



KB Australia Holding Pty Ltd

Modern Slavery Statement

FY 2021 (1 January – 31 December 2021)

INTRODUCTION

Reporting entity



KB Australia Holding Pty Ltd (KB) continues to strongly support the Australian Government's commitment to human rights through the Modern Slavery Act 2018 (Cth) as KB publishes its second Modern Slavery Statement. KB values the opportunity to play a part in eradicating modern slavery from its operations and its supply chains throughout the world.

This statement reports on the actions taken since the previous statement was published and further steps identified and taken as KB addresses the modern slavery risks related to its business and supply chains for the financial year ending 31 December 2021.

Modern slavery is an extreme exploitation of human rights. Offences may include forced labour, servitude, child labour, deceptive recruitment, and debt bondage. These types of human rights breaches may occur to workers in Australia and in the overseas factories and processing plants from which KB sourced its products and services.

KB recognises there is no short-term solution to this matter, however, it continues to address business-related human rights breaches with the help of industry standards and the UN Guiding Principles on Business and Human Rights (UNGP) to implement controls and measures to mitigate the risks.

In 2021, KB rolled out its new vision and values through which KB aspires to be the seafood supplier of choice and works with both internal and external suppliers to act ethically, sustainably, and responsibly in the manufacturing and sourcing of goods and services.

To achieve this, KB lives the values of:

- **Respecting** everyone (internally within KB, externally associated with KB such as suppliers and customers)
- **Creativity** by thinking of different ways to work through challenges in sustaining supply of products
- **Integrity**, knowing that all products/services KB offers, and uses are procured responsibly
- **Accountability** for everyone - KB associates within the business and externally have the responsibility to work towards driving changes across the human rights landscape
- **Courage** motivated throughout all internal and external stakeholders to speak up if any breaches are found.



This statement has been developed through a consultation process with all relevant KB stakeholders. The statement has also been reviewed by an external advisory firm and senior management of each division and has been approved by the KB Board.

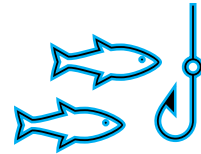
STRUCTURE, OPERATIONS & SUPPLY CHAINS

Structure & Operations



KB is one of Australia's largest seafood companies operating at all levels of the supply chain including catching, processing, manufacturing, importing, exporting, and wholesaling.

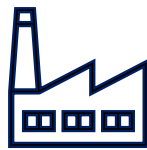
Wholly owned Australian entities include KB Food Company Pty Ltd, KB Seafood Company Pty Ltd, National Fisheries Pty Ltd and Worldwide Importers Pty Ltd.



KB is headquartered in Western Australia.

In 2021, KB Seafood Company Pty Ltd commissioned a new operating site in Victoria.

KB employs up to 225 employees across Australia.



KB has an established office in Thailand where it partners with some of the region's largest food processors.

KB's brands include KB Seafood Co, Just Caught Frozen Seafood, KB's, By George and Kailis Bros, which is used under licence.



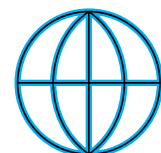
KB distributes seafood and food products sourced from Australia and around the world to a diverse range of customers including retail supermarket chains, industrial caterers, quick service restaurants and cafes.



In 2021, KB sold its corporate contract business having decided to focus on supplying seafood.

KB supplied over 25,500 tonnes of seafood annually to leading foodservice operators and major supermarkets.

In 2021, KB spent **\$403 million** on goods and services from **987 tier one suppliers** sourced from **19 countries**.



Supply Chain

KB has a complex supply chain where goods and services are procured from both from local (Australia) and international (overseas countries) suppliers to meet the demand of the customers.

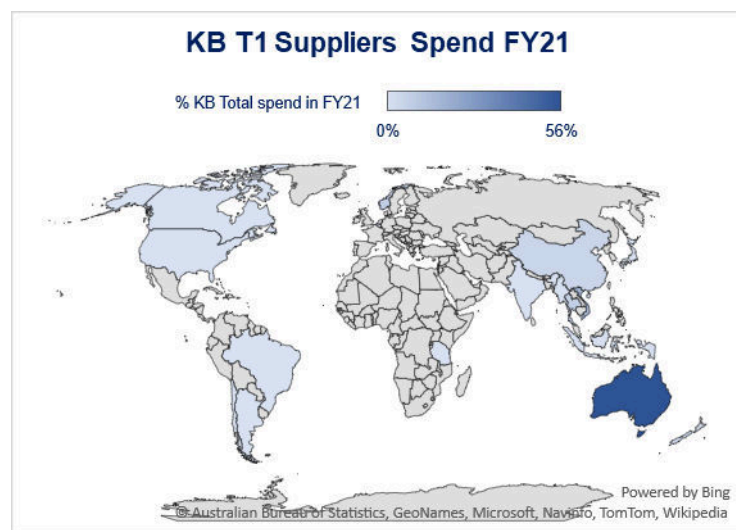
KB's supply chain consists of four categories/types:

