreads

## International sales offices

- A China office
- B Malaysia office
- C Singapore office



**WE SELL OUR PRODUCTS IN OVER 40 COUNTRIES TO MANUFACTURERS, RETAILERS, DISTRIBUTORS AND AGENTS.**

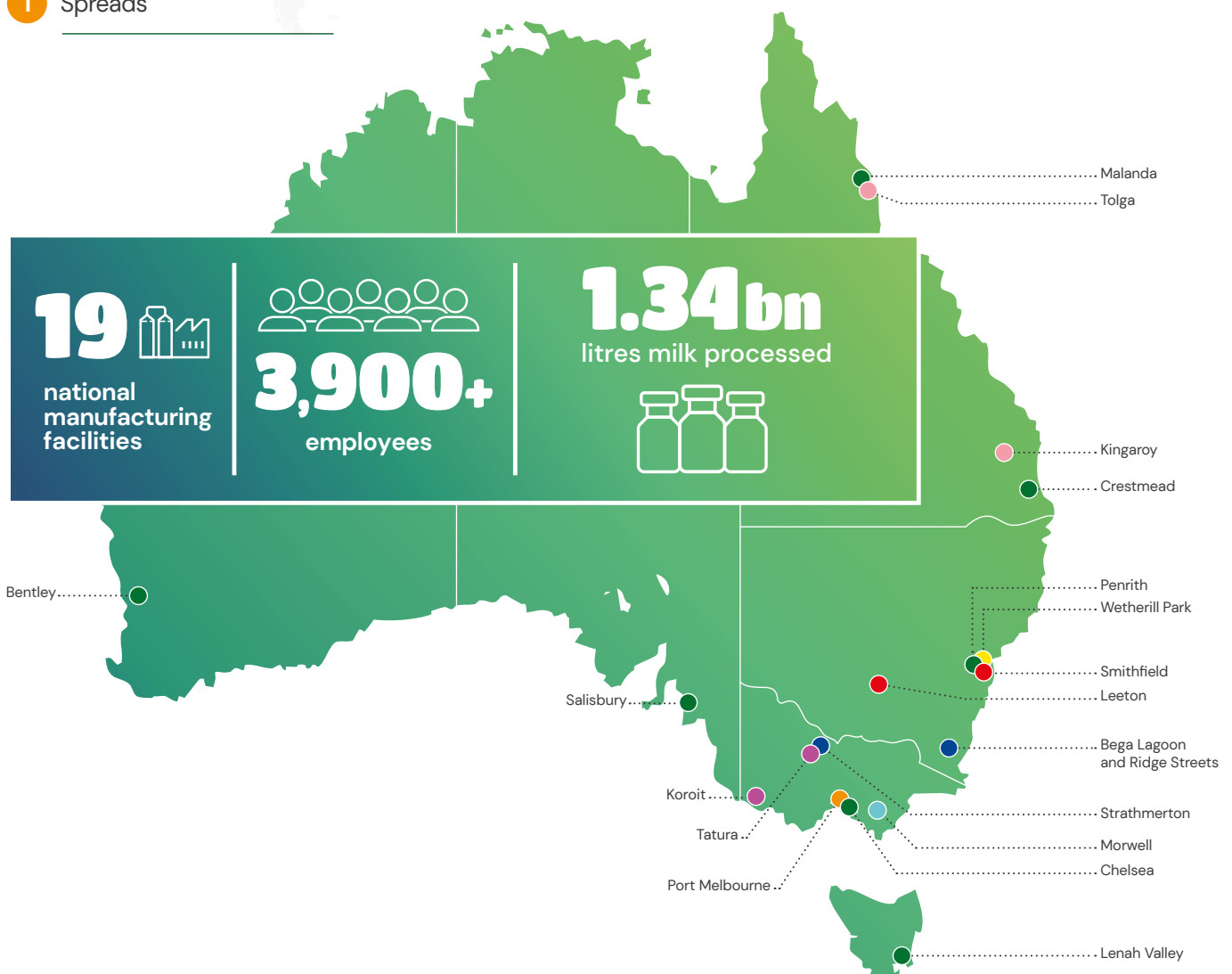


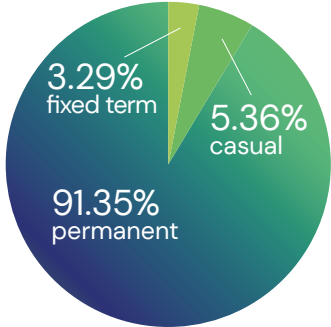
Figure 1: Bega Group operations and footprint.

# Our people

As of June 2023 Bega employs 3,917<sup>5</sup> people across our sites, distribution centres and offices. Our people are vital to our success and we are committed to creating a workplace where all people can thrive. We respect our employees' right to freedom of association and collective bargaining. Approximately 90% of our workforce are direct employees, with 57% of our workforce covered by collective bargaining agreements. We engage approximately 340 people via labour hire.

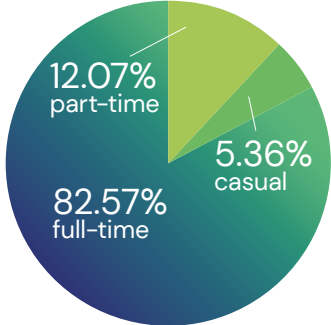
## Employment Permanency

3.29% fixed term, 5.36% casual and 91.35% permanent



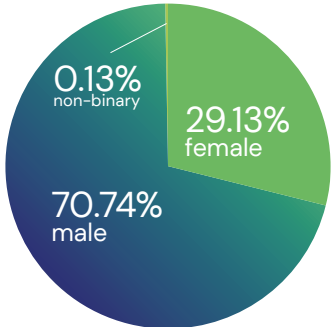
## Employment Arrangement

12.07% part-time, 5.36% casual and 82.57% full-time



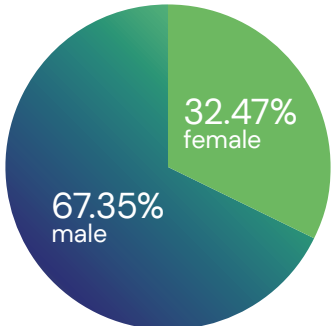
## Gender Representation: total workforce<sup>6</sup>

29.13% female, 70.74% male and 0.13% non-binary



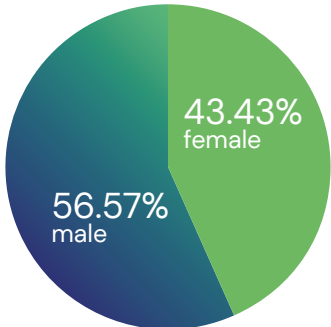
## Gender Representation: management position

32.47% female and 67.53% male



## Enterprise Bargaining: agreement

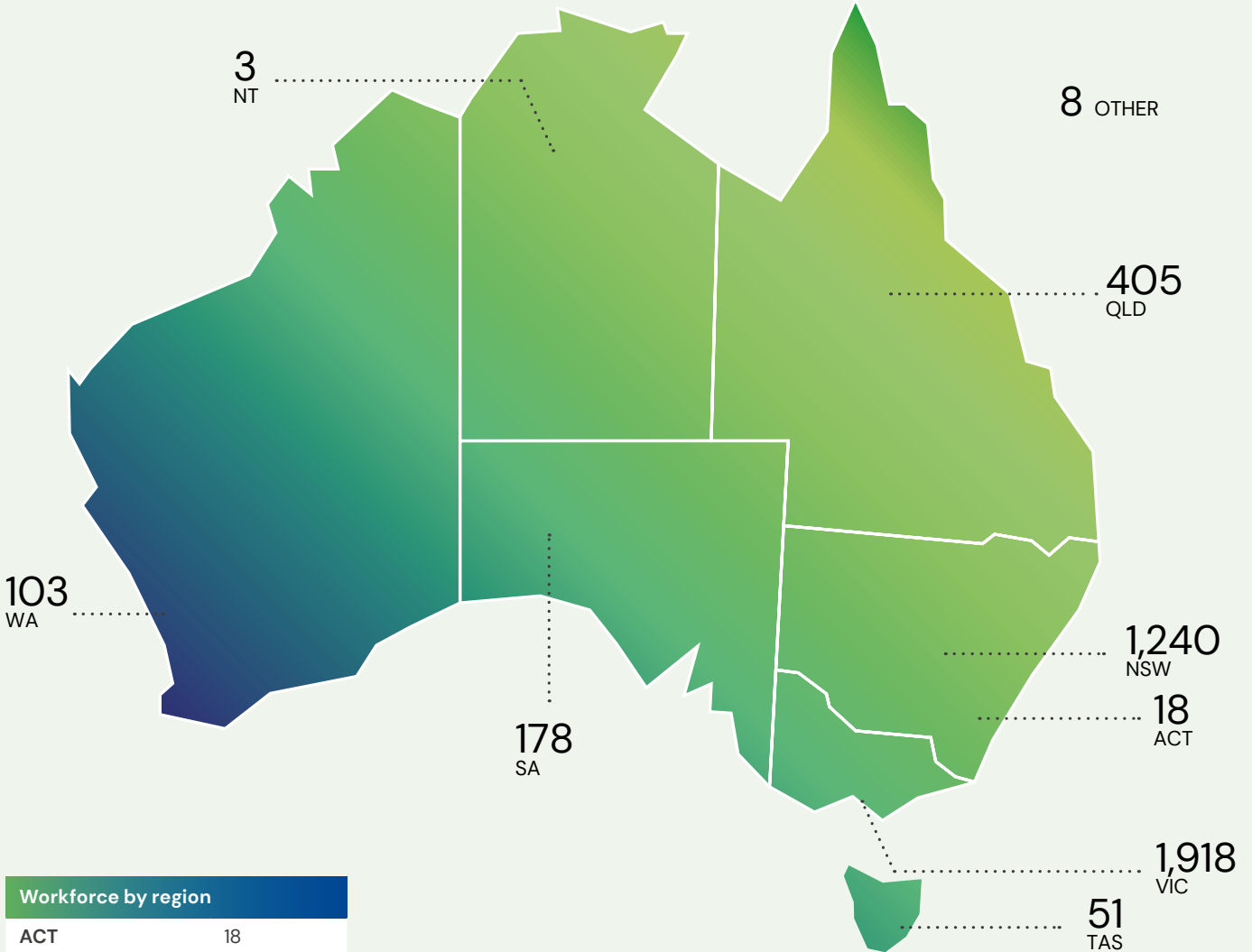
43.43% non-EBA and 56.57% EBA



<sup>5</sup> Based on full time equivalent employees excluding external contractors.

<sup>6</sup> Includes senior executives.

## Workforce by region



| Workforce by region |       |
|---------------------|-------|
| ACT                 | 18    |
| NSW                 | 1,240 |
| NT                  | 3     |
| QLD                 | 405   |
| SA                  | 178   |
| VIC                 | 1,918 |
| TAS                 | 51    |
| WA                  | 103   |
| Dubai, UAE          | 1     |
| Malaysia            | 4     |
| China               | 3     |

Figure 2: Workforce by Region.

# Our supply chain

The majority of our supply chain expenditure is with over 4,000 Australian suppliers of raw materials. In total we have over 10,000 suppliers providing a variety of other commodities and services, locally and offshore, to support our range of food and beverage brands. Our strong relationships with Australian farmers and growers mean that we know the provenance of many of our raw materials. Extreme weather events this year contributed to disruptions in commodities such as juice concentrates, peanuts, sugar and tomatoes.

Whilst 76% of our spend is with Australian suppliers, the balance of our purchases are sourced from overseas from countries including Argentina, China, New Zealand, and the United States. More information on the geographic spread and spend of our supply chain is shown on page 19.

The arrangements we have with our suppliers vary depending on the value, size and category of the purchased goods or services. Some of our more common supplier arrangements include Citrus, Milk and Peanut supply agreements, standard purchase contracts, and Third-Party Manufacturing (TPM) Agreements, each of which are described below. The average contract length with our suppliers is around one year, with contracts ranging from short term one-month arrangements to extended agreements beyond five years. Like most businesses, we also have a small percentage of ad-hoc purchases.

