

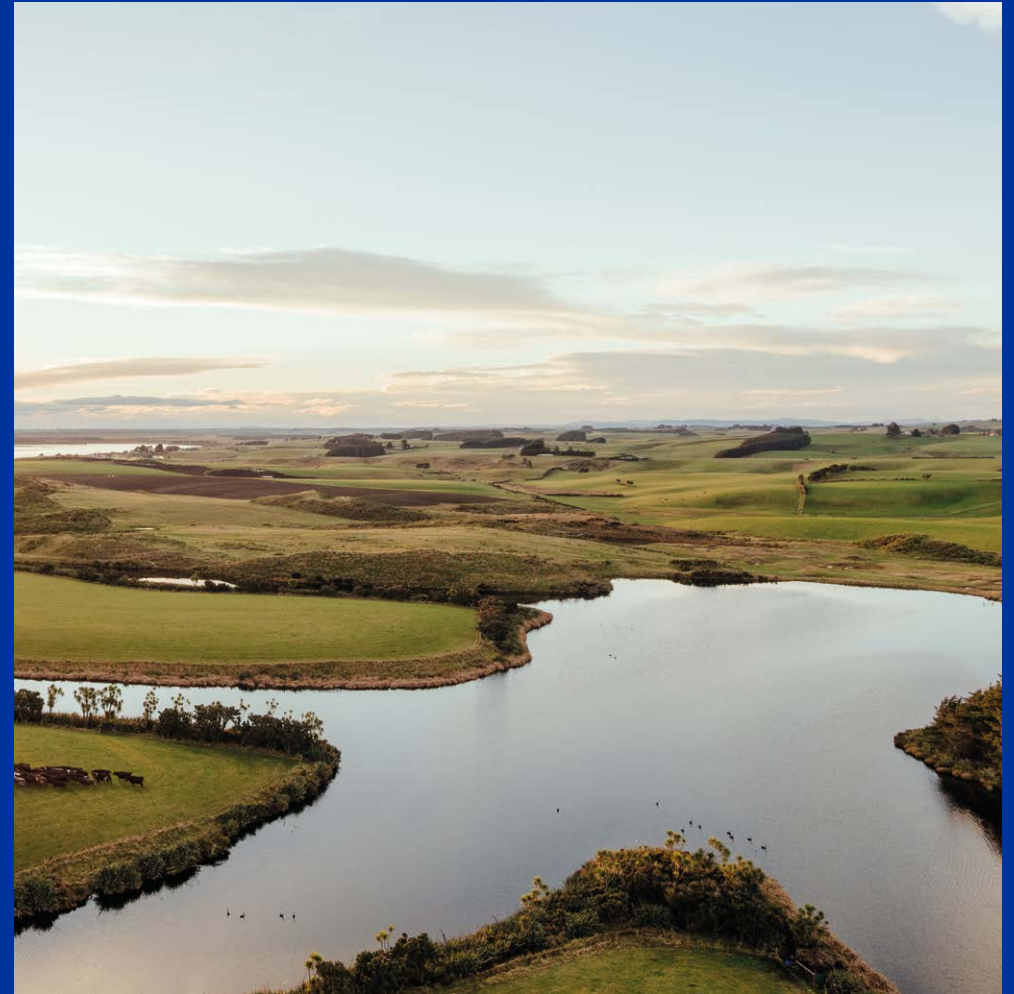
Modern Slavery Statement 2024

Pūrongo Ponogatanga Moroki Te Mātāpuna



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This Modern Slavery Statement is prepared in accordance with the Australian Modern Slavery Act 2018 (Act) for the period 1 August 2023 to 31 July 2024 (FY24). It covers Fonterra Co-operative Group Limited and its subsidiaries, including the following Australian reporting entities:

- Fonterra Brands (Australia) Pty Limited
- Fonterra Australia Pty Limited
- New Zealand Milk (Australasia) Pty Limited
- Darnum Park Pty Limited

Further details of Fonterra's subsidiaries are outlined in the Governance Disclosures section of Fonterra's 2024 Annual Report, available at [Fonterra.com](https://www.fonterra.com).

This statement was approved by the Fonterra Board of Directors in their capacity as principal governing body of Fonterra Co-operative Group Limited on 24 September 2024.

We welcome feedback on this report. For more information or to provide comments, please email us at sustainability@fonterra.com.

Message from the CEO and Chair of the Board

He aha te mea nui o te ao?
He tāngata, he tāngata,
he tāngata.

What is the most
important thing in the
world? It is people, it is
people, it is people.

At Fonterra, we believe that everyone has the right to be treated with respect and dignity, regardless of background and circumstances. We also acknowledge that as a large, global business, we have a responsibility to respect universally recognised human rights and to contribute to positive human rights outcomes.

Our human rights commitments, which are embodied in our global policies and standards, include providing safe, secure and non-discriminatory working environments, good working conditions, recognising the right to freedom of association and the value of collective bargaining, and prohibiting all forms of modern slavery.

Fonterra has focused on understanding and addressing its modern slavery risk for several years, and it has reported on its progress since 2020. This year, we have prioritised strengthening our modern slavery due diligence framework, including enhancing cross-functional governance and programme oversight, updating our risk identification and prioritisation process, building internal awareness and capability, and engaging with industry to identify opportunities to further improve and collaborate on our response.