Categories/Types	Suppliers providing
Goods for resale (GFR)	GFR1 – All goods under KB's and customers' own brands
	GFR2 – All goods under suppliers' proprietary brands
Goods/services not for resale (GNFR)	All goods and/or services not intended for sale to customers
Indirect suppliers	All goods and/or services to KB's suppliers

Most of the service providers KB uses are in Australia.

Suppliers are selected based on several key criteria including quantitative factors such as pricing, quantity, quality, lead times and availability; and qualitative factors such as accreditations, ethical sourcing, and commitment to compliance with KB's values. Suppliers are evaluated through KB's approved supplier program which includes the requirements of suppliers to be working towards managing and mitigating modern slavery practices.

KB sourced goods and services from 19 countries; the top five countries with the highest spend in 2021 were Australia, Vietnam, Norway, Thailand, and China.



KB continues to work with suppliers that share the same ethical sourcing approach, which includes undertaking third party ethical/social compliance audits.

As a business, KB takes pride in strengthening its relationships with all its internal and external business partners.

In FY21, KB engaged with its Tier 1 (T1) GFR suppliers and worked closely with any suppliers who were identified as not fully compliant with KB's requirements to support them in achieving compliance requirements. Details are provided in the relevant section of this statement.

RISKS OF MODERN SLAVERY PRACTICES IN OPERATIONS AND SUPPLY CHAINS

Operations

In FY21, KB opened its second seafood processing plant in Victoria, Australia. The new site has similar processes like the Western Australian seafood processing plant (where the seafood is purchased, received, processed, packed, stored, and dispatched). Along with all other KB offices throughout Australia, KB has identified the residual risk of modern slavery in both of its own operating sites as low, due to being highly regulated by employment law, the existence of Enterprise Bargaining Agreements (EBA), freedom of association and the ethical culture of the leadership team. KB addresses human rights issues in our operations under KB's Code of Conduct and Equal Employment Opportunity Policy. KB's employees are free to leave at any time with appropriate notice.

Supply Chain

KB accepts that the risk of modern slavery exists in some of the geographical locations in which business is conducted. Risks exist globally and within goods and services industries where forced labour is largely driven by the motivation to reduce costs in labour intensive, low profit industry that is not technologically advanced. Political and social conflict can cause unrest, leading to extreme poverty and migration to seek employment opportunities. This displacement can result in human trafficking or the unscrupulous treatment of those in desperate need.

KB has performed a risk analysis of all of KB's approved suppliers using information collated from KB's annual approved supplier questionnaires. This assists in determining the supplier's status on social compliance (derived from internal second and external third-party social compliance audits) and the level of risk from the country of origin where the goods or services are supplied from (with the country's national policies and Wealth and Institutional Capacity).

External resources such as the Sedex platform and the Global Slavery Index 2018 (GSI) assisted KB with information on identifying the sectors and countries where risks may be high.

In FY21, KB continued to work with its seafood suppliers that are assessed to have a greater risk of modern slavery breaches by starting to educate the suppliers on what controls can be put in place to mitigate the risks. These suppliers have no formal systems in place where practices are monitored via external third-party audits.

Figure 1 below shows the ranking of top five countries from which KB purchased goods or services from in FY2021 from top % (highest spend) to bottom % (lowest spend).