## Bega Group supply chain by % of expenditure<sup>7</sup>

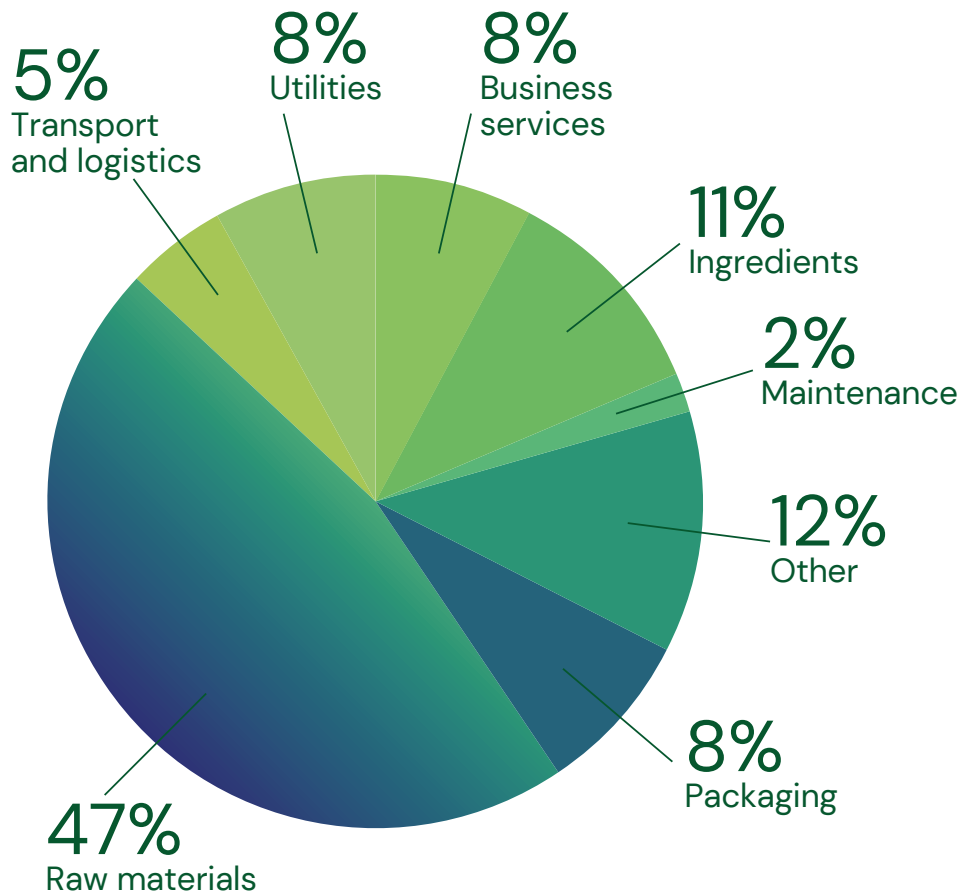


Figure 3: Bega Group supply chain by % of expenditure.

<sup>7</sup> Bega Cheese data is for the period May 2022 – April 2023 and for Bega Dairy and Drinks and the Peanut Company Australia data is for the period July 2022 – June 2023.

### Third-party manufacture

Suppliers of purchased finished goods are closely monitored and we have high expectations of their manufacturing operations. Our TPM partners manufacture our branded products on an exclusive basis to our quality standards and ingredient requirements. Many of our TPM agreements also include the arrangement to use Bega supplied ingredients such as dry blends, nutritional blends, peanuts and dairy to utilise our high-quality ingredients whilst maintaining competitive costs on our products. TPMs must undergo rigorous and regular quality, safety and ethical audit to satisfy the obligations under our agreements. More on our TPM social monitoring is explained on page 17.

### Milk, citrus, and peanut supply

Our dairy supply agreements, shown on our website, set out requirements for exclusive or non-exclusive supply of milk products to Bega. Bega has always worked co-operatively with our dairy farmer suppliers, and we are committed to continuing to do so. The citrus and peanut agreements are standardised to include our quality requirements and expectations of health, safety, environmental and quality performance, with allowances included for tonnage bonuses for suppliers where relevant.

### Standard purchases

Standard purchase agreements can be for one-off purchases for goods or services or for extended supply across several years. Contracts with our suppliers typically range from six months to three years of supply. All suppliers, inclusive of TPMs and commodities shown above also must complete our ethical sourcing governance questionnaire as part of our onboarding and screening process. More information on this is described on page 29.

### Better farms

All of our dairy suppliers are eligible to be a part of our Better Farms Program. The Better Farms initiative aims to support suppliers by providing access to grant funding for professional advice, training and on farm capital works improvements. We place particular focus on supporting suppliers to meet their regulatory requirements, as well as improve the long-term resource sustainability and efficiency through industry recommended practice adoption. You can read more about the program on page 31.

# WHAT WE PROCESSED THIS YEAR AT OUR SITES IN AUSTRALIA

1.3 billion litres of milk  
37,755 tonnes of citrus  
6,778 tonnes of apples  
1,409 tonnes of pears  
18,554 tones of peanuts



# OUR MODERN SLAVERY RISKS





In alignment with the UNGPs<sup>8</sup>, we understand our operations and supply chain could cause, contribute to, or be directly linked to adverse modern slavery risks or impacts. We understand labour exploitation occurs on a spectrum of human rights violations, where modern slavery refers to very severe forms of labour exploitation such as forced labour and debt bondage. We recognise that workers may experience labour exploitation without being in conditions of modern slavery. Our risk assessment approach aims to identify general risks of labour exploitation, as these present unacceptable human rights impacts and constitute warning signs that more egregious forms of modern slavery may be present or at risk.

We take a proactive approach to the identification of risks in our operations and supply chain. We consider a range of modern slavery risk factors, including those associated with the country of operation or source of goods (or **geographic** risk), associated with the specific **industry** of the product or services, and related to potentially high-risk **business models** such as labour hire where exploitation is documented.

To inform our risk management approach, we refer to the *Commonwealth's Guidance for Reporting Entities*<sup>9</sup> as well as drawing on reputable sources such as the Global Slavery Index (GSI)<sup>10</sup>, the Global Rights Index (GRI)<sup>11</sup>, International Labour Organization (ILO) data, and the US Department of Labor reports (USDOL)<sup>12</sup>. We also gain insights from our own monitoring data, advice from external consultants and experts, and internal workshops and consultation.

We also gather data specific to our suppliers or third-party providers. When we onboard a new supplier or third-party manufacturer, we conduct an internal screening to enable us to verify their risk level. This includes information about the specific industry, spend amount, and country of origin of the goods or services. Further detail on these processes are on page 18.

We also consider how business activity such as acquisitions affect our risk profile. For example, in 2021 we updated our risk review based on our Dairy and Drinks acquisition, and our FY2022 actions reflected this. This year, we have re-assessed our whole of business risk with a team of external human rights advisors, based on our FY2023 spend<sup>13</sup>. In the following section, we have outlined findings and reflections of this assessment of risk in both our operations and supply chain for the FY2023 reporting period. Additional or continued action to address these risks will be a focus for FY2024.

## Our operations

Bega employs more than 3,900 people across our sites, distribution centres and offices. We consider the risk of modern slavery in our direct workforce to be low. As noted on page 12, just over 90% of our workforce is permanent, with the other 10% on fixed term or casual contracts. Over 99% of our workforce is in Australia, which has a low risk of modern slavery and labour rights violations. We recognise, however that labour exploitation can take place in Australia.

The most likely risks of modern slavery within our operational activities correspond to indirect workers engaged through outsourced services, labour hire, or subcontracting. Outsourced services at risk include cleaning and laundry services, security, and facilities management, construction and maintenance. These are risks we could potentially be linked to, or contribute to through engagement of service providers or labour hire. These risks relate to the industries and types of service in question, as well as to the use of labour hire. We are aware that we may have limited or decreased visibility of the worker's labour or contract conditions for some parts of our operations. The risk of lower visibility is increased where we engage workers through labour hire or subcontractor arrangements. Labour hire arrangements are addressed in Our Approach.

We conduct some of our own business operations in moderate-to-high-risk geographies, including the United Arab Emirates (UAE), China and Malaysia, where workers' rights may not be guaranteed. One colleague based in the United Arab Emirates is a regional manager engaged in sales and business development. Our colleagues in Malaysia and China work from home or WeWork offices as regional sales and marketing team members. Although the risk of modern slavery in our employees work is low, the geographic risks of modern slavery in the UAE is moderate<sup>14</sup>, in Malaysia is high<sup>15</sup> and in China is very high<sup>16</sup>. Controls in relation to operational risks are outlined in Our Approach on page 24.

<sup>8</sup> United Nations Guiding Principles on Business and Human Rights, Office of the High Commissioner (2011).

<sup>9</sup> Commonwealth Guidance for Reporting Entities, Australian Government (2023).

<sup>10</sup> Global Slavery Index, WalkFree (2023).

<sup>11</sup> Global Rights Index, International Trade Union Confederation (2023).

<sup>12</sup> List of Goods Produced by Child Labor or Forced Labor, US Dept. of Labor (2022).

<sup>13</sup> Please note that data may differ slightly from our Sustainability report for FY2023 spend as the data gathered for this report was a complete consolidated record of all spend from our various payment systems.

<sup>14</sup> Global Slavery Index – United Arab Emirates, WalkFree (2023).

<sup>15</sup> Global Slavery Index – Malaysia, WalkFree (2023).

<sup>16</sup> Global Slavery Index – China, WalkFree (2023).

# Our supply chain

As outlined on page 14, we have a complex supply chain with over 4,000 raw material suppliers based both in Australia and overseas, in addition to more than 6,000 supplying other goods and services. Our supply chain risk was re-assessed based on our FY2023 spend data to gain a new understanding of our relevant modern slavery risks. This risk assessment included a deeper level of analysis than our previous assessments by considering risks beyond tier one and two, to consider areas where we have less visibility, and identifying high-risk raw materials and their likely origins. The results of this are shown on pages 19–21.

Our supply chain risk has been assessed based on:

- Country of operation: tier one geographic risk calculated using data from [Global Slavery Index](#) (GSI) vulnerability ratings, [Global Rights Index](#) (GRI) ratings, US Department of Labor (USDOL) [List of Good Produced using Child and Forced Labour](#), and the US Department of State [Trafficking in Persons Report](#) (TIPR),
- Industry and commodity or service risk using International Labour Organization industry ratings from the [Global Estimates of Modern Slavery](#), [Verite](#) international risk data, in addition to the sources above,

- Country of origin risks where available in our collected data,
- Business model or media alert risks on a case-by-case basis for our highest risk suppliers, and
- Other considerations including the amount of expenditure and our understanding of leverage<sup>17</sup>.

Our identified high-risk ingredients and products include palm oils, coffee, cocoa, nuts, vanilla, rice, fruit, and sweeteners including stevia. We source from high-risk countries including China, India, Argentina, Malaysia, and Taiwan, which have a high prevalence of modern slavery and worker vulnerability to exploitation.



<sup>17</sup> 'Leverage' refers to an organisation's ability to influence other entities to change their behaviour. A large company may have a greater ability to influence suppliers to incorporate modern slavery risk management practices. (Commonwealth Guidance).