We know there is more to do to prevent and mitigate modern slavery risk in our business. Looking ahead, we will continue to develop and improve our systems and processes as well as engage with industry and partners to grow our capability and approach.



Miles Hurrell
Chief Executive Officer



Peter McBride
Chair

Our structure, operations and supply chain

Fonterra is a dairy co-operative owned and supplied by farming families across Aotearoa New Zealand. We collect and process raw milk, which we convert into high-quality ingredient, foodservice and consumer dairy products.

We supply many of the world's leading food companies through our foodservice business, Anchor Food Professionals, and our ingredients business, NZMP. Our portfolio of well-known consumer brands includes Anchor, Anmum, Bega, Farm Source, Mainland, Perfect Italiano, and Western Star.

Our global supply chain spans from the farms where we source our raw milk, and our sourcing of non-milk goods and services, through to our owned and third-party manufacturing facilities, and downstream to the distribution of products to customers and consumers in more than 120 markets.



Our purpose

Our Co-operative,
empowering people to create
goodness for generations

You, me, us together

Tātou Tātou



Our values

Good Together

Better Every Day

Every Drop Counts



Our strategic choices

Focus on
New Zealand milk

Be a leader in sustainability

Be a leader in dairy science
and innovation

Our people

Our long-term success depends on our people, and we are committed to attracting, developing and retaining a diverse group of talented individuals and creating an inclusive culture.

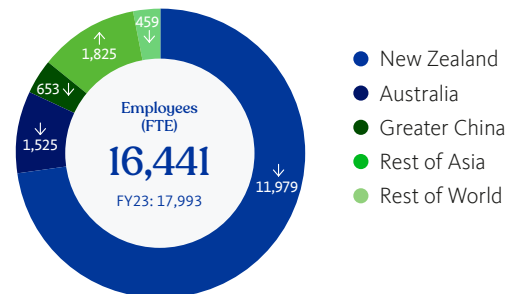
As of 31 July 2024, we directly employed 16,441 people, with the majority based in New Zealand.

Our people work in a wide range of roles including in manufacturing, on-farm, logistics and distribution, research and development, sales and marketing, and in other functions, such as strategy, legal, finance and people and culture.

As part of our commitment to being a good employer, we:

- comply with international minimum labour standards set down by the International Labor Organisation (ILO)
- recognise the value of employees being able to choose to bargain collectively (for example, through a union or workers' council)
- commit to not discriminating against our people for joining, or not joining, a union.

Our agreements with the International Union of Food, Agricultural and Allied Workers' Associations (IUF) and the New Zealand Dairy Workers Union (NZDWU) reinforce these commitments. Fonterra has also signed a Memorandum of Understanding with the NZDWU, E tū Incorporated (E tū) and the Aviation & Marine Engineers Association (AMEA). It also works closely with the United Workers Union (UWU) in Australia and the Food Industry Employees Union (FIEU) in Malaysia. 51% of our employees were covered by collective employment agreements in FY24.