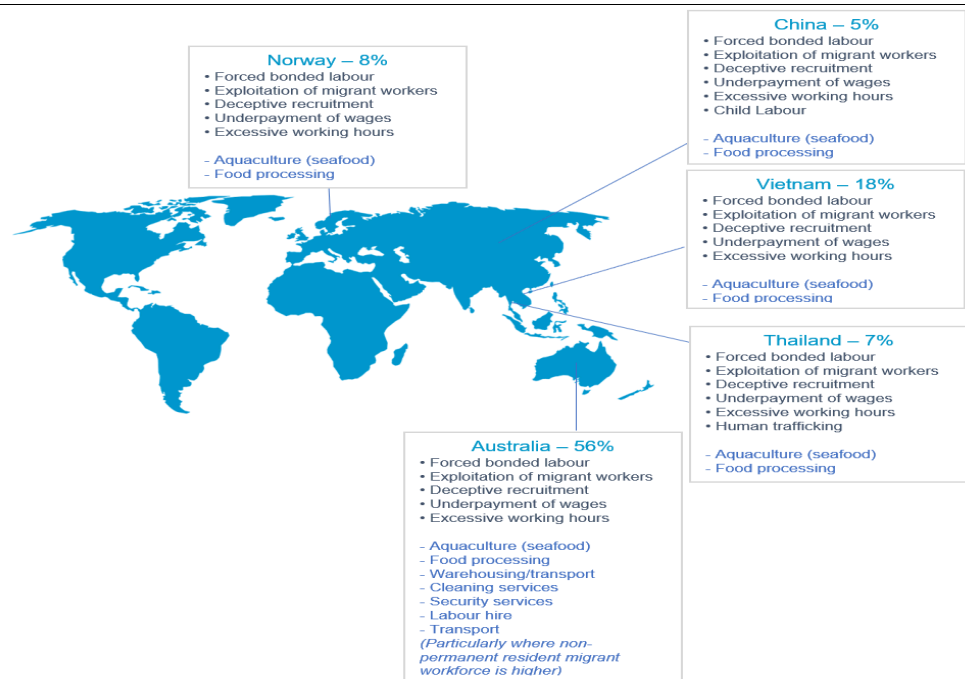


Figure 1 - This map visually represents the countries and sectors most prevalent in KB's supply chain and their associated Modern Slavery Risk or indicators of modern slavery

Impacts of COVID-19

The unexpected COVID-19 disruptions continued in 2021, which presented human rights challenges to not just KB but throughout the global industry. These issues included:

- Labour shortages
- Supply chain disruption such as:
 - o Backlog of shipments and containers waiting to be delivered to distribution centres
 - o Congestion of shipping containers in destination ports and a lack of containers in origin ports – further limiting the capacity of shipping companies
- Limited ability to perform social compliance audits (second and/or third-party) due to travel restrictions.

Although there were restrictions and challenges, KB continued working collaboratively with external suppliers and customers to manage the risks by:

- Ongoing transparent communication (real time) with both suppliers and customers
- Managing the expectations of customers and suppliers
- Closely working through each issue together to come up with best solutions.

KB also provided further assistance on:

- Industry resources available, such as webinar sessions organised by industry leaders e.g., Sedex, to support them in operating with reduced or minimised risks

From KB's own operations perspective, the risk of modern slavery remained low.

Highlights in 2021:

- Continued working with high-risk T1 suppliers and worked on plans to mitigate risks
- Ceased purchasing of goods with suppliers that have not shown commitment to align with KB's expectations
- Onboarding of new suppliers requires suppliers to be committed to complying with KB's responsible sourcing requirements (including modern slavery compliance requirements)
- Implemented new KB vision and values which aligned with the agreed commitment to comply with the Modern Slavery Act in eradicating and minimising risks of human rights breaches within KB's supply chain
- KB has joined working groups with Sedex to work through and resolve matters within the industry

ASSESS AND ADDRESS THE RISKS OF MODERN SLAVERY PRACTICES OCCURRING IN OPERATIONS AND SUPPLY CHAINS

Risk Assessment



As part of KB's ongoing practices, reviews continued to be performed in FY21 on all existing information within its own operations and the supply chains with regards to social compliance, ethical practices, and human rights breaches.

The risk assessment process enabled KB to map the key parts of its operations and supply chains. This process provided information to help with the detailed risk assessment. During the risk assessment, factors were considered to mitigate the country level risks based on internationally recognised standards, which change according to the type of business being assessed.

For example, if a supplier is based in a high-risk country (where the Global Slavery Index assessment is high and has limited to no relevant national law), but the supplier has policies and practices that govern business and ethical practices (including anti-modern slavery) and is verified by an independent third-party auditing body, then the supplier will have an overall medium risk rating.