## Geographic risks

Geographic risk refers to the inherent risks of modern slavery in the country of origin of goods. It is based on a variety of factors, most notably existence of forced labour, child labour, labour rights violations, and human trafficking. In FY2023, Bega's direct suppliers were located in the following countries:

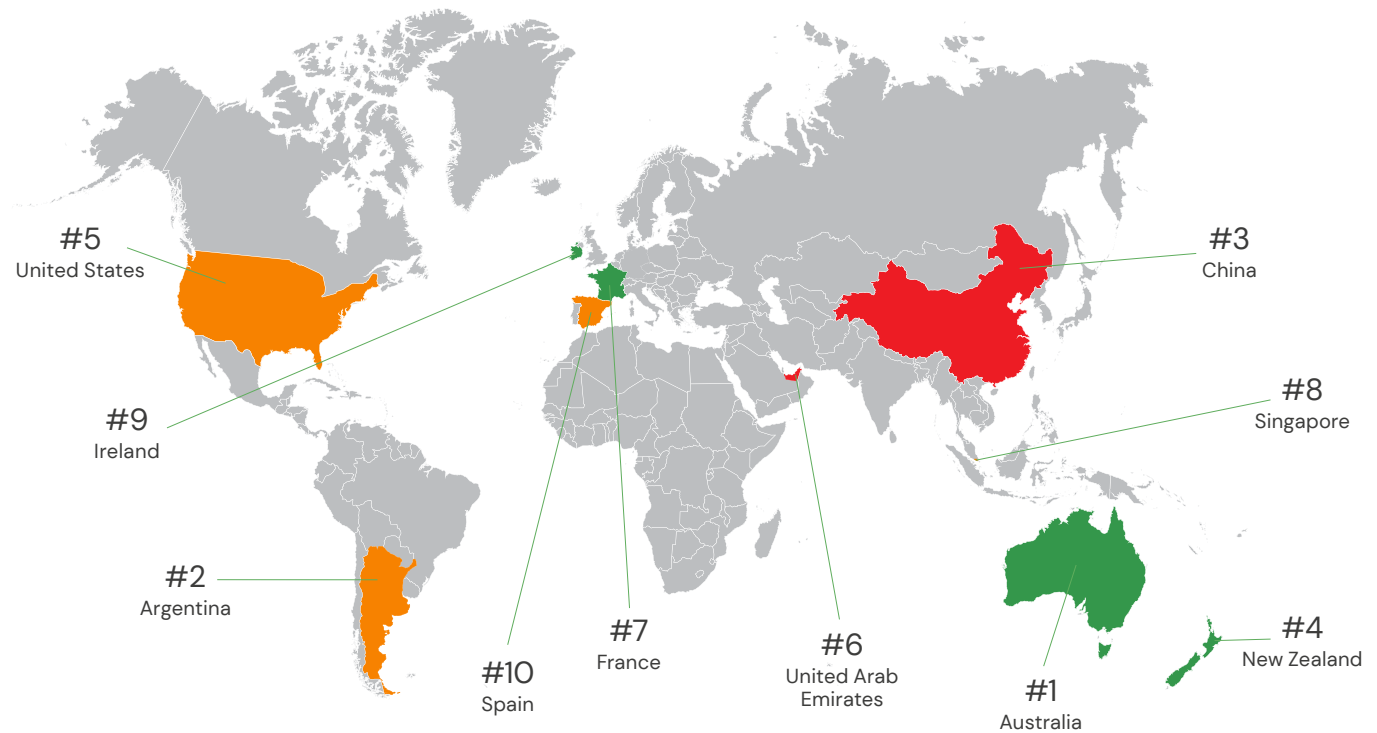


Figure 4: Tier 1 spend by country.

| Rank | Country                  | FY2023 Spend | FY2022 Spend | GSI Vulnerability <sup>18</sup> | GSI Ranking <sup>19</sup> | Risk considerations  |
|------|--------------------------|--------------|--------------|---------------------------------|---------------------------|--|
| 1    | Australia                | 75.39%       | 82.8%        | 6.81                            | 3                         | The vast majority of our expenditure is from Australian suppliers for a wide variety of products, ingredients, and services, with varying levels of risk depending on sector. See the next section for further detail on specific products and services. |
| 2    | Argentina                | 0.31%        | 1.14%        | 35.51                           | 3                         | Medium risk goods procured from Argentina.   |
| 3    | China                    | 0.24%        | 2.40%        | 45.54                           | 5                         | High-risk ingredients and goods purchased from China.  |
| 4    | New Zealand              | 0.24%        | 5.13%        | 7.81                            | 2                         | Low and medium risk services and medium risk products procured from New Zealand.   |
| 5    | United States of America | 0.16%        | 2.77%        | 24.53                           | 4                         | Systematic violation of workers' rights, especially in manufacturing, agriculture, and distribution sectors.   |
| 6    | United Arab Emirates     | 0.09%        | N/A          | 39.54                           | 5                         | High vulnerability to modern slavery and no guarantee of rights.   |
| 7    | France                   | 0.06%        | N/A          | 13.25                           | 2                         | Low risk services.   |
| 8    | Singapore                | 0.04%        | 0.51%        | 24.38                           | 2                         | Low risk services and medium risk ingredients.   |
| 9    | Ireland                  | 0.04%        | N/A          | 9.33                            | 1                         | Low risk services.   |
| 10   | Spain                    | 0.01%        | N/A          | 10.37                           | 2                         | Low risk services and medium-high-risk products.   |

<sup>18</sup> We note that during the refreshed risk assessment, 22.32% of spend data did not include data on suppliers' geographic location. This percentage has been highlighted as a barrier to accurately assessing risks of modern slavery.

<sup>19</sup> Indicates proportional vulnerability out of 100 to modern slavery, where a higher score indicates higher vulnerability.

<sup>20</sup> Measures labour rights violations of countries on a scale of 1 to 5, where a score of 1 indicates good protections for workers and a score of 5 indicates no guarantee of rights.

### Category and industry risks

The following goods and services have been identified in the supply chain risk assessment to have medium to high inherent risk of modern slavery. Inherent risk describes overall risk factors in those services or commodities, based on the research inputs described above. It provides areas of focus for further due diligence and prioritisation. The description of risk does not indicate that exploitative practices have been found in Bega's supply chain.

#### High-risk services

| Service                               | Description of inherent risk factors   |
|---------------------------------------|--|
| Cleaning and laundry services         | The cleaning services industry in Australia is considered high-risk due to both high number of past violations, and the high numbers of migrant contract-based workers in this industry. The lack of transparency requested between service providers and the companies contracting them often allows for further obfuscation of worker's entitlements.<br>Source: <a href="#">Australian Human Rights Commission</a>  |
| Maintenance and construction services | Construction is <a href="#">estimated by the ILO</a> to constitute approximately 16% of forced labour victims worldwide. The Global Slavery Index outlines an increase of referrals in Australia for slavery claims in the construction industry, and caution should be maintained, especially concerning labour hire providers. Vulnerable workers in the construction industry may not know of available ombudsman or worker support through union or worker representation groups.<br>Source: <a href="#">Australian Institute of Criminology</a> |
| Security services                     | Security is considered high-risk due to layers of subcontracting, low barrier to entry work, use of migrant labour and history of exploitative labour practices.<br>Source: <a href="#">KPMG</a>   |

#### High-risk commodities

| Industry and commodity  | Description of inherent risk factors  |
|---|---|
| <b>The manufacturing industry is <a href="#">estimated by the ILO</a> to constitute approximately 18% of forced labour victims worldwide.</b> |   |
| Safety equipment  | Although many Personal Protective Equipment items use automated manufacturing processes with strong quality controls in place, there have been widely reported cases of exploitation in the manufacture of gloves, and concerns raised for other manufacturing areas where suppliers have diversified manufacturing outputs because of COVID-19 supply demands.<br>Source: <a href="#">BHRRC</a>  |
| Building materials/ Capital Expenditure   | Building materials are often sourced from high-risk geographies associated with poor working conditions, forced and child labour. At least 22% of forced labour victims are found in the manufacture and production of raw materials including in forestry, mining and quarrying – key suppliers for property and construction.<br>Source: <a href="#">KPMG</a>   |
| IT hardware and telecommunications  | The manufacture of <b>electronic goods</b> carries substantial risks especially when sourced from high-risk geographies such as Malaysia, China, and Thailand.<br><br>The manufacture of electronic goods, although sometimes considered skilled labour, is often under harsh conditions with widespread cases of bonded labour and exploitation of child or student workers for little to no pay. Workers are sometimes subject to harassment, unreasonable quotas and excessive overtime, and provided inadequate protective equipment. These products also carry higher inherent risks than other electronic goods due to the cobalt used in lithium-ion batteries, which are a component of almost all portable battery-operated devices.<br>Source: <a href="#">Verite</a> , <a href="#">TVPRA</a> |
| Marketing and Merchandising consumables   | Merchandising materials and consumables such as uniforms carry risk of modern slavery. Textiles manufacture is known for wider exploitation with workers frequently employed outside of legal terms, and vulnerable to trafficking due to informal work arrangements and a high turnover workforce.<br>Source: <a href="#">TVPRA</a> , <a href="#">GSI</a>  |
| Food Chemicals and processed ingredients including flavours, additives and processed fruit  | Whilst the manufacturing stage of these products is often not the key area of risk, we purchase a number of processed ingredients including vanilla, sweeteners, carrageenan and palm oil. These ingredients often come from high-risk countries or have history of exploitative practices involved in farming and extraction.  |

### High-risk commodities

| Industry and commodity   | Description of inherent risk factors   |
|--|--|
| <p>Agriculture, forestry and fishing are <b>estimated by the ILO</b> to constitute approximately 12% of forced labour victims worldwide.</p> |  |
| <p><b>Cocoa</b></p>  | <p>Cocoa is widely known risks of forced and child labour, and the supply chain is often opaque due the complex levels of trade between producers (smallholders) and consumers. Risks are heightened due to bad governance, lack of accountability or transparency, lack of infrastructure, poverty, low market prices and downward pressure on pricing industry wide. Climate change, deforestation, and biodiversity risks also challenge the future of cocoa incomes for smallholders. The push for transparency, prices higher than farm gate average, prevention of further deforestation, and greater traceability measures are increasing gradually.<br/>Source: <a href="#">WalkFree</a></p>   |
| <p><b>Coffee</b></p>   | <p>Despite the differences in geographic risk across the global coffee supply chain, coffee is considered a high-risk commodity regardless of origin. Child and forced labour are known to occur in the farming, harvesting, processing, and manufacture of coffee and coffee products in many countries in Africa, South-East Asia, and the Americas.<br/>Source: <a href="#">TVPRA</a>, <a href="#">GSI</a>, <a href="#">Solidaridad</a></p>   |
| <p><b>Vanilla</b></p>  | <p>Vanilla, which is produced mainly in Madagascar and Uganda, has risks of modern slavery due to labour intensity, hot growing conditions, vulnerable workforces, seasonal fluctuation in workforces needs, and lack of transparency. Vanilla plants must be pollinated by hand during an extremely short period of time, and farmers often employ family to assist in harvesting. Child labour is normalised in Madagascar where children as young as 10 will miss school to assist with harvests. In addition, loans called “flower contracts” are often taken out by farmers with the intention of repaying upon sale of crops, however prices often fluctuate leaving farmers in debt to middlemen and their children vulnerable to trafficking.<br/>Source: <a href="#">Verite</a>, <a href="#">The Guardian</a></p>               |
| <p><b>Salt</b></p>   | <p>Salt, when mined can be highly hazardous for workers health. With reported exploitation of children in Bangladesh, India, Korea, Cambodia, Mali, and Niger. Salt sourced from China additionally carries potential risks of forced and child labour. Bega sources salt from Australia and China, but these suppliers may source from high-risk geographies.<br/>Source: <a href="#">TVPRA</a>, <a href="#">GSI</a>, <a href="#">BHRRRC</a></p>  |
| <p><b>Fruit</b></p>  | <p>In Australia and overseas, fruit farming, processing, and packing carries risks of forced labour. In Australia, agricultural workers are more likely to be migrants and therefore vulnerable to exploitation through deceptive recruitment, piece-pay that does not cover their living expenses, and harsh working conditions. Risks are particularly heightened when the fruit is sourced from low GDP countries, conflict zones, and where growing operations are geographically isolated. Outsourced packing operations, and additional labour at processing plants add a layer of complexity to these supply chains and may obfuscate risks, but not reduce it.<br/>Source: <a href="#">GSI</a>, <a href="#">TVPRA</a>, <a href="#">GSI</a>, <a href="#">The Guardian</a></p>   |
| <p><b>Palm oil</b></p>   | <p>Palm oil, largely produced in Indonesia and Malaysia, has widespread reports of industry malpractice. Both adults and children have been subject to forced labour in this industry. Risks heightened both by geographic isolation, practices of deceptive recruitment, debt bondage, and passport confiscation are common. Indonesia is the world’s biggest producer of palm fruit and oil. Labour exploitation of adults and children is known to occur on Indonesian palm plantations, including high daily targets leading to dangerous working conditions, unpaid overtime, and wage deductions. These workers are also subject to intimidation and abuse. Migrant workers in Malaysia are also vulnerable to exploitation on palm plantations and in palm processing.<br/>Source: <a href="#">TVPRA</a>, <a href="#">GSI</a></p> |
| <p><b>Rice</b></p>   | <p>The farming and processing of rice and manufacture of rice products is known to involve child labour in Brazil, the Dominican Republic, Ecuador, Ghana, Kenya, Pakistan, the Philippines, Uganda, and Vietnam; and both child and forced labour in Burma, India, and Mali.<br/>Source: <a href="#">TVPRA</a>, <a href="#">GSI</a></p>   |
| <p><b>Stevia</b></p>   | <p>A relatively newer agricultural product, some imports of Stevia have been banned by the US due to links to forced labour.<br/>Source: <a href="#">BHRRRC</a></p>  |
| <p><b>Peanuts</b></p>  | <p>Although we source the majority of our peanuts from partner growers in Australia, peanuts are a known forced and child labour risk in Bolivia, Paraguay, and Turkiye. In Turkiye, children often work alongside their families in the fields and are exposed to various hazards including pesticides, dangerous tools, and the elements. Young workers are also at risk of various types of harassment during the course of their work.<br/>Source: <a href="#">TVPRA</a>, <a href="#">Verite</a> 1, 2</p>  |

## Ingredient and raw material source risks

For our FY2023 spend, procurement data of tier one suppliers was analysed to identify high-risk products in the above assessment. These products were analysed further using product information and product specification data used for quality and food safety purposes, primarily developed for our safety, quality and product labelling requirements. This data allowed us to map lower supply chain tiers and origins to an additional degree beyond our previous risk assessments. Where raw material source data was not available, we have made some assumptions of country of origin based on most likely sources of these commodities.