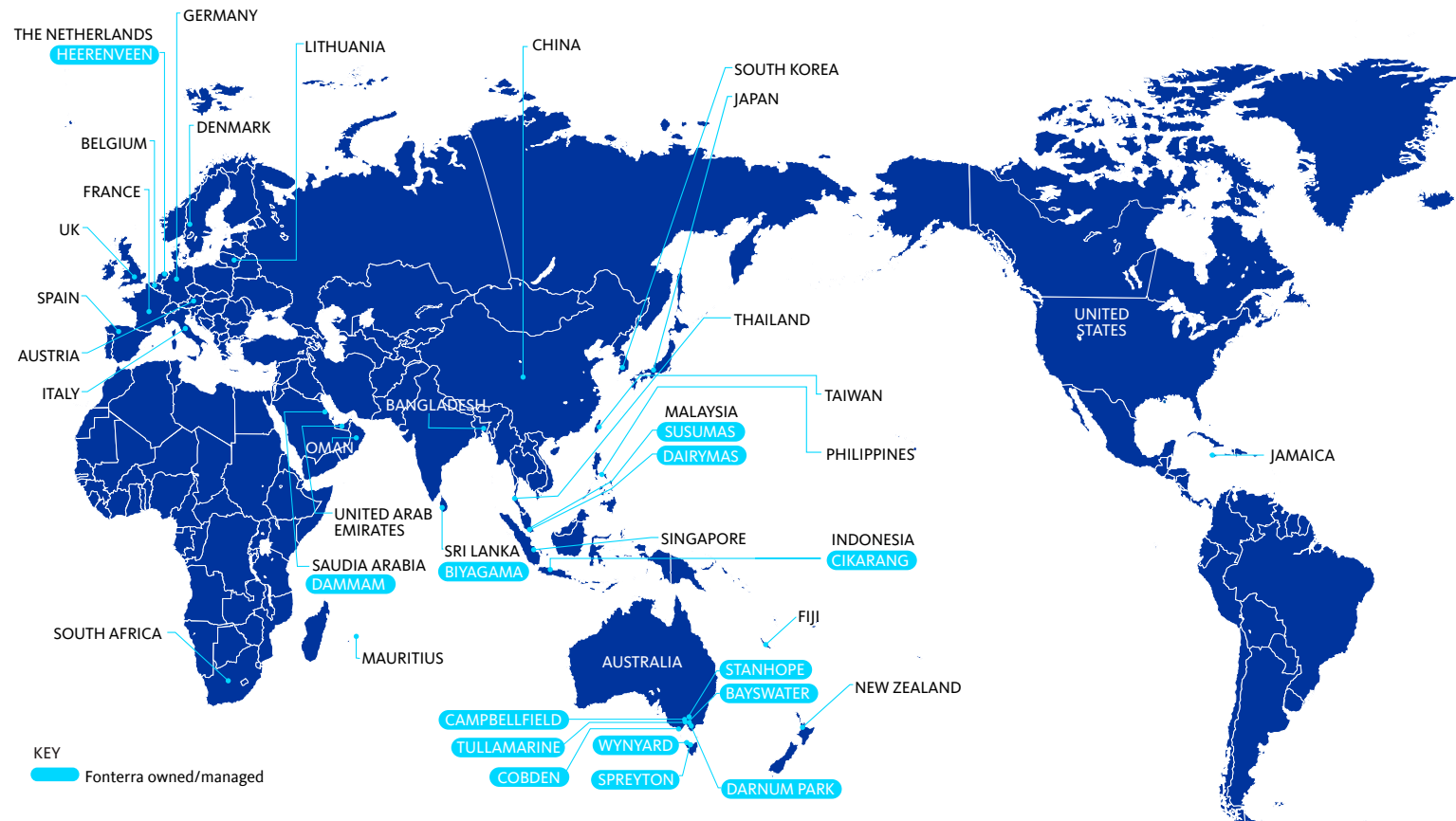
Our core operations

Our milk is sold through our customer-facing regional business units – Global Markets and Greater China. Our Global Markets business covers our sales regions outside of Greater China, including Africa, Middle East, Europe, North Asia, Americas, New Zealand, Australia, Pacific Islands, Southeast Asia and South Asia.

We have 28 manufacturing sites located in New Zealand, along with eight in Australia, and a further six across Indonesia, Malaysia, Sri Lanka, Saudi Arabia, and the Netherlands. We also work with around 70 third-party manufacturing suppliers globally.

In addition to our core operations, we operate 65 Farm Source retail stores across New Zealand, which sell agricultural supplies to dairy farmers, and we own and operate 30 dairy farms in New Zealand. We are also involved in joint ventures that operate freight logistics, dairy processing, innovation, research and development, and emissions reduction research.

Fonterra’s Global Manufacturing Locations (outside of New Zealand)



Milk supply

We source around 90% of our raw milk by volume from our farmer owners in New Zealand. We also have some raw milk collection in Australia and Sri Lanka. In Australia, raw milk is supplied by around 500 farms located across Victoria, New South Wales and Tasmania. Milk from Australia and Sri Lanka is supplied by farmers that are not within the Co-operative structure.

Our raw milk sourcing is managed by our on-farm excellence team and we have farmer engagement and support programmes in every country where we collect milk.



Blair, Manawatū-Whanganui

Non-milk supply

We engage with around 12,000 non-milk vendors globally to source a wide range of commodities, goods, and services, including:

 <p>Transportation and storage services</p>	 <p>Third-party manufacturing services</p>	 <p>Farm supplies and services</p>
 <p>Manufacturing equipment and services</p>	 <p>Packaging materials</p>	 <p>Energy supply</p>
 <p>Ingredients</p>	 <p>Chemicals and fertiliser</p>	 <p>Professional and operational-related services</p>

The range of products, sourcing locations, and regulations associated with our non-milk spend can present sustainability-related risks, so we work to ensure we procure goods and services in an environmentally and socially responsible way. Our [Supplier Sustainability Code of Practice](#) outlines our commitment to responsible sourcing and sets out our expectations of non-milk suppliers and associated subsidiaries with respect to ethical business conduct, care for people, and respect for the environment.

Governance and programme framework

Our modern slavery due diligence programme is managed by Fonterra’s sustainability function in collaboration with other functions and business units across the Co-op, including procurement, risk, legal, operations, farm source, and people and culture.

In FY24, we established a Modern Slavery Steering Committee to enable greater cross-functional oversight of the programme. The Steering Committee is responsible for providing strategic advice and decision-making in relation to due diligence and reporting. It is accountable to the Managing Director, Co-operative Affairs and Managing Director, People and Culture, who report to the CEO and sit on Fonterra’s Management Team.

Steering Committee members

Membership includes senior leaders from across the organisation, including:

- Director Global Sustainability, Stakeholder Affairs and Trade (Chair)
- Senior Manager Sustainability Strategy & Engagement
- GM Employment Relations
- Director Global Supply Chain
- Director Legal
- Director Governance, Risk & Audit
- On-Farm Excellence Director
- GM Procurement, COO
- GM Sustainability, Global Markets (representing our Australian entities)

Governance structure



Due diligence framework

In FY24, we refreshed our due diligence framework in line with international best practice to put the right steps in place to effectively prevent, mitigate and manage the risk of modern slavery in our supply chain and operations. Our framework describes five key areas that help drive a continuous improvement approach.