To ensure KB further minimises the risk of modern slavery, tools are utilised to strengthen the risk assessment methodology including:

- The Global Slavery Index
- SIAA initial ranking tool (The Seafood Importers Association of Australasia Inc.).
<https://www.globallslaveryindex.org/2018/findings/importing-risk/fishing/#table:1>
- OECD (Organisation for Economic Co-operation and Development)
<https://www.oecd.org/investment/due-diligence-guidance-for-responsible-business-conduct.htm>

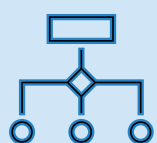
KB uses available resources through organisations such as:

- Modern Slavery Registry <https://modernslaveryregister.gov.au/>
<https://www.modernslaveryregistry.org/>
- International Labour Organisation <https://www.ilo.org/global/lang-en/index.htm>
- ITUC (International Trade Union Confederation) <https://www.ituc-csi.org/ituc-global-rights-index-2020>

KB is a member of Sedex and uses the Sedex platform to conduct risk assessments via the Sedex Self-Assessment Questionnaire. From the results of the questionnaire, KB can gauge the level of risk associated with the supplier. KB is mindful that some smaller suppliers do not see the value of being part of Sedex. For those suppliers, KB will perform KB's own self-assessment questionnaire to ask the required questions as part of the risk assessment process.

To improve the understanding of modern slavery risks, KB will continue to work with industry partners, such as SIAA, Sedex and government, to ensure consistency, robust best practices and regulatory initiatives are executed where appropriate.

Policies and procedures



The key governing policies and procedures that promote KB's commitment to human rights, include:

- Code of Business Conduct Policy (revised in FY21)
- Responsible Sourcing Policy
- Fraud, Bribery and Corruption Policy (revised in FY21)
- Workplace Health & Safety Policy
- Approved Supplier Program
- Internal reporting system

Further improvements on KB's grievance mechanisms, e.g., whistleblowing procedures, are being considered.

	KB's Responsible Sourcing Policy works well in conjunction with KB's Approved Supplier Program/Policy as they cover KB's expectations regarding all human rights and are used during KB's onboarding new suppliers' process. KB uses resources to ensure all elements are covered, such as: - Ethical Trade Initiative (ETI) Base Code - International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work - UN Guiding Principles on Business and Human Rights - Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises To further improve the awareness of modern slavery risks, KB continues to review its fit for purpose training and education and uses Ethical Trading Initiatives (ETI) resources and industry specific references: - Internally to the executive leadership team and to all KB staff - To suppliers (external) of goods and services. KB's internal reporting has been designed to allow team members to report and capture any modern slavery risks identified within the operations and supply chain; suppliers have been encouraged to implement a similar mechanism. KB continues to work towards finding the appropriate responses and how to address any future findings of modern slavery reported.
Due Diligence 	KB's due diligence in the prevention of modern slavery within its own operations and supply chains is critical in order to identify and mitigate risks effectively. This includes the following: - Regular conversations with all suppliers, focusing on existing high-risk suppliers regarding KB's expectations - Mitigating risks through identification and assessment of actual and potential modern slavery risks and human rights impacts with current suppliers and when onboarding new suppliers - Ongoing evaluation of suppliers' performance against KB's expectations through third party auditing bodies and/or KB's internal auditors; this includes ensuring suppliers execute actions within the agreed timeframe - Conducting relevant training sessions on modern slavery requirements for internal and external stakeholders - Maintaining membership with Sedex and close involvement with industry organisations as part of the Sedex Working Group which meets to discuss current social compliance matters and identifying solutions. - Continue to utilise external resources in engaging with all stakeholders (within the organisation, externally with suppliers, local government agencies i.e., Department of Home Affairs Australia, and internationally i.e., International Labour Organisation and industry experts such as Sedex) to develop more effective long-term solutions - Strengthening relationships with all stakeholders by creating trust to have more open conversations on a regular basis with suppliers on difficult issues related to social compliance - Transparency in reporting KB's actions, plans and commitment each year via the annual modern slavery statement.
Remediation 	KB's expectations of its operations and suppliers remain aligned to the UN Guiding Principles on Business and Human Rights. Suppliers within KB's supply chains are expected to be committed to reviewing their operations and supply chains to identify any actual or potential risks of modern slavery or human rights breaches.