Ingredients with potential risks have been noted including other vegetable oils from Malaysia and other origins, paprika from China, chia from Paraguay, psyllium husk from India, maca root powder (likely origin Peru or Brazil), L-glutamine derived from corn sourced from China, Pea Protein powder from China, sugar (mixed origins), and tomatoes from India. These have been identified as potential risks as origins were not clear, or detailed research on the risks in these commodities are not understood or well reported.

### Identified high risk ingredients include;


- COFFEE\***

Ingredient origins not known


\*RFA certified quantities carry lower residual risk


- COCOA POWDER AND BUTTER**


Ingredients from Ghana, Cote D'Ivoire, Indonesia & EU processed


- VANILLA**


Mixed or unknown origins


- STEVIA**


Ingredients from China


- COCONUT FLOUR AND OIL**

Ingredients from Philippines and Sri Lanka


- HAZELNUTS**


Ingredients from Turkiye




### Identified moderate risk ingredients include;

- RICE AND RICE POWDER**


Ingredients from China


- ALMONDS, PEANUTS AND OTHER NUTS**

Mixed Australia & other origins  
Peanuts are higher risk in Bolivia, Paraguay and Turkiye


- FRUIT PUREE AND PREP INCLUDING APRICOTS**

Ingredients from China and other origins



## Our relationship to the identified risks

The following table outlines our relationship to the key product and service risks we have identified, based on the extent to which we might potentially cause, contribute to, or be linked to those risks aligning to the approach of the UNGPs<sup>21</sup>.

These were identified through our updated FY2023 risk assessment of procurement spend data detailed prior. See later sections (Our Approach and Our Responsible Sourcing Program) for a detailed explanation of how we managed these risks during the reporting period.

| Relationship                                     | Activity  | Potential impacts   | Risk detail  |
|--|---|---|--|
| Potential for risks to be caused by Bega         | Temporary and seasonal workers in Australia.        | Underpayment of wages, debt bondage, deceptive recruitment, unsafe working and living conditions, deprivation of freedoms.  | We employ additional workers during peak harvest and processing seasons through labour hire agencies.  |
| Potential for risks to be contributed to by Bega | Purchase of high-risk commodity ingredients.        | Debt bondage, servitude, deceptive recruitment, forced and child labour, unsafe working and living conditions, trafficking. | Higher risk ingredients include coffee, cocoa, hazelnuts, almonds, peanuts, rice, coconut flour and oil, sugars, sweeteners, sat, fruit and processed fruit, imported citrus, vanilla, and palm and sunflower oils.  |
|  | Purchase of finished goods.                         | Debt bondage, servitude, deceptive recruitment, forced and child labour, unsafe working and living conditions, trafficking. | Some ingredients of finished goods we purchase are sourced from high-risk countries and/or have high inherent commodity risks. These include cocoa, coffee, and sweeteners in finished goods such as drinks and condiments.<br><br>Some of these ingredients present a higher risk because they are sourced from China, where the incidence of forced labour is alleged have increased over FY2023. These include fruit and fruit-based products, food colours and flavours, and sweeteners. |
|  | Safety and Personal Protective Equipment.           | Worker health and safety, supply chain pressure, forced labour  | We recognise the ongoing increased risk of modern slavery and human rights abuses due to supply chain pressures of high-demand products such as PPE caused by the COVID-19 pandemic.   |
| Potential risks for Bega to be linked to         | Merchandising and licensing relationships.          | Forced labour, underpayment of wages  | We have several commercial relationships with other companies related to merchandising and the licensing of some of our products and brands. Manufacturing can be a high-risk industry, and contract manufacturing can present risk as it involves third parties and reduces Bega's visibility of labour conditions.   |
|  | Ingredients and manufacture in high-risk countries. | Forced and child labour, trafficking, debt bondage, unsafe working and living conditions.                                   | We source from countries such as India, Malaysia, Argentina, and China which have increasingly high inherent risk due to forced labour risks.  |
|  | Goods not for resale.                               | Forced and child labour, trafficking  | This includes our textile uniforms, pallets, capital machinery, and IT equipment. These products all carry risks in their manufacture.<br><br>Capital machinery and IT equipment in particular have high risks due to their raw materials, which include minerals and materials from highly exploitative industries and regions.   |

<sup>21</sup> United Nations Guiding Principles on Business and Human Rights, Office of the High Commissioner (2011).

# Our approach and actions to address Modern Slavery

## Governance framework

The Modern Slavery Working Group (MSWG) reports on progress to the Risk and Sustainability Committee (RSC) and the full Board. The MSWG consists of a cross functional group of managers (see below) with responsibility for Bega’s operations and supply chain.

The MSWG’s role is to:

- Develop, review and implement our Modern Slavery Action Plan, which includes actions to monitor our own operations and supplier risks of modern slavery and the related performance.
- Review relevant labour rights and modern slavery regulations in the jurisdictions in which Bega operates.
- Review and assess policies and industry trends for modern slavery.
- Monitor and contribute to the Bega Modern Slavery Statement.

The MSWG’s purpose is to review risks and strengthen our response to modern slavery in our business operations and supply chain by implementing robust processes to identify and address risks of modern slavery.

Through regular refreshed risk assessments, the MSWG reviews risk to people as new or increased modern slavery risks are identified. The MSWG involves representatives from the RSC and would further escalate issues or risks to Bega’s Board as deemed necessary. Business risks related to modern slavery identified by the MSWG are managed and reported to RSC. The RSC comprises of a subset of Board directors, and their summary is reported back to the Board. The RSC monitors and reviews our risk register annually at a minimum, to assess the degree to which material risks are being effectively managed, and to ensure that they are adequately reflected in the material financial and compliance risks in our financial statements.

Our Board, as of 30 June 2023, comprised of seven directors. Directors, and their other current directorships, are listed on pages 35–36 of our [FY2023 Annual Report](#).



Figure 5: Governance diagram.

**TO READ MORE  
ON THE BEGA  
ANNUAL REPORT  
2023 VISIT:  
[BEGA ANNUAL REPORT 2023](#)**

## UPDATES IN FY2023

Throughout 2023, Bega underwent an organisational restructure and reallocation of key teams and business responsibilities. This restructure was not complete at the end of the reporting period, any significant impacts on our modern slavery governance will be shared in FY2024.



### Our Policies

Our commitment to reducing modern slavery risks to people is operationalised through a range of policies and procedures. We are committed to operating in an objective and transparent manner that satisfies all of our legal and regulatory requirements and our corporate and social responsibility commitments.

| Policy                                  | Intent and relevance to modern slavery  |
|---|---|
| <b>Code of Conduct</b>                  | Updated in FY2021, our Code of Conduct provides a framework of principles that Bega Group will abide by in business and dealing with stakeholders. Our Code of Conduct requires employees to act in an ethical manner and display the highest levels of professionalism across all aspects of their work.   |
| <b>Quality</b>                          | Bega's Quality Policy outlines how we will achieve our commitment to supplying quality, safe and consistent products that meet the expectations of our customers and consumers and comply with legal requirements. This policy applies to all Bega manufacturing sites, and we expect third party manufacturers producing products on our behalf to apply the same principles.  |
| <b>Environment and Sustainability</b>   | Our Environment and Sustainability Policy outlines how we will action our commitment to ensuring our business continues to develop sustainably and reduce our impact on the natural environment and ensure positive social impact.  |
| <b>Ethical Sourcing Policy</b>          | Our Ethical Sourcing Policy aims to protect the labour and human rights of workers across our supply chain. It is aligned with our commitment to the United Nations Sustainable Development Goals, and informed by the Ten Principles of the United Nations Global Compact and the International Labour Organisation (ILO) Declaration of Fundamental Principles and Rights at Work. This policy reflects our use of the Supplier Ethical Data Exchange (Sedex) and sets our expectations of suppliers regarding their participation in Sedex. The policy also encourages employees and suppliers to raise potential compliance issues. Our Ethical Sourcing Policy was last updated in May 2022. |
| <b>Compliance and Integrity</b>         | Our Standards of Business Integrity sets out our commitment to integrity and operating at the highest standards of business conducts and ethics. This Standards documents outlines requirements suppliers must comply with at all times, including child labour and forced labour, working hours, safety and health, wage and benefits, non-discrimination, harassment and abuse, and disciplinary practices.   |
| <b>Sustainable Palm Oil Sourcing</b>    | Our Sustainable Palm Oil Sourcing Policy commits to sourcing palm oil in a socially and environmentally responsible manner, adopting the Roundtable on Sustainable Palm Oil as our standard for palm oil. Bega commits to sourcing palm oil and palm oil products from a transparent and sustainable supply chain respects and upholds the rights of workers, indigenous peoples, and local communities among other social and environmental considerations   |
| <b>Chain of responsibility</b>          | Our Chain of Responsibility Policy outlines the actions Bega takes to comply with the Chain of Responsibility legislation and Heavy Vehicle National Law (HVNL) to protect employees, contractors, and communities.   |
| <b>Health and Safety Policy</b>         | This policy applies to all Bega manufacturing and network logistics sites and commercial offices in Australia, and also includes our sales and field support personnel working domestically or overseas, and all other locations where Bega has management control. It sets out our commitment to providing a healthy and safe workplace for all employees, contractors and visitors.   |
| <b>Whistleblower Policy</b>             | Our Whistleblower Policy aims to encourage the reporting of wrongdoing that may cause loss to Bega or damage to Bega's reputation, or may cause harm to others. The Whistleblower Policy establishes effective reporting and investigation mechanisms within Bega to enable the organisation to effectively deal with reports from Disclosing Persons in a way that will protect the identity of the Disclosing Persons and provide for the security of the information provided. The Whistleblower Policy notifies Disclosing Persons of the protection they are entitled to under the Corporations Act 2001 and this Policy in respect of Reportable Conduct.                                   |
| <b>Diversity and Inclusion Policy</b>   | Our Diversity and Inclusion Policy aims to ensure that our employees are treated fairly and equally. We recognise that a workforce that reflects our customers and global markets helps us understand changing consumer needs and builds an innovative and externally connected culture. We are committed to ensuring our business practices, systems and processes do not prevent people from diverse backgrounds having equality of opportunity within the business.  |
| <b>Anti-Fraud and Corruption Policy</b> | Our Anti-Fraud and Corruption Policy provides guidance regarding Bega's position on fraud and corruption. This policy is part of our commitment to operate ethically, responsibly and with moral integrity. This Policy underpins any international business activity and financial transactions we perform.  |

### Commitment to remedy

Whilst our contracts include provisions to ensure suppliers must meet our expectations, the goal of the Responsible Sourcing Program is to ensure that affected persons receive appropriate remedy first and foremost (read more about the program on page 30). We will always pursue remedial action prior to escalating or terminating a business relationship to consider the wellbeing and safety of affected persons.

### Grievance mechanisms

Our confidential whistleblower program is available to all our people (and their families) as well as contractors, suppliers and their workers. The program allows concerned parties to bring allegations of inappropriate behaviour and other issues to the attention of the Executive Team.

Reports received through the whistleblower scheme can be on any topic where there is suspected or actual illegal activity, or to report breaches of Company Policy, including our Code of Conduct and Compliance and Integrity Policy which includes explicit mention of forced labour and child labour. The Code of Conduct also acknowledges that a person making a complaint may seek an external resolution at any time during the process. This may involve lodging a complaint with Fair Work Australia, WorkSafe, or the Human Rights and Equal Opportunity Commission.

We ensure that the confidential whistleblower program is accessible by communicating through physical posters, and training that is conducted annually. We undertook efforts during 2022 to communicate the whistleblower program through training, materials such as posters, website content and inclusion in the on-boarding process.