Consultation with owned and controlled entities on this statement

Engagement and consultation with the Co-op's owned and controlled entities is facilitated through the Modern Slavery Steering Committee, which includes cross-functional representatives from across the global business, including Australia. Subject matter experts from functions including sustainability, procurement, risk, people and culture, on-farm and legal also regularly engage with each other on the ongoing implementation of our modern slavery due diligence programme. This statement is also reviewed by the statutory directors of our Australian reporting entities.



Modern slavery risks across our operations and supply chain

As a large, global business we recognise that our modern slavery risk profile is not static and will evolve as our business changes or due to external factors such as supply chain disruption, conflict, or other events.

Modern slavery is an umbrella term that is used to describe serious situations where offenders use coercion, threats, or deception to exploit victims and undermine their freedom. Practices that constitute modern slavery include human trafficking, slavery, servitude, forced labour, debt bondage, forced marriage, and the worst forms of child labour. Other breaches of employment standards may be present in our supply chain and in situations of modern slavery, including underpayment of wages, excessive working hours and failure to provide holiday pay or annual leave entitlements. We consider these risks as part of our due diligence approach.

Identifying modern slavery risks

We refreshed our assessment of our modern slavery and related labour risks in FY24, with a focus on our upstream supply chain which we consider poses the greatest risk. Our approach to assessing risk is aligned to international best practice, including the *UN Guiding Principles for Business and Human Rights*, and focuses on understanding actual or potential adverse human rights impacts on people due to our activities or business relationships.

We consider a range of factors to determine actual or potential modern slavery risk in our operations and supply chain, including:

- Geographic risk**

Sourcing from countries or regions that have a higher risk of modern slavery or other human rights breaches due to poor governance, corruption, conflict, or cultural norms.



- Sector or commodity risk**

Products or services that are considered to have a higher risk of modern slavery because of the nature of their supply chain or the location of raw materials.



- Business model risk**

Products or services that rely on business models with complex supply chains or high-risk work practices.



- Vulnerable group risk**

Individuals or groups that may be more susceptible to exploitation because of low education, language barriers, socio-economic factors, or isolation.



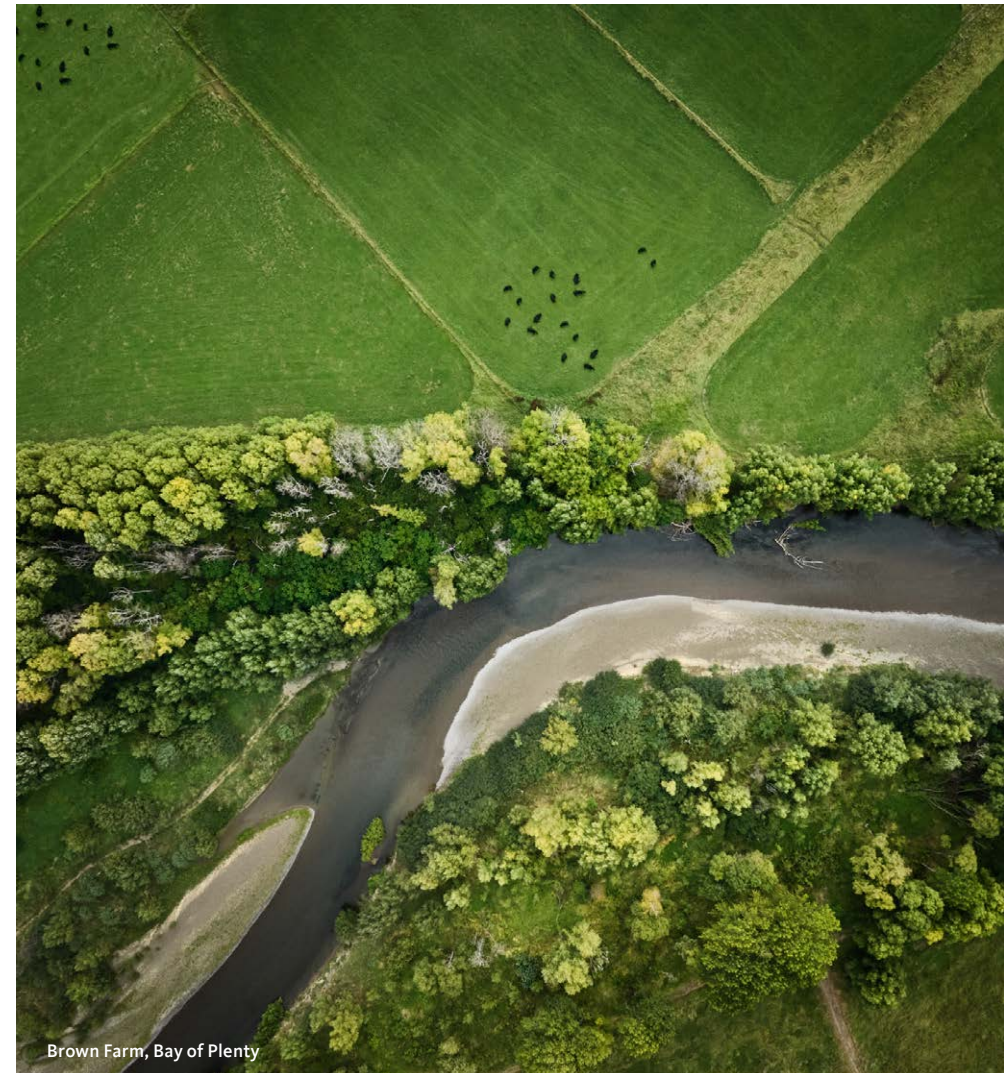
We also consult a range of tools and sources to help determine our modern slavery risk. These include:

