



MODERN SLAVERY STATEMENT

for the financial year 2023-24.



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Prepared by Andy Todd – Sustainability Manager

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1. Introduction

CEO statement

We are revolutionizing the field to plate journey. And it's our community that makes our longstanding brands distinct, agile and visionary.

At HSK Ward Group, we've been the essential link between growers and our customers' kitchens since 1853. We are an Australian-owned company trusted for six generations – passionate about sourcing quality food, nurturing connections and using technology to achieve seamless results.

Our multi-tiered approach sees us foster meaningful relationships with suppliers around the world. That means we can deliver both food business solutions and bring the best everyday ingredients to our customer's kitchens.

We're proud of our people and their unwavering dedication to what HSK Ward stands for. Working on day-to-day projects, delivering on our quality promise and embracing the big picture, we are stronger because we are caring and striving together.

From our humble grain store beginnings to our global presence today, we continue to be part of people's everyday – filling pantries and building businesses for our loyal customers.

HSK Ward operates to an ethos of core values that defines both the business and the way it expects both its employees and the businesses it interacts with to conduct themselves. These values extend to all members of our supply chain, from the farmers and workers who grow the ingredients we use, to our customers in their kitchens at home.



FAMILY, it's what drives us



SAFETY, people matter



DIVERSITY, strength in difference



TEAMWORK, stronger together



RESPECT, it works both ways



INTEGRITY, doing the right thing

HSK Ward acknowledges the importance of combating modern slavery and human trafficking in all its forms. We are committed to acting ethically and with integrity in all our business dealings, ensuring modern slavery does not occur within our organisation or supply chains.

This Modern Slavery Statement is made pursuant to the Australian Modern Slavery Act 2018 (Cth), covering the financial year from 1/7/23 – 30/6/24. It outlines the actions taken by HSK Ward Group Pty Ltd, trading as FTA Food Solutions and McKenzie's to identify, assess, and address modern slavery risks across our operations and supply chain.

2. Structure, Operations, and Supply Chains

HSK Ward Group: Nourishing Communities.

HSK Ward Group is an Australian-owned company trusted for six generations – passionate about sourcing quality food, nurturing connections and using technology to achieve seamless results.

As a consumer, you will know us as McKenzie’s, an Australian-owned brand trusted by generations for wholesome pantry essentials. There’s nothing better than adding McKenzie’s goodness to your cooking, whether you’re baking, whipping up the evening meal or adding spice to a favourite dish. We’ve been doing it every day – for your everyday – since 1852.

In the Foodservice and Industrial environments, you may know us as FTA Food Solutions. Offering high quality products at competitive prices in a seamless and customer service orientated way. FTA Food Solutions is a major supply-chain solutions-based importer and distributor of food products for the Australian, New Zealand and export markets. We manage the entire supply chain to ensure the right product is delivered at the right time, every time.

Organisational description

The HSK Ward Group is an organisation operating in various parts of the ANZ food & beverage industry.

McKenzie’s Foods focusses on manufacturing & packaging consumer goods, especially “pantry staples”, sold across the retail & food service channels.

FTA Food Solutions sources a wide range of food ingredients & additives globally & locally and supplies virtually every part of the food industry- including manufacturers & processors, wholesalers, food service outlets, QSR operations, retailers & export markets.

FTA Specialty Foods supplies frozen seafood to the industrial, wholesale, food service, QSR & retail markets.

FTA Coffee supplies roasters with certified carbon neutral green coffee beans.

Henwood Downs Pty Ltd provides administrative services to the group.

The group is headquartered in Melbourne & also has staff located in Brisbane, Sydney, Adelaide, Perth & Auckland.