Employees and third parties can confidentially access the externally operated whistleblower system by phone or email. Each whistleblower report is investigated and the outcomes of whistleblower investigations are reported to the Board. The details of our whistle-blower service have been included below.

During FY2023, there were no reports of modern slavery received through the confidential whistleblower program.

### Reporting mechanism

Reports of suspected wrongdoing may be brought to our attention via our fully outsourced independent Whistleblower service that operates 24 hours a day, 7 days per week. The service provides independence and the option of anonymity.

The service can be contacted in one of four ways:

- Phone: 1800 173 918 (within Australia)
- Website: [www.whistleblower.deloitte.com.au](http://www.whistleblower.deloitte.com.au)
- Email address: [whistleblower@deloitte.com.au](mailto:whistleblower@deloitte.com.au)
- Post to: Bega Cheese  
Deloitte Whistleblower Service,  
Reply paid 12628, A'Beckett Street,  
Melbourne. Victoria 8006



# Controls in our operations

Bega recognises that strong labour and human rights protections, and transparency throughout operations and supply chains are safeguards to prevent modern slavery. We have a range of controls and mitigation activities in place in relation to workforce compliance in our direct and indirect workforce. These support mitigation of modern slavery risk.

## Our Employees

- We have a dedicated human resources team to ensure 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).
- Approximately 57% of our staff in our manufacturing and logistics sites operate under collective bargaining agreements.
- Our Code of Conduct outlines the requirements of staff to ensure suppliers are meeting their obligations to abide by laws and Bega policies. The Code of Conduct includes information on using the independent, confidential grievance hotline.
- We provide training for team members covering company policies and procedures, including our Code of Conduct, Whistleblower Policy, workplace behaviours and grievance procedures.
- Employees complete a Code of Conduct Declaration upon employment and take part in refresher training every 24 months to ensure awareness of any changes.
- We support freedom of association and ensure our workers are free to join unions and participate in union activities. This is outlined in our Code of Conduct.

## Labour hire

- Our approach to recruitment is “inside first”, however when hiring externally, the organisation only uses reputable employment agencies to source workers and always verifies the practices of any new agency it uses before accepting workers from it. This functions to mitigate the risk of exploitative practices such as deceptive recruitment or debt bondage.
- When using a contingent labour hire company, we verify accreditation levels. This also includes insurances, work cover, and a detailed assessment of business history, financial performance, competency and references. Labour hire providers are also required to join the Sedex platform and undertake independent audits.

## Audits

- We conduct an internal audit program to assure the effectiveness of our enterprise risk control framework and compliance with our policies.
- As part of our own participation in Sedex and to provide assurance to customers, we also undergo third party SMETA audits at selected sites every two years. In FY2023 we completed audits at Vegemite Way, Bentley and Tatura. The total non-compliances found at these audits totalled 13, with 100% of those findings now remediated.

## Closure of non-compliances

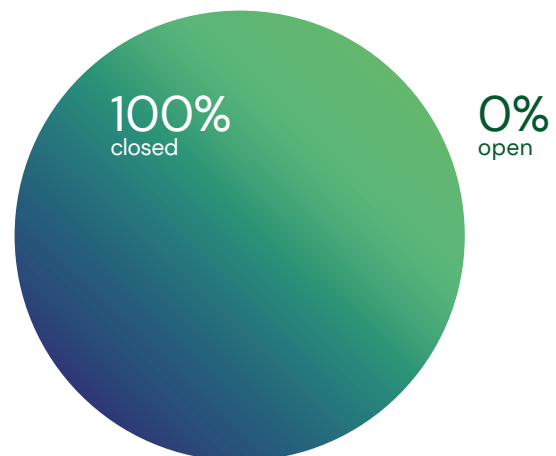


Figure 6: FY2023 Non Compliance outcomes.

# Case study

## PROGRAMMED SKILLED WORKFORCE

Throughout FY2023 Programmed Skilled Workforce (PSW) and Bega have been working closely together in developing programs that better improve service and minimise risk associated with modern slavery.

Each site across the Bega Network has a SMETA audit in which employment of casual labour is a part of this audit process. This includes verifying pay rates, assignment of role, employment status and safety.

Programmed Skilled workforce commence by providing each new starter employee with an assignment sheet.

The assignment sheet verifies the conditions of employment and makes reference to their casual employment contract.

The assignment sheet also includes the client name, address, commencement date of employment, hours of duty, key contacts, type of employment, scope of the role and remuneration package.

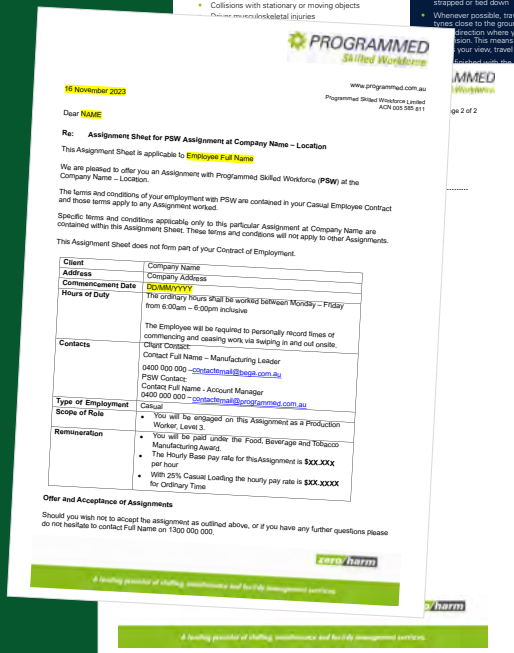
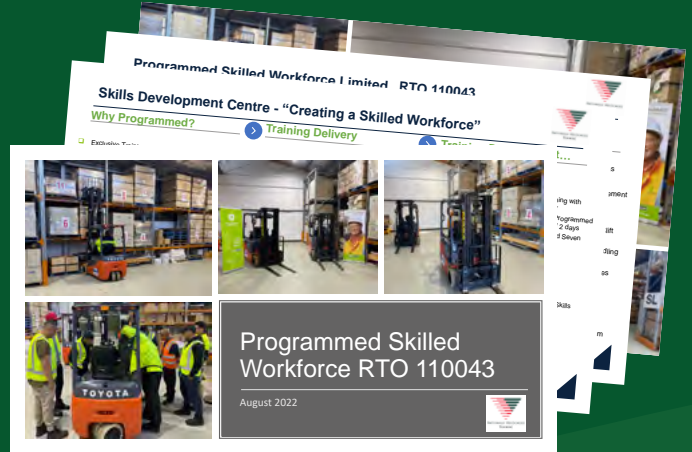
The employee acknowledges the offer of acceptance of assignment.

Throughout FY2023 PSW rolled out safety tool box talks and initiatives on certain topics that will have impact status on safety awareness.

For example, PSW developed a safety toolbox talk to all PSW employees regarding forklift basic rules and why forklifts are so dangerous.

This was a successful initiative in line with Bega's lifesaving rules implemented in the same timeframe.

PSW also commissioned a key training centre in Seven Hills, Sydney that focuses on training/certification and qualifications in manual handling, safety training, forklift licence and awareness training, as well as first aid and work health and safety procedures. Key training centres in major cities will follow suit as part of PSW's future commitment.



# Our Responsible Sourcing Program

To manage our modern slavery risk, we focus on the high and medium risk materials, products, and countries within our supply chain. For high-risk sources, we focus on traceability, the appropriate use of certifications and standards, and further due diligence where recognised certifications are not available.

## Pre-contract due diligence

All Bega's suppliers are required to submit a an ethical sourcing governance questionnaire through our payments team to onboard into our system. Our team then conducts an internal risk review considering geographic, category risk and annual spend to determine our internal risk rating. In FY2023, we screened 923 new suppliers in our new supplier portal.

## Supplier obligations

All suppliers determined by our risk review as high risk must be onboarded to Sedex, where they are required to complete an annual ethical sourcing self-assessment questionnaire (SAQ). This year we onboarded 37 new suppliers to Sedex. A medium to high SAQ risk-rating means a supplier may be then required to complete an independent social compliance Sedex Members Ethical Trade Audit (SMETA). In FY2023, approximately 81% of our suppliers completed their SAQs, with a further 18% still in progress, or not yet started.

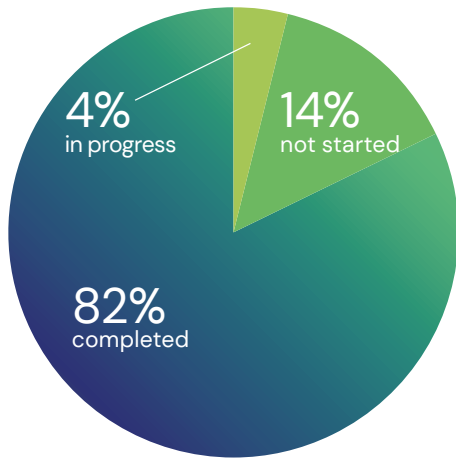


Figure 7: FY2023 Sedex SAQ Completion Rates

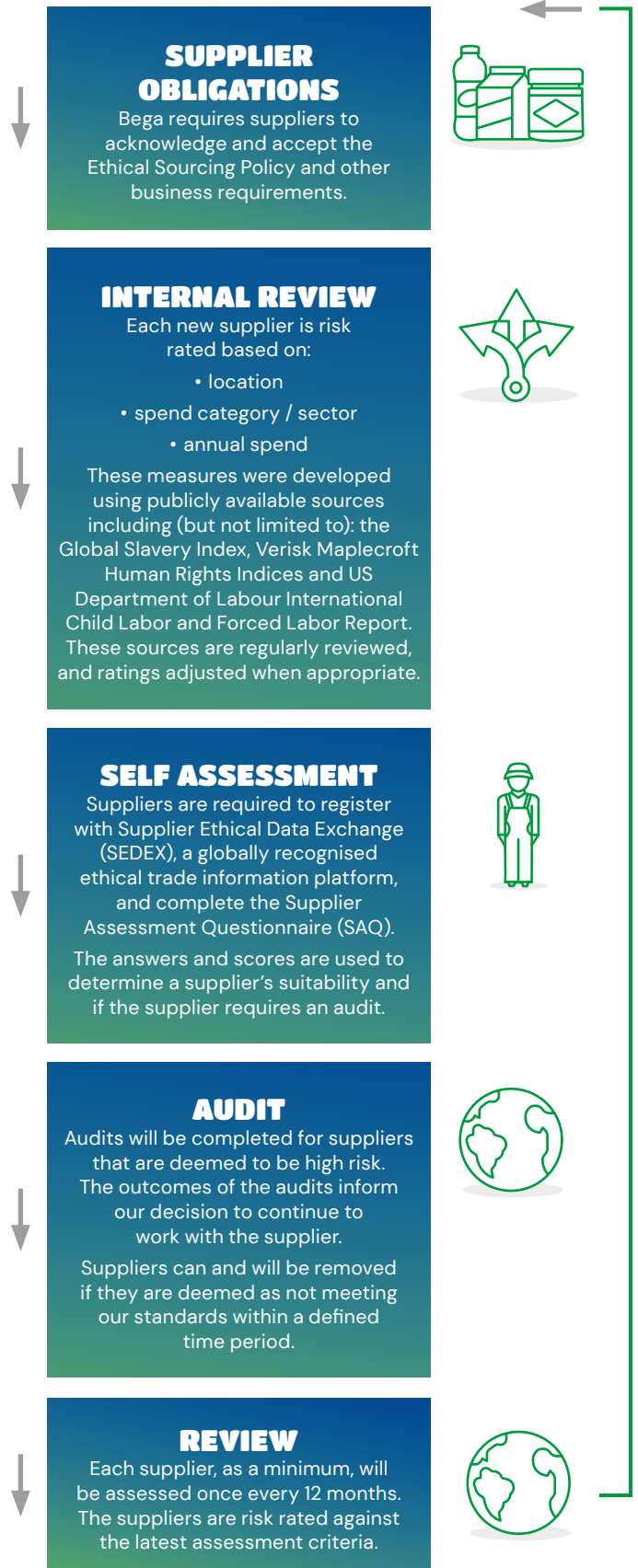


Figure 8: Bega Group ethical sourcing program.

### Supplier obligations

During the reporting period, 23 new SMETA audits were conducted at our suppliers' sites in Australia and internationally as shown in the figure below. Our TPM suppliers may also be required to undergo a SMETA audit in line with their quality and risk results as determined by our quality team. This year one of our TPM suppliers underwent a SMETA audit.