- Global databases such as the US Department of Labor List of Goods Produced by Forced Labor or Child Labour, Walk Free's Global Slavery Index and Verite's Forced Labour Commodity Atlas.
- Government, academic and NGO reports, including those published by the International Labor Organisation, the Australian and New Zealand governments, the Business and Human Rights Resource Centre and Anti-Slavery International.
- Media monitoring.
- Engagement with industry bodies.

Determining our role in relation to modern slavery risk

Our risk assessment and subsequent business response considers the levels of involvement a business may have in relation to adverse human rights impacts, from directly causing or contributing to adverse impacts, through to being linked to adverse impacts because of our business relationships. The table below explains how Fonterra’s business activities or relationships could be linked to modern slavery risk.

Cause	An enterprise may cause modern slavery as a direct result of its own activities.	For example, a manufacturing worker at an owned or controlled site could be exploited and forced to work under duress or without pay.
Contribute	An enterprise may contribute to modern slavery through its activities or by facilitating or incentivising another party.	For example, if unreasonable requirements are placed on a supplier by a company, this may contribute to the supplier breaching labour standards to meet the requirements.
Directly linked	An enterprise may be directly linked to modern slavery through its business relationships, even if it has not directly contributed to those impacts.	For example, a company could unknowingly purchase ingredients or other materials sourced or produced using forced labour, which are then used in end products that are sold to customers and consumers.



Key risks across our operations and supply chain

We consider the risk of modern slavery in our direct operations to be low, based on the controls, policies, and procedures we have in place.

We believe our greatest exposure to modern slavery risk is through our extended supply chain, particularly in areas that have direct links to our operations, products, or services. We have also identified risk associated with a range of indirect goods and services in our supply chain, such as electronics, clothing, and personal protective equipment.

Our prioritised risks are outlined in more detail below.

Risk	Risk indicators	Our connection to the risk
Sourcing of raw milk from supplier dairy farms	Reliance on temporary or migrant labour Use of third-party recruitment Geographic isolation	Raw milk supply is a fundamental part of our supply chain. Most of our milk supply comes from New Zealand and Australia, where there is independently documented risk of worker exploitation and forced labour in the agricultural sector, particularly among migrant workers.
Sourcing of certain commodities for use as ingredients, packaging materials, stock feed and as fertilisers	Reliance on low-skilled labour Sourcing from high-risk geographies Complex, global supply chains with reliance on sub-contracting services	Some of the commodities we source are linked to sectors or regions with documented cases of human rights breaches and environmental degradation, including palm products, sugar, cocoa, timber-based products, and fertilisers.
Third-party manufacturing and distribution services	Reliance on low-skilled labour Locations in high-risk geographies Geographic isolation	We rely on a global network of third-party manufacturing and distribution services to help produce and distribute our products. Some of these operations are in geographies that are considered to have a higher risk of modern slavery.
Third-party catering, cleaning, security services and contingent labour	Reliance on temporary, low skilled or migrant labour Use of third-party recruitment Locations in high-risk geographies	We procure catering, cleaning and security services at our corporate offices and manufacturing sites. We also indirectly employ some workers through third-party agencies across our global business.
Merchandising and promotion services	Locations in high-risk geographies Use of third-party recruitment Reliance on low-skilled labour	We procure merchandising and promotional services, including indirect promotional staff, gifts and point of sale materials, in some markets with higher geographic risk of exploitation.

Taking action to address our modern slavery risks

Our actions to address modern slavery are guided by our due diligence framework (see page 9). We have four broad areas of focus:

- Having the right supporting policies and procedures in place.
- Ongoing assessment and engagement with suppliers.
- The development of risk-based action plans.
- Training and development for our people and suppliers.

Our policy framework

A key aspect of our mitigation activity is having a robust policy framework that provides clarity on our labour standards and respect for universally recognised human rights.

The table to the right describes the most relevant policies and standards related to our commitment to respecting human rights and how these are implemented in practice. Our key policies and standards are available on Fonterra.com.