Figure 1: Map of HSK Ward Group direct operations

Supply Chain Overview

The intricate and diverse supply chain of the HSK Ward Group is outlined in the map below. Global in scope, it highlights the multiple stakeholders involved in delivering high-quality products to our customers. From our agricultural producers and processing facilities to the distribution networks that connect us with consumers, each element of our supply chain plays a vital role in upholding our commitment to ethical sourcing and sustainability. The complexity of this network is shaped by our global sourcing strategies, many long-term partnerships, and ever-changing market demands. As this complex network of operators continues to develop, we remain focused on recognising and addressing the challenges involved in maintaining the highest ethical sourcing standards.

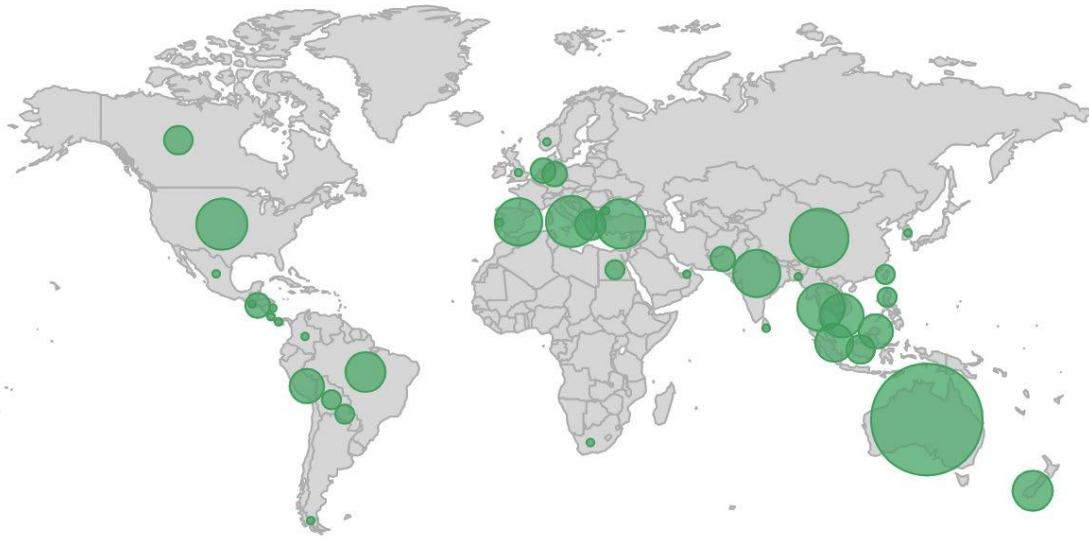


Figure 2: Map of HSK Ward Group global supply chain

Australia	91	Greece	5	Peru	6
Bangladesh	1	Guatemala	1	Philippines	2
Bolivia	2	Hong Kong	1	Portugal	1
Brazil	9	India	13	Singapore	8
Bulgaria	1	Indonesia	4	South Africa	1
Burkina Faso	1	Italy	17	Spain	13
Canada	6	Korea, Republic of	2	Sri Lanka	1
Chile	1	Malaysia	8	Taiwan, Province of China	2
China	22	Mexico	1	Thailand	16
Colombia	1	Netherlands	3	Turkey	15
Costa Rica	1	New Zealand	9	United Arab Emirates	1
Egypt	2	Nicaragua	1	United Kingdom	2
El Salvador	3	Norway	1	United States	16
Faroe Islands	1	Pakistan	3	Viet Nam	11
French Southern Territories	1	Panama	1		
Germany	3	Paraguay	2		

3. Risks of Modern Slavery in Operations and Supply Chains

HSK Ward Pty Ltd operates within a global agricultural and food manufacturing context, sourcing products from a wide range of countries. As such, our supply chain is complex and involves numerous workers, growers, cooperatives, traders, manufacturers, and intermediaries before products are exported to Australia. We recognise the inherent risks of modern slavery within all food and agricultural supply chains, and are committed to upholding human rights, disclaiming all forms of modern slavery, including human trafficking, forced labour, bonded labour, the worst forms of child labour, inherited bondage, forced marriage, and deceptive recruitment practices.