Supply chain	KB 's suppliers that have committed to work through agreed plans to demonstrate improvement and full compliance with KB's requirements were monitored. KB faced challenges during the reporting period as it sought to bring all its suppliers on this journey and so the focus was on all the high-risk assessed suppliers. With the travel restrictions in some of the countries KB's suppliers are based, scheduled external verification via KB's internal auditors were limited. Some suppliers allowed KB to perform remote/virtual audits however some did not accommodate this as the suppliers were finding it difficult to manage the pandemic related issues within their operations. KB's internal auditors overcame this by providing the audit template to the suppliers and for the suppliers to complete the audit checklist and provide objective evidence. Although it was not ideal, this methodology did allow some assurance regarding the suppliers' status on ethical and modern slavery practices. For those suppliers that did not go through external third-party or KB's internal audit (second party) audits, they are flagged as priority to visit once the pandemic restrictions have eased. KB may choose to discontinue its partnership with suppliers that are not willing to comply with KB's requirements in mitigating any risks of modern slavery breaches. <i>Case study 1: This is an update on the case reported in KB's previous statement.</i> In 2021, KB continued working with its Japanese seafood suppliers on improving their policies around the modern slavery requirements. During the reporting period, KB engaged these suppliers and provided guidance on a regular basis. Some suppliers responded with limited progress however some did not. Due to this, KB took the appropriate actions to cease the relationship with the non-committed suppliers. KB understands that suppliers may be restricted with the pandemic event and have communicated to the suppliers on rebuilding the partnership when the suppliers are ready to meet the expectations.
Operations	Within KB's own operations in Australia, the business has been communicated with regarding the "zero tolerance" policy on any modern slavery practices. Following publication, a copy of KB's first modern slavery statement was sent to all employees and KB's CEO communicated the requirements and the commitment KB has made to supporting all human rights. In FY21, KB decided to enhance its monitoring of its social compliance requirements. KB is working towards closing identified gaps and preparing for the scheduled audits in FY22 for the two operating sites in Australia. The experience has broadened the knowledge of the business in ethical practices, which has also helped with conversations with suppliers undergoing the same audit. KB employees have been encouraged to provide feedback and questions regarding modern slavery requirements as support will be provided by KB's leadership team to ensure better understanding of what is required. Any internal breaches by KB employees will be referred to HR for commencement of an appropriate counselling/disciplinary process. Legislation within Australia, such as the Fair Work Act and the Modern Slavery Act, are leveraged to assist KB in protecting vulnerable workers within KB's operations and supply chain.
Supplier Engagement	KB believes that for a successful and sustainable outcome, a collaborative approach to getting agreement to the aims of the Modern Slavery Act is to



engage with all the internal and external suppliers in its own operations and supply chain.

As KB continues with its rolling three-year strategy, in FY21 KB started to engage with all suppliers, starting with the high-risk rated T1 suppliers.

During the reporting period, KB focused on the suppliers with the highest level of assessed risk. Discussions were carried out with KB's Procurement, Sales, Compliance teams and the relevant suppliers. These discussions were generally focused on the commitment the suppliers can meet especially through the pandemic event, ensuring no risk of breaching modern slavery or human rights requirements.

KB encourages all suppliers to work with KB for KB's agenda to be successful. In FY21, KB was able to organise industry best practice training sessions for all its suppliers in China, organised by one of the largest retail groups in Australia. The sessions were translated to the relevant language and suppliers that attended were very satisfied with the content and support provided.

KB's plan is to strengthen its relationship with all its suppliers, working with all suppliers to create transparency and an open environment. Additional support has been provided to suppliers that are currently not fully compliant with all KB requirements. Agreed action plans have been established and will be reviewed more frequently with the suppliers and KB's procurement team.

Case study 2: This is an update on the case reported in KB's previous statement.

Due to the uniqueness of the product, KB extended its support to work with one of its seafood suppliers based in Thailand where it was noted breaches of overtime and excessive working hours were found during a regular third party ethical social compliance audit. One of the common challenges faced with Thailand suppliers is the excessive hours worked. The Thai labour laws and the ETI guidelines differ.

To further complicate the matter, the pandemic did not assist with overcoming these issues especially with travel restrictions which affect migrants from neighbouring countries to work in Thailand.

In FY21, KB worked very closely with one of the major retailers and the supplier to overcome some of these challenges by prioritising health and safety first and developing an action plan to resolve the excessive working hours.