Policy or standard	Purpose	Implementation
'The Way We Work' Code of Business Conduct	Sets out expected behaviours for our employees towards each other, our customers, and the wider community, and the expectation for our suppliers and business partners to uphold the standards and principles of the Code.	Our Code of Business Conduct is updated every second year and was last updated in November 2023. All new employees are provided with a copy of this Code, along with our other global policies. We also assign an annual e-learning about the Code to senior leaders and those in sensitive roles.
Global Ethical Behaviour Policy	Sets out our beliefs, commitments and expectations of employees in relation to ethical behaviour, including acting with integrity, honesty, and transparency.	This policy is updated every three years and was last updated in February 2024. It is supported by our ethical behaviour, conflict of interest, and employee lifecycle global standards. These detail our requirements for enabling a consistent and positive experience for all employees.
Global Health, Safety and Wellbeing Policy	Articulates our ambition to achieve zero harm for our people, including contractors and visitors to our sites, and communicates our commitment to fostering a culture of shared ownership for health, safety and wellbeing.	This policy is updated every three years and was last updated in February 2023. All employees have access to health, safety and wellbeing training and a range of supporting tools and resources, including mental health and wellbeing services such as EAP.
Respect for Legitimate Land Tenure Rights Position Statement	Recognises the rights (including the human rights) of legitimate land tenure holders and stands against illegal activities in our supply chain.	Shared with interested parties as needed and available on Fonterra.com
Supplier Sustainability Code of Practice	Sets out our expectations for suppliers to align with our values and codes of conduct, including upholding human rights and fair working conditions.	We published an updated Code in April 2024. The updated code is aligned with our internal policies and reflects international best practice and regulation. The Code is referenced in our supplier terms and conditions and master services agreements.
Forest and Agricultural Products Standard	Defines our requirements for sourcing and procuring forest and agricultural products, including our expectations of suppliers to respect human rights, protect the environment, and operate with transparency.	Launched as a new standard during 2023 to guide the ethical procurement of primary-linked commodities, including palm oil and palm products, timber and wood fibre products, maize, cocoa, coffee and soy. In FY24, we conducted a detailed risk assessment against our most material primary-linked commodities.

Engaging with our farmer suppliers

Farmers are at the heart of our Co-op and our approach is to work alongside them to help improve their practices, including those that support positive outcomes for people.

Farm Source is the connection point between our farmers and the Co-op. Working at a local level across the length and breadth of our farm base, these teams get alongside farmers to help them continue to lead the way in sustainable, efficient dairy farming.

Each year, Fonterra requires an approved Farm Dairy Assessor to carry out an annual assessment of each dairy farm and the wider property with a focus on structures, facilities, sanitation, environmental sustainability, animal health, treatment records, milk quality management system, farm dairy water, farm access and farm dairy presentation.

Setting expectations for supplying farms

Our Terms of Supply sets expectations for farmers when it comes to people, the environment, animal health and welfare, biosecurity, and food safety and quality. Failure to comply with the Terms of Supply has a range of consequences depending on the severity of the non-compliance. These may include increased on-farm audit frequency, undertaking corrective actions, financial penalties, placement under performance management, suspension of milk collection and notification to the relevant regulatory agency. The Terms of Supply also specify that farms must be compliant with all applicable legislation, including laws and regulations related to labour, employment, and health and safety.

We refresh our Terms of Supply on an annual basis and each new edition is approved by the Co-operative Relations Committee and is sent to our farmers in February, along with a list of substantive changes.

Australian farmers have a locally adapted version of the Terms of Supply. It sets similar expectations to, and is benchmarked against the New Zealand version, as well as incorporating local legislative requirements. Fonterra Australia also has a Farm Source professional in each region who is dedicated to supporting farmer suppliers on people management issues including farm labour obligations.

The Co-operative Difference

The [Co-operative Difference framework](#) recognises New Zealand farmers who have made positive changes on farm and encourages other farmers to do the same. It identifies and considers what we need to do today, what we need to be thinking about for tomorrow, and what we need to consider in the longer term so the Co-op can continue to meet its customer needs.

The five areas in the framework are: Milk, People and Community, Environment, Animals, and Co-operative and Prosperity. For each of these areas, 'Our Core' covers the things we can never afford to compromise on such as regulatory compliance, producing safe, high-quality milk and looking after people, animals and the environment.

The programme encourages farmers to consider how they engage with their workers and communities through taking the DairyNZ Workplace 360 assessment. This assessment helps to identify strengths and weaknesses in a work environment, shows opportunities for improvement, and helps monitor progress.

Completing a DairyNZ Workplace 360 assessment and achieving 100% on the foundational level is one of the criteria required for achieving the Te Pūtake level, or first level of performance. Farms reaching Te Pūtake are eligible to receive a Co-operative Difference payment of an extra 7 cents per kgMS on all milk supplied. Over 7,000 farmer suppliers have achieved at least Te Pūtake level.



Collaboration with partners

We have proudly partnered with the Rural Support Trust, a charity dedicated to helping rural communities in New Zealand, since 2022. The Trust provides a free and confidential employee information and support service, which can support on-farm workers with information about employment rights and living and working in New Zealand. It also provides a support line for farmer employers and helps facilitate good working relationships between employers and employees.

Fonterra is a member of the Sustainable Dairy Partnership (SDP), which is an industry collaboration aimed at driving continuous improvement in sustainability. Through this partnership, Fonterra reports annually using the Dairy Sustainability Framework, which includes minimum standards in relation to deforestation, human rights, animal welfare and legal compliance for procurement from farmers. These reports are available to customers and other stakeholders who are members of SDP. We also collaborate with industry on people-focused issues through DairyNZ and Dairy Australia. This includes membership of Dairy Australia's modern slavery working group.