The suppliers that conducted audits in FY2023 included manufacturers and processors of dairy ingredients, peanuts, spreads, flavour additives, chocolate products, packaging, glass, textiles, machinery and a printing supplier.

Notably, no business-critical findings were noted by auditors, and we achieved closure of 83% of nonconformances by the end of FY2023. Open non-conformance findings for all audits conducted in FY2023 are shown in the chart below:

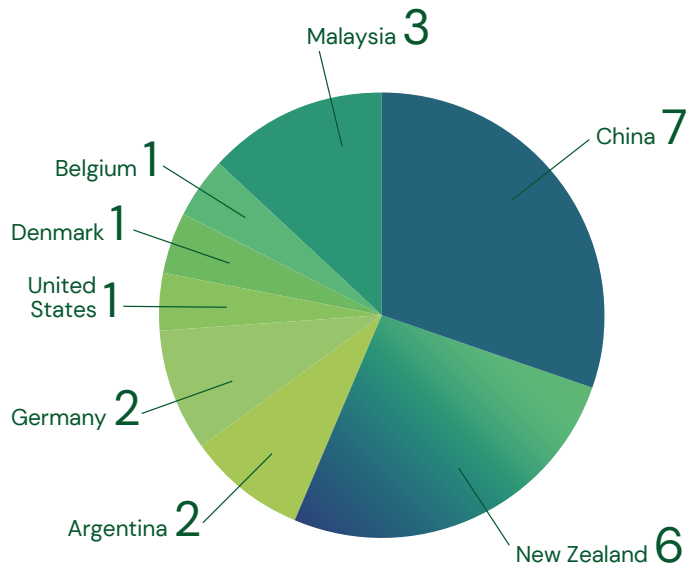


Figure 9: Geography of supplier audits in FY2023.

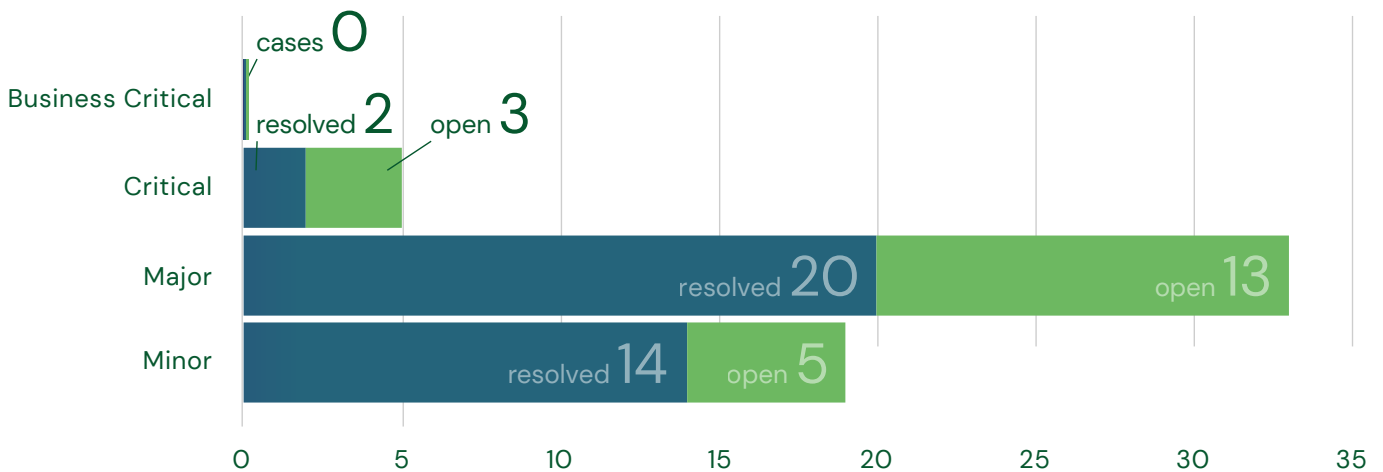


Figure 10: Y2023 Supplier Audit Non-Conformance Outcomes.

We are working with these suppliers to close the open non-conformances noted. Whilst it is unlikely an audit finding will indicate a case of modern slavery, we recognise the presence of excessive health and safety issues, coercion, harassment and restricted worker movement can be indicators for modern slavery and are concerning findings regardless. We will continue to monitor supplier performance and investigate further when these issues occur.

Beyond the non-conformance findings above, the suppliers audited in FY2023 received 28 good example comments for findings auditors found impressive or above minimum standard.

Our responsible sourcing and auditing program allows us to gain transparency through traceability in Sedex, understand our suppliers and their sub-supplier's management practices through Sedex SAQs and audits, and track site-level continuous improvement through closure of audit non-conformances.

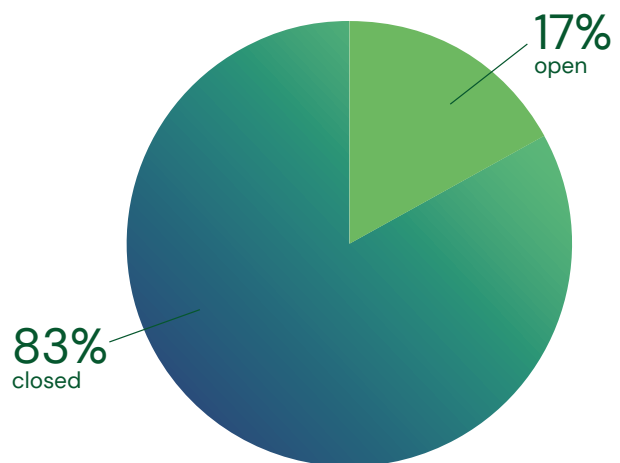
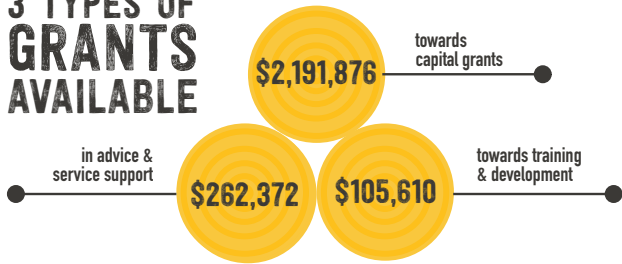


Figure 11: FY2023 Non-Conformance closure rates

22 Definitions for non-conformances are sourced from Page 5 of Sedex's SMETA non-compliance guidance guide V3.0.

# Better Farms Program

## 3 TYPES OF GRANTS AVAILABLE

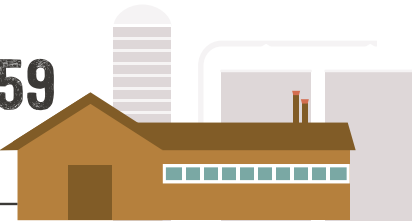


We continued our Better Farms program this year and trialled the expansion of the initiative to our domestic citrus growers supplying our manufacturing site at Leeton. We developed a checklist for citrus which includes requirements in occupational health and safety, environmental compliance, chemical handling and working conditions.

Approximately 9% of 2.5 million in grants have been used by our farmers towards people management, workplace health & safety and chemical management improving the conditions for workers at each of these farms.

## \$2,559,859

INVESTED IN TOTAL INTO OUR AUSTRALIAN DAIRY FARMS SINCE 2018



**FOR MORE INFORMATION ON BETTER FARMS PROGRAM, VISIT:**

[BETTER FARMS](#)

## OUR FARMERS HAVE USED THEIR GRANTS TOWARDS:

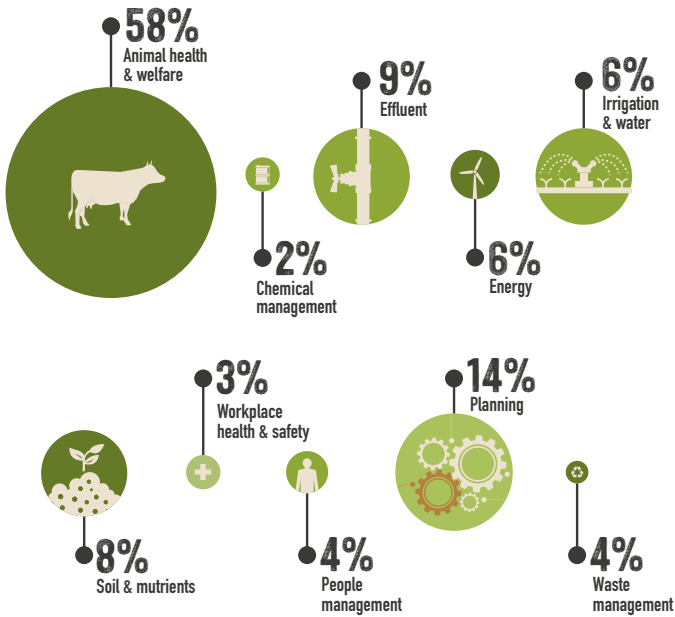


Figure 12: Summary of Better Farms Program grants expenditure April 2018 to 30 June 2023.



# Addressing our high-risk ingredients

Through our refreshed risk assessment conducted this year, we have identified several commodities that are high-risk based on potential connection to modern slavery like practices. The commodities listed on page 22 are in addition to the commodities we have previously reported on including coffee, cocoa, rice powder and fish oil used as ingredients in our products.

Our Responsible Sourcing Program aims to achieve deepened traceability and an additional layer of assurance at the manufacturing stage (tier two or three). We acknowledge, however, that the risks of modern slavery for these commodities are more likely to occur on farm or during initial processing, many tiers beyond our direct influence. We will continue to explore opportunities to utilise certifications for the high-risk ingredients we have now identified. Where possible, we will request further information from our suppliers to understand the origins of the high-risk ingredients shown on pages 20-22.

## Coffee

This year we maintained our work with the Rainforest Alliance to certify 100% of our coffee used for Dare Iced coffee to the certification standard. Of the total coffee powder by weight sourced by Bega Group, 68.62% was Rainforest Alliance Certified in FY2023. This excludes coffee powders pre-mixed by suppliers for Dare Iced Coffee which has also been certified as part of chain of custody requirements. Rainforest Alliance Certified coffee means addressing human rights abuses like child and forced labour, low wages, poor working conditions, and gender inequality. We will continue to seek opportunities to convert our purchased quantities to certified content.

**TO LEARN MORE ABOUT THE RAINFOREST ALLIANCE, VISIT:**

[RAINFOREST ALLIANCE](#)

## Palm Oil

We have continued our work to certify all our palm oil to the RSPO in FY2023, now with more than 99.7% of palm oil certified RSPO. 95% of this is identity preserved or segregated which means the chain of custody is known by our suppliers. Bega continues to be an associate member of the Roundtable on Sustainable Palm Oil (RSPO) since December 2019 and adopted a Sustainable Palm Oil Sourcing Policy in 2020. Our manufacturing sites at Ridge Street, Bega and Strathmerton have maintained RSPO Supply Chain Certification (SCC). Labour and human rights have been part of the RSPO standards since its inception.

**FOR MORE INFORMATION ON THE ROUNDTABLE ON SUSTAINABLE PALM OIL VISIT:**

[RSPO](#)





## NON-COMPLIANT SUPPLIER

In FY2023 through our Sedex and SMETA auditing process we identified a supplier of high-risk goods, promotional and textile items, with repeated non-compliance issues.

The findings were raised in a SMETA audit and related to workers safety, contracts, fire hazard, chemical management and were non-negotiables for Bega. We attempted to work with the supplier to remediate these findings, however the supplier was not willing to address the issues raised.

In response, we internally met to discuss our expectations and acceptance of these risks. Bega as a result has decided that accepting these risks did not align with our values and expectations of suppliers, or with our Ethical Sourcing Policy. As a result of the findings and the supplier's unwillingness to remediate we decided to pause trading with them while working with our tier one vendors to re-educate and reaffirm our expectations for tier two vendors.

We will continue to work with our audited suppliers for continuous improvement and will always prioritise remediation before considering ceasing supply.

### How we use audits

We conduct audits through a range of mechanisms, through site visits by our procurement team, and independent audits and self-assessments through Sedex. If conditions at a site do not meet our standards and expectations, we will work with our stakeholders to resolve the non-compliance. Where there are repeated non-compliance issues, or a failure to engage with us or improve conditions, we will assess whether to renew the agreement or seek alternate supply partners. We acknowledge that audits must be one part of a broader risk assessment and management approach and will remain open to solutions beyond auditing as we further explore our risks.