Supply Chain Risks

The risk of modern slavery within HSK Ward's direct operations and those of our local suppliers is considered minimal. Our primary business activities are based in Australia and New Zealand and are governed by stringent controls, policies, and procedures.

However, we have identified potential risk areas within our broader agricultural and food manufacturing supply chain:

- **Indirect Sourcing:**
 - **Lack of Visibility:** While we strive for transparency in the origins of the products we source, many are procured through export partners who manage relationships with farmers, producers, and local logistics. This arrangement introduces risks due to reduced visibility, making it harder to monitor working conditions and uphold human rights standards.
 - **Unethical Suppliers:** Brokers, typically focused on facilitating transactions rather than monitoring ethical practices, which can increase the risk of modern slavery within the supply chain.
 - **Audit Challenges:** Without direct relationships, companies may be unable to perform independent inspections to ensure compliance with labour standards. This can lead to a lack of accountability, as assurances from brokers must be relied upon in the absence of independent verification that suppliers adhere to ethical labour standards.
- **Child Labour:**
 - **Family and Small-Scale Farming:** In many agricultural communities, child labour is prevalent, especially on family farms where children may be required to contribute to production. These children may be exposed to hazardous working conditions.
 - **Seasonal Harvests:** During peak harvest times, the use of child labour increases, particularly in regions with inadequate labour laws or enforcement, posing a significant modern slavery risk.
- **Labour:**
 - **Migratory Labour Exploitation:** Seasonal and migratory workers are at higher risk of exploitation, often working in isolated environments with limited legal

protections or oversight. These workers may face wage withholding, passport confiscation, and poor living conditions.

- **Limited Oversight:** Agricultural operations often occur in rural, isolated areas where government or NGO oversight is minimal, increasing the likelihood that workers can be subjected to modern slavery practices with little chance for intervention.
- **Restricted Worker Mobility:** In remote areas, workers are often housed near or on the worksite, restricting their mobility, which may contribute to situations of forced labour or debt bondage.
- **Country of Origin Risks:** Various international reports have identified some producing nations as having a higher prevalence of modern slavery, necessitating vigilance in our sourcing practices.
- **Shipping and Logistics:** HSK Ward utilises foreign-owned shipping lines, many of which employ foreign crews. This introduces an additional risk factor, as seafarers are often subject to less transparent working conditions.

By identifying these potential risks, we aim to mitigate the possibility of modern slavery within our supply chain and ensure ethical practices at every stage of our operations.

Specific Risks

Several products sourced and distributed by the HSK Ward Group have been identified as of particular risk of labour issues related to modern slavery. A list of these products and regions of concern are detailed below:

- **Cocoa products**, particularly from Côte d'Ivoire and Ghana (*US Department of Labour, 20*). HSK Ward Group manages this risk through the purchase of *Rainforest Alliance* certified cocoa products.
- **Palm oil products**, particularly from Malaysia and Ghana (*US Department of Labour, 2024*). Although HSK Ward Group does not directly source palm oil products, some may be used in processing and manufacturing of other products. To manage this risk the organisation maintains a *Roundtable on Sustainable Palm Oil (RSPO) trader license*.
- **Coconut products**, particularly from the Philippines (*US Department of Labour, 2024*). HSK Ward Group manages this risk via its vendor assurance processes and long-term relationships with manufacturers in the region.
- **Seafood products**, particularly from Thailand, Vietnam, and Indonesia (*US Department of Labour, 2024*). HSK Ward Group has recently completed a vendor and product review of its entire seafood department to assess and respond to any supply-chain risks. The organisation is currently developing the scope documents and required compliance measures for Marine Stewardship Council (MSC) and Aquaculture Stewardship Council (ASC) supply-chain certification.
- **Coffee products**, particularly from Africa and Latin America (*US Department of Labour, 2024*). HSK Ward Group manages these risks by maintaining long-term direct relationships with growers. For products that are bought at a commercial level from larger brokers, the majority of purchases by volume are *Rainforest Alliance* certified.