Training and awareness

This year we conducted a comprehensive review and update of our employee e-learning on human rights, worker exploitation and modern slavery. The learning module guides employees through an essential overview of these important topics, Fonterra's approach and responsibility, and our expectations of our people. It also includes important information about how to spot the signs of worker exploitation and modern slavery. We deployed this e-learning to over 1,850 employees in FY24. Our target audience for this learning module was employees in leadership roles, as well as those in the procurement, farm source and people and culture functions.

We also provided modern slavery briefings to our procurement teams during FY24, as part of the launch of our updated Supplier Sustainability Code of Practice. These briefings included information about what modern slavery is, its global prevalence and how it can occur, and information about key risk indicators in our supply chain.

Our broader employee learning and development programme includes training that supports our respect for human rights, including understanding diversity, equity and inclusion, navigating unconscious bias, supporting mental health and wellbeing in the workplace, and employee relations.

Migrant worker exploitation in New Zealand and Australia's agriculture sectors

International workers play an important role in New Zealand and Australia's primary sectors by filling critical skills gaps and labour shortages. However, breaches of labour standards involving migrant workers employed in the dairy sector have been reported in both countries. Vulnerability among migrant workers can stem from a limited understanding of the local context, particularly legal rights, and this may be exacerbated by a lack of formal education and limited understanding of English.

In FY24, a New Zealand-based Fonterra farmer supplier was found to have breached New Zealand employment law and was subsequently fined NZD\$215,000 for the exploitation of three migrant workers.

The breaches included not paying minimum wage or holiday pay, manipulating payslips, unlawful wage deductions and not keeping accurate wage records. As soon as Fonterra became aware of the Employment Relations Authority (ERA) investigation into this complaint, it put the supplier on notice under the Fonterra Terms of Supply. Final notice was issued to the supplier following the ERA's ruling and this farmer is no longer supplying milk to the Co-op.

There were no reported incidents of modern slavery or worker exploitation on our Australian-based or Sri Lankan-based supplier farms in FY24.

Engaging with our non-milk suppliers

We are proud of the strong relationships we have with the people and organisations that supply us with products and services to help us achieve our strategic goals. It's a great example of our purpose 'Tātou Tātou – Good Together' in action.

We launched an updated version of our Supplier Sustainability Code of Practice in April 2024. The Code sets out our expectation for suppliers to align with our values and policies, including our commitments to social and environmental responsibility. The Code was last updated in 2019. The underlying principles and commitments set out in the Code remain the same, but the expectations are more stringent than previous versions. The updates reflect alignment with Fonterra's policies and commitments, increasing customer and regulatory requirements, emerging legislation, and global best practice.

Identifying high risk suppliers

Our vendor risk management framework, which was launched in 2022, helps us better understand and manage the risks associated with our vendors, including those related to labour rights and working conditions. The framework, supported by an online portal and a robust business process, allows us to assess and manage our vendors in an efficient and consistent way, both during initial selection and on a proactive ongoing basis.

Our framework has primarily focused on new vendors and is expanding to existing vendors. Each new vendor is initially assessed by our procurement team. As part of this screening, we check if the vendor meets any of our risk indicators for modern slavery, such as operating in a high-risk geographical region or providing goods or services that have known modern slavery risks attached. If we assess that there is a risk of modern slavery, we request further, detailed information from the vendor to better understand the risk profile, and what steps they are taking to mitigate the identified risk and meet the standards set out in our Supplier Sustainability Code of Practice. This information is reviewed by our procurement team as well as internal subject matter experts. We will then work with the vendor to develop time-bound action plans if required. As of 31 July 2024, around 600 vendors had been assessed using the framework.

Access to grievance and remediation

We fund an independently administered whistleblower hotline (The Way We Work Hotline), facilitated by Deloitte. The hotline is available to all Fonterra stakeholders globally, including employees, farmers, suppliers and workers in our supply chain, with a confidential and anonymous channel (by phone, email, mail, or online) to report concerns about serious wrongdoing or behaviour that does not meet the standards described in The Way We Work Code of Business Conduct.

All reported concerns are initially reviewed by a Deloitte analyst who will summarise the information provided, consider its severity, and submit an anonymous report to Fonterra. Reported concerns and issues are then investigated by a senior Fonterra team not involved in the substance of the concern (eg. employment relations, internal audit, other specialist teams or, where appropriate, an external investigator) before appropriate action is taken. Timely updates are made available to the whistleblower through the hotline.

The Fonterra 'The Way We Work' Investigation Guidelines require that anyone who raises a complaint through the hotline is not victimised or punished for doing so and that all individuals involved be treated with sensitivity, respect and courtesy. We also take steps to ensure that strict confidentiality is maintained and that the subject of the complaint, and any witnesses, are protected from identification.

There were 38 disclosures to the hotline during FY24. This is an increase on FY23, where 30 disclosures were received. There were no disclosures related to modern slavery or worker exploitation in FY24.

Independent evaluation and certifications

Our manufacturing sites are subject to regular internal and third-party audits. Internal audits are conducted by employees independent of the site and are used to identify areas for improvement. Third-party audits give regulatory authorities and our customers independent assessments of our performance. For example, independent audits against the Sedex Member Ethical Trade Audit (SMETA) standard for labour practices, environment, health and safety and business practices are required by some of our customers.