During this exercise, the KB Thailand team assisted with monitoring to ensure there were no breaches to modern slavery observed. Although this was not considered a direct modern slavery breach, this illustrates KB's approach to ensuring suppliers are complying with ethical practices, which will reduce the risk that modern slavery practices occur.

FY21 KB continued to meet up with suppliers that require further support and worked through agreed actions. Some suppliers were not able to take actions due to the unforeseen pandemic events, where in some countries, factories are closed with no notice and some factories even had power allocation issues. In those scenarios, KB worked with the suppliers to prioritise the actions ensuring there were no safety concerns. The agreed actions were discussed in regular meetings to ensure they were closed out.

Onboarding of new suppliers at KB requires the suppliers' commitment in complying to KB's Responsible Sourcing Policy. In FY21, this process has reduced if not eliminated all high-risk assessed suppliers who were partnering with KB.

HOW TO ASSESS THE EFFECTIVENESS OF THE ACTIONS KB IS TAKING TO ASSESS AND ADDRESS THE RISKS OF MODERN SLAVERY

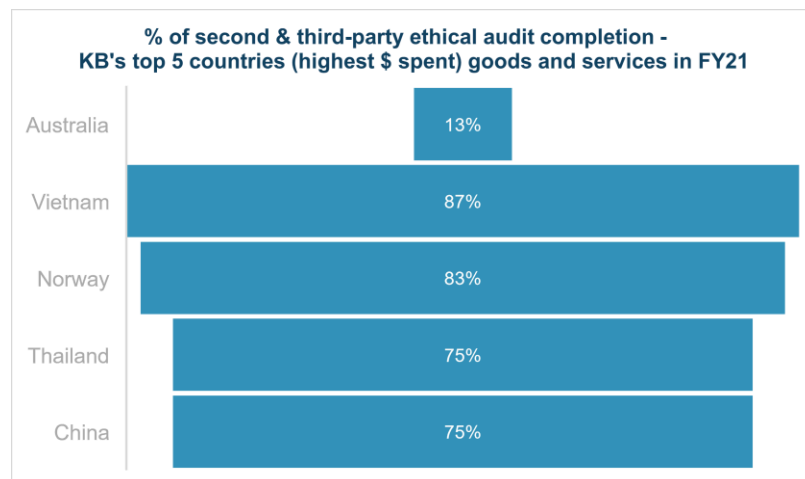
Social Responsibility Ethical Audits

KB uses several ways to assess the effectiveness of its program, one of which is the social responsibility ethical audit requirement. The audit reviews ethical performance by KB's suppliers and is focused on labour, health and safety, environment, and business ethics, and includes reviews of any breaches with modern slavery and human rights requirements. Suppliers with third party ethical and social audits will continue using this approach to ensure modern slavery risks are reviewed on a regular basis.

In 2021, the number of external social responsibility ethical audits have decreased with some of KB's T1 GFR international suppliers. Some suppliers based in certain countries may have decreased in the number of audits completed, for example Vietnam went from 100% audited to 87% audited in 2021.

KB has noticed that some other countries have increased the audits, that is suppliers based in some countries have improved. For example, KB's suppliers based in Australia improved from 0.2% audits completed to 13%, with Norway showing similar improvements - from 50% to 83%.

All audit reports were reviewed by the KB team and to date, there has been no observations/finding of modern slavery and/or human rights breaches.



Training requirement and compliance

All KB employees have been communicated with regarding the commitments KB has made to its anti-modern slavery practices.

KB has communicated its requirements and expectations to all T1 GFR suppliers. KB's first published modern slavery statement has also been circulated to ensure all suppliers are aware of the requirements.

Additional support has been provided to any T1 GFR suppliers that are currently not being audited, ensuring they have internal ways of complying with KB's requirements. KB has extra resources based overseas to assist with this process. General information and education were customised on a case-by-case basis to resolve any issues raised.

KB is looking at further training to be provided to the internal team to broaden the knowledge of ethical sourcing requirements which will provide further assistance to struggling suppliers.

Supplier reviews with measurable objectives

Regular reviews took place in 2021, focused on high-risk suppliers. KB noted a lot of the issues raised were related to supply chain problems due to the ongoing pandemic event. In all conversations, their social responsibilities were revisited to ensure no breaches of modern slavery could occur. The pandemic factor had caused some of the measurable objectives to either not be fully completed or they were delayed in completion. However, there were no modern slavery breaches found due to frequent communication between KB and its suppliers.