- **Nut products**, particularly from Latin America (*US Department of Labour, 2024*). HSK Ward Group manages this risk via its vendor assurance processes and long-term relationships with brokers and manufacturers in the region.

4. Actions Taken to Assess and Address Modern Slavery Risks

HSK Ward Group has established a robust Modern Slavery platform to provide assurance, mitigate, and remediate any instances of modern slavery in its supply-chain. This platform has been developed to align with recognised international standards, utilising the *Ethical Trading Initiative Base Code*, the *International Labour Organisation Declaration on Fundamental Principles and Rights at Work*, and the *UN Guiding Principles on Business & Human Rights* for guidance. This platform is reviewed annually to ensure it remains current with any updates to standards and legislation and abreast of any changes to our vendor base.

Policy List

The Sustainability Manager is responsible for the development and distribution of policies related to the modern slavery platform, as well as the platform’s ongoing maintenance. A full list of these policies is detailed below:

- *Grievance and Dispute Resolution Policy*
- *Child Labour Policy*
- *Conflict of Interest, Anti-Bribery and Anti-Corruption Policy*
- *Employee Code of Conduct*
- *Human Rights Policy*
- *Labour Rights Statement*
- *Modern Slavery Remediation Policy*
- *Modern Slavery Statement (this document)*
- *Procurement Policy*
- *Remediation Record*
- *Supplier Code of Conduct*
- *Supplier Document Register*
- *Whistle-blower Policy*

Supplier Due Diligence

Our due diligence process for preventing modern slavery in the supply chain is structured around a robust, three-pillar ethical assurance framework, integrating vendor screening, risk assessments, and targeted audits.

1. ethixBase360 Screening and Triage

We utilise the ethixbase360 software platform to assess and categorise supplier risk levels. Each vendor is evaluated through a risk assessment questionnaire and scoring methodology, developed in partnership with Norton Rose Fulbright, and mapped against internationally recognised risk standards. Real-time monitoring is conducted through Dun & Bradstreet to identify any formal regulatory or legal issues that may impact supplier credibility, and through global media networks to detect adverse media reports

2. Internal Audit

Following ethixBase360 assessment, vendors are assigned a triage level based on their risk score:

- **Green** (Low Risk): Suppliers are scheduled for re-screening every 12-24 months.
- **Yellow** (Moderate Risk): An internal desktop audit is conducted to review the vendor's policies and procedures. Based on this assessment, further scrutiny, including an on-

site audit by HSK Ward, may be warranted. Re-screening is scheduled for a 12-month period.

- **Red (High Risk):** Suppliers are immediately referred for a formal third-party audit via Sedex or Ecovadis.

3. Sedex Auditing and External Oversight

Vendors identified as “red” (high risk) by ethixBase360, and some categorised as “yellow,” are subject to external audits. Where possible, vendors will be required to undergo a Sedex Member’s Ethical Trade Audit (SMETA). In cases where SMETA auditors are inaccessible, an EcoVadis audit may be considered.

Depending on the results of these audits, corrective action plans are implemented to address identified issues in accordance with globally recognised standards. Continuous monitoring and evaluation will also ensure that vendor performance remains aligned with the ethical commitments of both the HSK Ward Group and its customers.

Training and Capacity Building

To increase awareness and understanding of our ethical sourcing principles, a tailored seminar on modern slavery was presented by Anti-Slavery Australia, specifically for our procurement team and key members from all departments across the broader business. This specialised training concentrated on identifying, addressing, and mitigating risks of modern slavery specifically within our supply chain. Additionally, internal training on policies relevant to modern slavery is also conducted regularly, ensuring that our teams are well-versed in the expectations of the business. By fostering cross-departmental awareness and accountability, this training reinforces the organisation’s commitment to proactive due diligence and responsible sourcing practices.