### What audits can achieve

Audits are one part of our broader human rights due diligence program and provide information about working conditions at supplier and manufacturer sites and improve our visibility and awareness of workers in our supply chain. Audits can give us visibility into site-level health and safety procedures, working conditions, working hours, wages and allowances, workers' access to grievance mechanisms, demographic information and the wellbeing of workers. We acknowledge audits do have limitations; however, we will continue to use them as a tool to obtain greater transparency for us and our suppliers with the end goal of supporting workers and remediating issues.



# Stakeholder engagement and collaboration

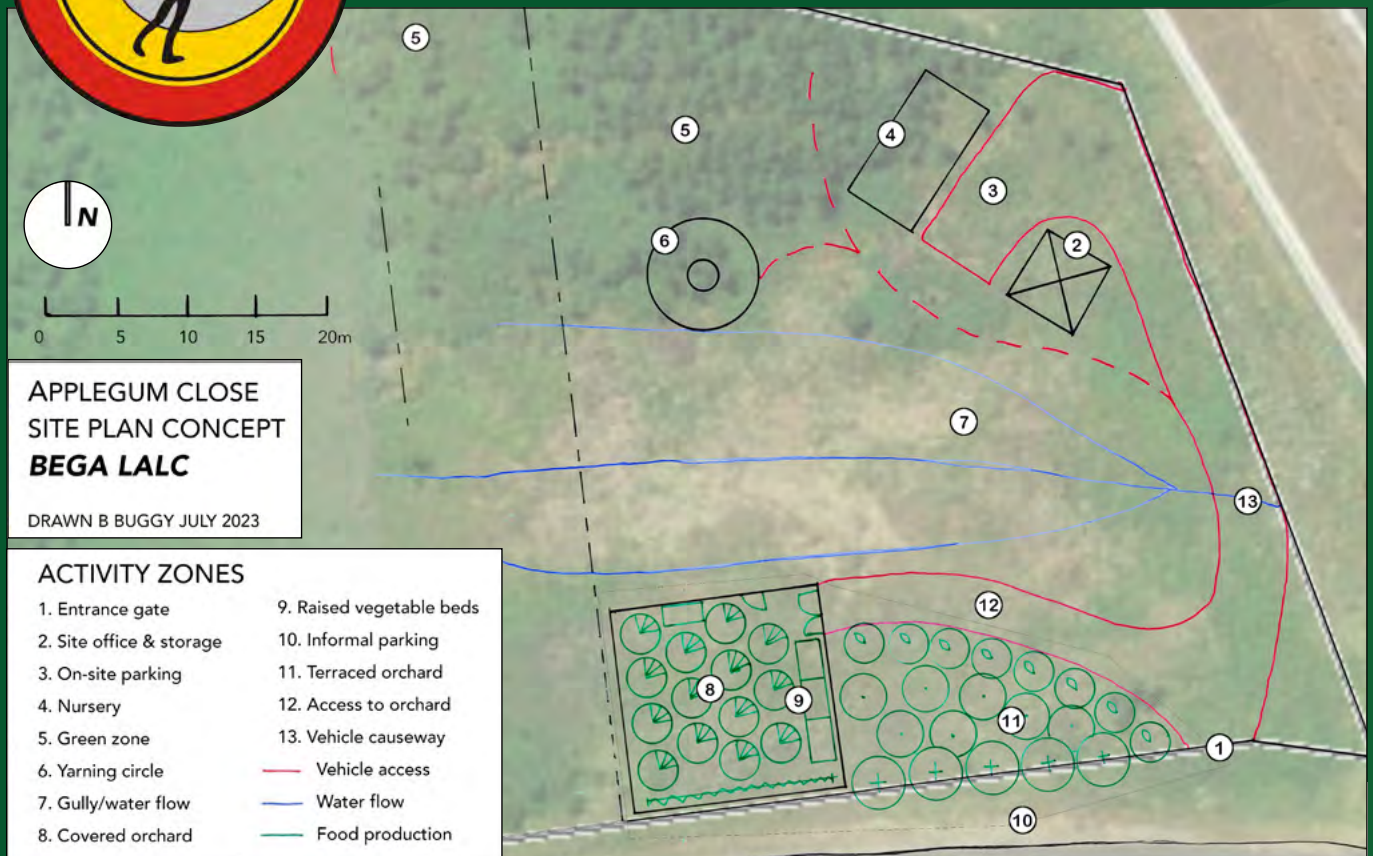
We continue to seek feedback and perspectives from a broad mix of internal and external stakeholders. Integrating different perspectives, having up-to-date information and working collaboratively across the supply chain are key to developing and improving our approach. For details on our wider stakeholder consultation please see page 19 of our FY2023 Sustainability Report. The table below shows our consultation where relevant to modern slavery risk.

| Who are our stakeholders?                        | How have we engaged with them on modern slavery risks and responsibilities?   |
|--|---|
| <b>Farmers</b>                                   | <ul style="list-style-type: none"> <li>• Meetings with supplier growers through our Peanut Growers Advisory Group</li> <li>• Stakeholder representative groups such as the Grower Advisory Group Forum and Annual Growers Meeting</li> <li>• Making resources available, such as the Better Farms Program, providing farmers with advice and support, training and development, and capital works grants</li> </ul>   |
| <b>Suppliers</b>                                 | <ul style="list-style-type: none"> <li>• Through our procurement processes, we communicate our sustainability principles, goals and objectives, and encourage our suppliers to align with these</li> <li>• Periodic supplier visits and audits</li> <li>• Operational review meetings with Third Party Manufacturers</li> <li>• Participation in supply chain platforms such as Sedex and use of SMETA audits to monitor progress</li> </ul>  |
| <b>Investors</b>                                 | <ul style="list-style-type: none"> <li>• Reporting through our Sustainability Report, Modern Slavery Report and Annual Report</li> <li>• Monitoring and responding to ESG enquiries and questionnaires</li> <li>• Receiving the Australian Council of Superannuation Investor modern slavery statement feedback and incorporating into our reporting</li> </ul>   |
| <b>Customers</b>                                 | <ul style="list-style-type: none"> <li>• Regular information sharing and status updates with our project teams</li> <li>• Access to platforms such as Sedex, conducting audits where requested by customers</li> </ul>  |
| <b>Government &amp; regulators and audits</b>    | <ul style="list-style-type: none"> <li>• Monitoring proposed changes to the Modern Slavery Act, using the Commonwealth Guidance for Reporting Entities to guide our statement drafting and approach to modern slavery risk mitigation.</li> </ul>   |
| <b>Industry associations</b>                     | <ul style="list-style-type: none"> <li>• Membership of key industry bodies, working groups and platforms such as:</li> <li>• Sedex (Supplier Ethical Data Exchange)</li> <li>• Australian Dairy Sustainability Framework (ADSF) Steering Committee member</li> <li>• Roundtable on Responsible Palm Oil (RSPO) associate member</li> <li>• Australian Dairy Sustainability Framework’s Human Rights Working Group member</li> </ul>   |
| <b>Employees and internal stakeholders</b>       | <ul style="list-style-type: none"> <li>• The Modern Slavery Working Group meetings are held once per month, including representation from Procurement, Indirect sourcing, Ethical Sourcing, Third Party Manufacturing, Milk Supply, Internal Audit, Company Secretary, General Counsel, Operational Excellence and People &amp; Culture. This group discusses inherent risk, risk weighting processes and updated supplier data at every meeting.</li> <li>• Regular meetings between the Ethical Sourcing Manager and procurement teams to update on ethical sourcing progress occur monthly, with ad-hoc meetings as required.</li> </ul>   |
| <b>Persons affected by modern slavery</b>        | <ul style="list-style-type: none"> <li>• We have not identified any cases or directly engaged with victim-survivors or at-risk workers, however we remain committed to centring affected persons in our approach to risk mitigation and remedy. Our team reviews guidance provided by organisations advocating on behalf of affected persons such as the Australian Catholic Anti-Slavery Network, Anti-Slavery Australia and the NSW Anti-Slavery Commissioner.</li> </ul>   |
| <b>Third-party Subject Matter Experts (SMEs)</b> | <ul style="list-style-type: none"> <li>• We renew our modern slavery risk assessment every second year and have a third-party conduct a gap analysis of our approach to addressing modern slavery risks. This is conducted by a team of SMEs with experience and qualifications in human rights, modern slavery and the United Nations Guiding Principles on Business and Human Rights. The assessment conducted in 2023 has been incorporated into this statement and the results of the gap analysis will inform our approach over the next two years. Our next assessment will be conducted in 2025.</li> <li>• Our modern slavery statement is developed in collaboration with these human rights SMEs</li> </ul> |

## SUPPORTING LOCAL COMMUNITIES

### Welcoming stakeholders and friends to the Bega Valley

This year we welcomed almost three hundred people back to the Bega Valley for our annual Bega Group Corporate Event. First held in 1991, the event has been on hold since 2020 due to COVID-19 restrictions. For the first time in three years we welcomed new suppliers, customers, business partners and friends to a choice of activities from bushwalking and wine tasting to game fishing and golf, all showcasing the region. The event also raised \$125,000 for the Bega Local Aboriginal Land Council's horticultural project.



**\$125,000** raised for the Bega Local Aboriginal Land Council's horticultural project

Figure 13: Applegum Close Site Plan Concept.

# Assessing the effectiveness of our actions

We regularly review our approach to addressing modern slavery to ensure the ongoing effectiveness of our actions. Effectiveness is assessed by asking whether our actions adequately and appropriately address the modern slavery risks that our business may cause, contribute, or be directly linked to in alignment with the UNGPs. Ultimately, we assess the effectiveness of our actions with the aim that human rights are respected across our own operations and supply chain.

We recognise that achieving an effective approach to modern slavery is complex and difficult to measure and it requires continuous improvement. Reflection, review, and qualitative analysis to assess effectiveness is crucial to this process. As such, we take a qualitative and quantitative approach to assessing effectiveness.

Key actions to monitor and improve the effectiveness of our actions include:

- **Tracking progress** against our Modern Slavery Action Plan continually and review of specific actions to monitor ongoing effectiveness. Refer to the next section (Our Progress and Future Priorities) for more information on our Modern Slavery Action Plan and progress to date.
- **We review our policies quarterly** to ensure their continued effectiveness and alignment to best practice.
- **We engaged independent experts to conduct a detailed modern slavery risk assessment** of our supply chain and operations based on our FY2023 spend. This risk assessment built on the findings of earlier risk assessments conducted in 2019 and 2021, and identified ongoing, increased, and new risks of modern slavery.
- **We use a salience-based approach** to consider which risks to people are the most severe. This draws on concepts of salience outlined in the UN Guiding Principles on Business and Human rights and supports effectiveness by facilitating prioritisation of focus areas based on risk to people.
- **We conduct internal reflection and seek expert guidance to evaluate** whether our approaches align with established guidance and emerging good practice and if they are fit for purpose.
- **We developed outcomes-based metrics** to track overall management of effectiveness. The table on this page shows some of the metrics we track as part of our overall management of effectiveness. These quantitative outputs represent progress towards our objectives.

| Indicator                                   | Metric  |
|---|---|
| <b>Training</b>                             | The percentage completion rate of employees finishing their annual mandatory refresher compliance training. The topics include the Code of Conduct, ethical behaviour, modern slavery, anti-bribery and anti-corruption, as well as health and safety standards.  |
| <b>Supplier risk screening</b>              | The percentage of suppliers identified as having high or medium inherent risk of modern slavery practices through our internal screening process.   |
| <b>Sedex registration</b>                   | The percentage of screened high or medium risk suppliers that have registered and linked with us on Sedex.<br><br>The number of suppliers that have completed their Sedex SAQ and received a high or medium Sedex risk rating.  |
| <b>Third party social compliance audits</b> | The number of high-risk suppliers that have been audited as a percentage of total suppliers determined by Sedex risk rating.<br><br>The number of audit non-compliances remediated for audits completed during the reporting period at our own sites.<br><br>The number of audit non-compliances remediated for audits completed during the reporting period at supplier's sites. |



# Our progress and future priorities

We are committed to continuously improving the ethical standards within our operations and our supply chain. In previous reporting years we have reported on our existing commitments and our year-on-year progress to meet those commitments. In response to the risk assessment and gap analysis commissioned at the close of the FY2023 reporting period, we will be refreshing our Modern Slavery Action Plan in FY2024 to build a clear picture for the next few years.

| Area  | Our progress   | Status at end FY2023                 |
|---|--|--------------------------------------|
| <b>Independent assessment of risks</b>              | In addition to our regular internal assessment of risks, this year we refreshed our whole-of business external risk assessment to gain a new and deeper understanding of our modern slavery risks, an update to work originally completed in 2019 and 2021. We will aim to conduct external risk assessments on an annual basis. | Completed                            |
| <b>Finalised Supplier Responsible Sourcing Code</b> | The Supplier Responsible Sourcing Code has now been approved by the board.   | Approved, to be rolled out in FY2024 |
| <b>Additional contractual requirements</b>          | The Modern Slavery Action Plan and road map, developed by our working group in 2020, continues to guide our modern slavery risk management actions.  | Ongoing                              |
| <b>Supplier Sedex requirements</b>                  | Onboarded 37 new suppliers to Sedex.   | Ongoing                              |
| <b>Completion of SMETA audits</b>                   | SMETA audits of the Vegemite Way, Bentley and Tatura sites have been completed, with 100% of non-compliances remediated.   | Ongoing                              |
| <b>High risk tier two and beyond</b>                | We have focussed on traceability, appropriate use of certifications and standards, further due-diligence, targeted investigation and audits where recognised certifications are not available.   | In progress                          |
| <b>Modern slavery action plan and road map</b>      | The Modern Slavery Action Plan and roadmap, developed by our working group in 2020, continues to guide our modern slavery risk management actions until our new roadmap is developed.  | In progress                          |
| <b>Training</b>                                     | A training module was rolled out in Q2 FY2023 and completed by 83% of our team members.  | In progress                          |
| <b>Industry collaboration</b>                       | We have maintained our membership of the Dairy Industry Human Rights Collaboration Working Group, chaired by Dairy Australia.  | In progress                          |

# The process of consultation with entities owned and/or controlled

In order to develop this joint statement, we consulted and engaged within Bega Cheese Limited and with the companies we own and control as relevant to frame expectations, gain relevant information for inclusion and to verify and confirm the data included.