Internal management reviews

KB's management team formally reviews the status of the high-risk suppliers twice a year. During this review in 2021, discussions were around the suppliers' progress in rectifying some agreed actions. KB acknowledges the impacts of this unforeseen and ongoing crisis and has supported its suppliers in every way possible.

Within KB's own operations, in 2021, KB continued reviewing this as an agenda item during quarterly reviews. In addition to this, KB operations sites progressed in identifying gaps as part of the preparation towards the scheduled SMETA 4 Pillar audits in 2022. During the reviews, the results of risk assessments completed were discussed as part of KB's internal process on current suppliers and the approval of new suppliers.

CONSULTATION

KB's owned or controlled entities exist principally for corporate or financial reasons and do not have active business operations. For this reason, consultation with those entities was not considered to be necessary or useful.

MOVING FORWARD – PROGRESS ON KB'S ROLLING THREE YEAR PLAN

KB started its journey to improve the ethical and social compliance status of its own operations and supply chain and published its first modern slavery statement in 2020. From the first statement, KB initiated a rolling three-year plan to manage the risk of modern slavery and promote transparency within our operations and supply chains.

First year – FY20

The unexpected COVID-19 created a degree of disruption to some of the proposed actions from the first year. There were also some great achievements such as:

- Communication to all T1 suppliers on KB's commitment to prevention of modern slavery breaches and relaying expectations for own operations and supply chain
- KB revisited its programs and policies on governing this commitment (Responsible Sourcing and Approved Supplier program)
- Introduced a modern slavery agenda to be discussed with KB management and executive leadership teams as part of the action plan of continuous improvement on a quarterly basis
- Monitoring and reviews with both external suppliers and internal management team
- Training with internal stakeholders on modern slavery matters
- KB is exploring opportunities in improving the grievance/reporting mechanisms for external stakeholders i.e., whistle-blowers

Second year – FY21

KB successfully:

- Drove improvements with high-risk T1 suppliers and ongoing monitoring of progress
- Supported suppliers that were unable to commit to third party audits by performing second party audits, considering remote/virtual audits if site audits were not feasible due to restrictions

- Ceased purchasing from suppliers that were not committed
- Refreshed a key governance policy (Code of Business Conduct)

Progress was made in:

- Starting to communicate with all other suppliers, such as the low and medium-risk suppliers including service providers i.e., “goods not for resale” (GNFR). Examples include suppliers of equipment, utilities, technical, freight, financial etc.
- Completing the training program revamp and roll out of training for all KB internal stakeholders. In 2021, KB have used training resources from external stakeholders to ensure own operations and suppliers are educated on this requirement.

Third to fourth year - FY22 to FY23

- Continue to track progress of agreed action plans with all the high-risk suppliers; Medium-risk suppliers will start in FY23
- Initiate conversations with all T1 suppliers on the expectations required for their own supply chains (KB's second tier (T2) and third tier (T3) suppliers) regarding their ethical sourcing policies - this action should carry over to FY23
- Ongoing review of training materials, potentially providing them as resources to KB's suppliers if and when required
- Review of potential improvements in external grievance/reporting mechanism

NEW actions established since KB's first modern slavery statement:

- Increased resources to assist with monitoring and improving KB's operations and supply chain actions
- Establishing a governance structure within KB and formation of a working group involving key internal stakeholders
- Review current supplier Self-Assessment Questionnaire
- Learn from KB's own operating sites through SMETA audits
- Increased scope to include other sustainability standards which incorporate social compliance/responsibility (such as Marine Stewardship Council MSC/ Aquaculture Stewardship Council ASC and Best Aquaculture Practices BAP)

Fifth to sixth year – FY24 - 25

The rolling three-year plan is a continuous review process to ensure there will be positive year on year results by improving the risk ratings of its suppliers.

- KB will continue to seek further improvements through industry best practice to promote further transparency.
- KB will also continue this journey with focusing on its lower risk suppliers for both GFR and GNFR.
- Regular reviews of latest news and incidents reported to ensure the key learnings will be communicated to KB's operations and supply chain.

Supplier	High risk	Medium risk	Low risk
T1	FY20 – FY22	FY22-23	FY24
T2	FY23	FY24	FY25
T3	FY23	FY24	FY25 – FY26

This statement was approved by the KB Board on 27 June 2022



Shenshen Li
Director