Other customers require us to undertake an annual assessment by EcoVadis. EcoVadis is a third-party risk management platform that allows organisations to assess suppliers on their ESG (environmental, social and governance) performance. It provides a globally recognised assessment and rating. We received a Gold medal from EcoVadis in FY24, which places Fonterra in the top 5% of companies assessed by EcoVadis in the past 12 months.

Tracking the effectiveness of our actions

We are focused on building and maintaining an effective due diligence programme that helps us proactively manage modern slavery risk in line with global best practice and standards.

This year, we undertook a complete review of our modern slavery due diligence approach. This found that while we have established a good foundation for managing the risk of modern slavery, we also have areas for improvement, including:

- formalising our due diligence framework
- improving internal governance and cross-functional ownership
- increasing capability and engagement
- updating and expanding our impact assessment so that we have an up-to-date view of risk.

The table to the right outlines how we monitor effectiveness and progress against the key pillars of our due diligence programme.

We acknowledge that there is more to learn and do to prevent modern slavery from occurring in our supply chain. We will continue to monitor the effectiveness of our actions and continuously identify opportunities to improve. The next section outlines more information about our focus areas for FY25.

Due diligence pillar	What good looks like	Our FY24 performance
Leadership and governance	There is clear accountability for modern slavery at an executive level and regular reporting through to the Fonterra Board.	Our Managing Director, Co-operative Affairs and Managing Director, People and Culture are accountable for our modern slavery due diligence programme. In FY24, we established a new Modern Slavery Steering Committee to provide senior day-to-day oversight of the programme and reporting. The Steering Committee was established in February 2024 and met monthly between March and July 2024. Regular updates were provided to Fonterra Management and the People, Culture and Safety Committee.
Impact assessment	Regular risk assessments are undertaken, and these consider the severity, scale and scope of the impact as well as our degree of responsibility. Appropriate actions plans are developed in response to our risk assessments.	We updated our risk assessment in FY24, with a focus on our upstream supply chain. We prioritised directly linked modern slavery and worker exploitation risks for further due diligence in FY25. We note that a best practice approach to human rights due diligence is broader in scope, and we will look to expand our assessment refresh to review all human rights in the future.
Mitigation	Policies and procedures are reviewed on a regular basis and modern slavery risks are integrated into systems and strategies. We have effective supplier engagement programmes and provide appropriate training and capability building for our teams.	Our policies and procedures are regularly reviewed by our governance team and subject matter experts. In FY24, we conducted a gap analysis on our human rights-related policies and procedures and identified opportunities to better communicate our respect for human rights and expectations of our people. These updates will be made as part of our FY25 work programme. We updated our human rights e-learning and deployed this as a required learning to over 1,850 employees. The deployment of the e-learning does not extend to all of our employees as we believe a tailored approach is best. Part of our future due diligence efforts will include developing training programmes for our waged employees and those operating in markets where English may be a second language.
Remediation	We have appropriate remediation systems in place for impacted workers and collaborate with stakeholders to address modern slavery risk.	Our global whistleblower hotline is our primary mechanism for stakeholders to raise any concerns about modern slavery or other human rights breaches in our operations or supply chain. We understand that impacted workers may not be aware of our hotline and have begun to scope opportunities to improve access to grievance mechanisms with our partners. This work will continue in FY25.
Monitoring and reporting	We regularly track our actions and their effectiveness, feeding any learnings into our ways of working. We communicate regularly with our stakeholders.	We undertook a detailed review of our overall due diligence approach and reporting in the first half of FY24 and this has directly informed our annual activity and FY25 plans.

Looking ahead

Preventing and addressing modern slavery risk is part of an ongoing journey. As such, we are committed to developing and enhancing all aspects of our approach to modern slavery and broader human rights due diligence.

Our focus for the coming year will include:

- Providing more information and support to our farmers to help them enhance the experience they provide their own employees.
- Better articulating our values and expectations of farmer suppliers when it comes to respecting human rights and promoting fair working conditions.
- Refreshing our policies and standards to better reflect our respect for human rights and the expectations we have of our employees and partners.
- Enhancing our external monitoring so we can readily respond to actual or potential human rights breaches in our supply chain.
- Conducting further due diligence on suppliers that have been identified as high risk for modern slavery and worker exploitation.
- Continuing to implement our third-party vendor risk management programme.
- Continuing to build internal capability and awareness.
- Continuing to provide workers with access to grievance and remediation.



Michael & Kimberly, Southland

Appendix: Compliance with the Australian Modern Slavery Act 2018 requirements

Mandatory reporting criteria	Location of information
Identify the reporting entity	Contents – page 2 Our structure, operations and supply chain – page 4
Describe the reporting entity’s structure, operations and supply chains	Our structure, operations and supply chain – page 4 Governance and approach – page 8
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls	Modern slavery risks across our operations and supply chain – page 10
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	Taking action to address modern slavery risks – page 13 Governance and approach – page 8 Looking ahead – page 18
Describe how the reporting entity assesses the effectiveness of such actions	Tracking the effectiveness of our actions – page 17
Describe the process of consultation with any entities that the reporting entity owns or controls	Governance and approach – page 8
Any other information that the reporting entity, or the entity giving the statement, considers relevant	Message from the CEO and Chair of the Board – page 3 Looking ahead – page 18



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