All controlled subsidiaries within Bega Cheese Limited are covered by the same company policies, procedures, and systems, including those relating to supply chain management, ethical sourcing, employment, and human resource management.

Bega applies common standards for the management of modern slavery risk across the whole of Bega Cheese Limited. The risk assessment conducted included consolidated spend from all owned and controlled entities. This statement has been reviewed by the Modern Slavery Working Group, the Executive Team and the Board of Directors.

## Statement approval

- This Modern Slavery Statement was approved by the Board of Bega Cheese Limited on 20 December 2023 in their capacity as principle governing body of Bega Cheese Limited, on behalf of Bega Group and all reporting entities covered by this Statement.

This is signed by Barry Irvin, Executive Chairman, and Pete Findlay, Chief Executive Officer as representatives of the Board of Bega Cheese Limited.

## Barry Irvin Executive Chairman



## Pete Findlay Chief Executive Officer

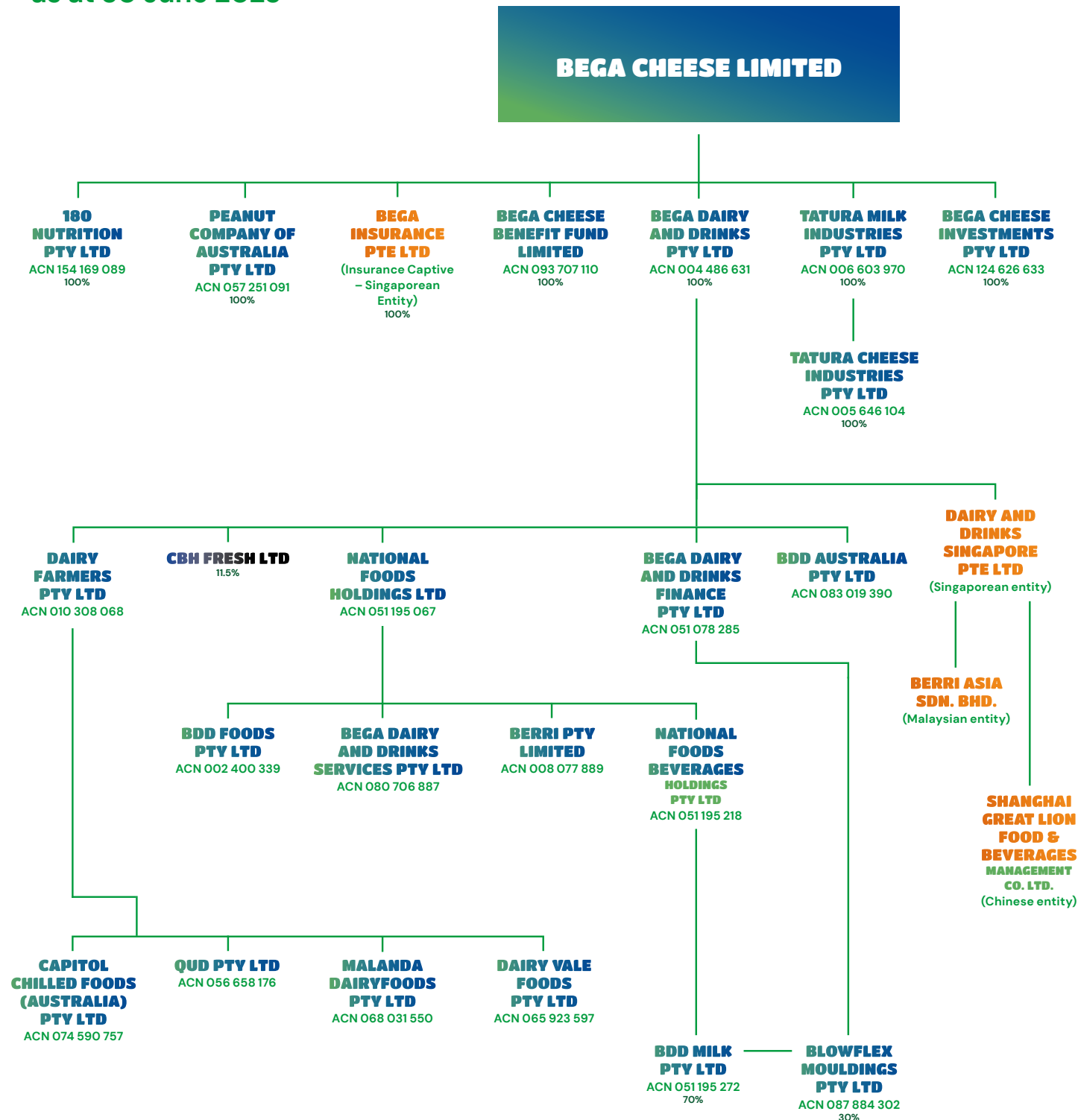


# APPENDIX



# Appendix 1: Bega Group structure

as at 30 June 2023



## WHOLLY-OWNED MEMBERS OF THE AUSTRALIAN GROUP

## INTERNATIONAL ENTITIES

## JOINT VENTURE

Figure 14: Bega Group entity structure.



# Appendix 2:

## Entities part of this joint statement

| Consolidated  | Country of incorporation | Nature of relationship | 2023 % of ownership | 2022 % of ownership |
|---|--------------------------|------------------------|---------------------|---------------------|
| 180 Nutrition Pty Ltd                                   | Australia                | Subsidiary             | 100                 | 100                 |
| BDD Australia Pty Ltd <sup>23</sup>                     | Australia                | Subsidiary             | 100                 | 100                 |
| BDD Foods Pty Ltd <sup>23</sup>                         | Australia                | Subsidiary             | 100                 | 100                 |
| BDD Milk Pty Ltd <sup>23</sup>                          | Australia                | Subsidiary             | 100                 | 100                 |
| Bega Cheese Benefit Fund Ltd                            | Australia                | Subsidiary             | 100                 | 100                 |
| Bega Cheese Investments Pty Ltd                         | Australia                | Subsidiary             | 100                 | 100                 |
| Bega Dairy and Drinks Pty Ltd <sup>23</sup>             | Australia                | Subsidiary             | 100                 | 100                 |
| Bega Dairy and Drinks Finance Pty Ltd <sup>23</sup>     | Australia                | Subsidiary             | 100                 | 100                 |
| Bega Dairy and Drinks (NZ) Ltd <sup>24</sup>            | New Zealand              | Subsidiary             | -                   | 100                 |
| Bega Dairy and Drinks Services Pty Ltd <sup>23</sup>    | Australia                | Subsidiary             | 100                 | 100                 |
| Bega Insurance Pte Ltd                                  | Singapore                | Subsidiary             | 100                 | 100                 |
| Berri Pty Ltd <sup>23</sup>                             | Australia                | Subsidiary             | 100                 | 100                 |
| Berri Asia Sdn Bhd                                      | Malaysia                 | Subsidiary             | 100                 | 100                 |
| Blowflex Mouldings Pty Ltd <sup>23</sup>                | Australia                | Subsidiary             | 100                 | 100                 |
| Capitol Chilled Foods (Australia) Pty Ltd <sup>23</sup> | Australia                | Subsidiary             | 100                 | 100                 |
| Dairy and Drinks Singapore Pte Ltd                      | Singapore                | Subsidiary             | 100                 | 100                 |
| Dairy Farmers Pty Ltd <sup>23</sup>                     | Australia                | Subsidiary             | 100                 | 100                 |
| Dairy Vale Foods Pty Ltd <sup>23</sup>                  | Australia                | Subsidiary             | 100                 | 100                 |
| Malanda Dairyfoods Pty Ltd <sup>23</sup>                | Australia                | Subsidiary             | 100                 | 100                 |
| National Foods Holdings Ltd <sup>23</sup>               | Australia                | Subsidiary             | 100                 | 100                 |
| National Foods Beverages Holdings Pty Ltd <sup>23</sup> | Australia                | Subsidiary             | 100                 | 100                 |
| Peanut Company of Australia Pty Ltd <sup>23</sup>       | Australia                | Subsidiary             | 100                 | 100                 |
| QUD Pty Ltd <sup>23</sup>                               | Australia                | Subsidiary             | 100                 | 100                 |
| Shanghai Great Lion Food & Beverages Management Co Ltd  | China                    | Subsidiary             | 100                 | 100                 |
| Tatura Milk Industries Pty Ltd <sup>23</sup>            | Australia                | Subsidiary             | 100                 | 100                 |
| Tatura Cheese Industries Pty Ltd                        | Australia                | Subsidiary             | 100                 | 100                 |
| Vitasoy Australia Products Pty Ltd <sup>25</sup>        | Australia                | Associate              | -                   | 49                  |
| CBH Fresh Ltd   | Australia                | Joint venture          | 11.5                | 13.7                |

<sup>23</sup> A party to Deed of Cross Guarantee dated 21 February 2021.

<sup>24</sup> Bega Dairy and Drinks (NZ) Ltd was deregistered, effective 16 May 2023.

<sup>25</sup> The 49 percent interest in Vitasoy Australia Products Pty Ltd was sold, effective 13 February 2023.

# Appendix 3: Mandatory criteria

| Section of Act   | Criteria   | Reference in this Statement  |
|------------------|--|--|
| 16(1)(a)         | Identify the reporting entity  | About Bega, Page 9   |
| 16(1)(b)         | Describe the structure, operations and supply chains of the reporting entity   | Our Operations, Page 10<br>Our Supply Chain, Page 14   |
| 16(1)(c)         | Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entity that the reporting entity owns or controls                              | Our Modern Slavery Risks, Page 17  |
| 16(1)(d)         | Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes | Our Modern Slavery Risks, Page 17<br>Our Approach and Actions to Address Modern Slavery, Page 24<br>Our Responsible Sourcing Program, Page 29<br>Addressing High Risk Ingredients, Page 32 |
| 16(1)(e)         | Describe how the reporting entity assesses the effectiveness of such actions   | Assessing The Effectiveness of Our Actions, Page 36  |
| 16(1)(f)(i)      | Describe the process of consultation with: (i) any entities that the reporting entity owns or controls   | The Process of Consultation with Entities Owned and/or Controlled, Page 38   |
| 16(1)(g)         | Include any other information that the reporting entity considers relevant.  | Appendices, Pages 40–42  |
| 4(a)(b)          | Principal Governing Body Approval  | Statement Approval, Page 38  |
| 4(a)(b)(c)(d)(e) | Signature of Responsible Member  | Statement Approval, Page 38  |

Principal Registered Office

23 Ridge Street

Bega NSW 2550

T: 02 6491 7777

E: [bega.admin@bega.com.au](mailto:bega.admin@bega.com.au)

W: [www.begagroup.com.au](http://www.begagroup.com.au)