Grievance Mechanisms

HSK Ward currently has a formal approach to reporting grievances defined by the *Grievance and Dispute Resolution Policy* by which all grievances are to be reported in writing to the relevant managers. Whilst this policy is mainly focused on internal grievances, it does extend to our supply-chain, and any issues are expected to be communicated to the relevant contact within HSK Ward.

Under our supplier code of conduct, which all vendors are expected to adhere to, suppliers are required to notify us in detail of any instances of modern slavery as well as the actions that have been taken to correct the breach and prevent any future occurrences. HSK Ward Group explicitly reserves the right to discontinue business relationships with any supplier that fails to comply with this requirement.

A best practice grievance reporting mechanism for modern slavery issues in our supply chains is currently under development to provide stakeholders, including workers and suppliers, with a structured process for confidentially reporting issues or concerns. This mechanism will feature accessible reporting channels, such as hotlines and online platforms, and ensure the anonymity of whistle-blowers if required. Training and awareness initiatives will also be developed to ensure that all members of our supply chain are aware of their rights and the importance of reporting any concerns. The system will also include processes to ensure timely

responses, guide investigations, and ensure the transparent reporting of outcomes, ensuring that the appropriate remediation and mitigation measures are implemented.

5. Measuring Effectiveness

100% of vendors are currently assessed for ethical supply chain assurance under HSK Ward Group's vendor approval process. This process is managed by HSK Ward's Food Safety and Quality (FSQ) department and primarily focuses on ensuring adherence to global and national food safety, quality, and import legislation. The organisation has recognised the importance of introducing a dedicated resource to manage the ethical supply chain component of this assurance process and has appointed a sustainability manager to develop and implement the three-pillar ethical assurance platform described above.

As such, KPIs and reporting metrics for the implementation and ongoing management of the platform are still under development but are likely to include the following:

KPI 1: Supplier Onboarding

- Platform Incorporation Rate: Number of vendors onboarded to the platform.
- Platform Completion Rate: Number of vendors who have completed ethixBase360 screening and subsequent audit requirements.

KPI 2: Auditing and Corrective Actions

- Audit Rate: Frequency and number of audits conducted within the supplier base each year.
- Non-compliance Rates: Number of non-compliances recorded from audits and their severity.
- Corrective Actions: Number of corrective action plan reports (CAPRs) resulting from audits and the average time taken to implement actions.

KPI 3: Reporting and Remediation

- Incident Reporting Rate: Number of reported incidents of suspected modern slavery per month/quarter.
- Time to Report: Average time taken to report incidents from detection to submission.
- Resolution Rate: Percentage of reported incidents that are resolved and the timeframe taken to resolve them.

KPI 4: Incident Rates

- Reduction in Incidents: Percentage reduction in reported modern slavery incidents over time.
- Victim Recovery Rate: Percentage of victims who have successfully transitioned to stable living conditions post-support.

KPI 5: Awareness and Education

- Training Completion Rate: Number of HSK Ward Group employees who complete training programs on modern slavery.
- Active Supplier Engagement Metrics: Number of suppliers engaged with to increase awareness and improve practices within our supply chain.

KPI 6: Partnerships and Collaborations

- Number of Partnerships: Total partnerships established with NGOs, law enforcement, and other stakeholders in key sourcing regions.
- Collaborative Initiatives: Number of joint initiatives or programs launched with suppliers to combat modern slavery.

6. Consultation Process

In preparing this Statement, the Sustainability Manager for HSK Ward Group engaged in comprehensive consultations with key members from each business unit, the executive leadership team, the CEO, and the board. This process included;

- I. collaborating across the business to outline the reporting requirements of the Modern Slavery Act 2018 (Cth) and Ethical Trading Initiative framework,
- II. sharing information about the proactive measures being implemented to meet these requirements, including key updates, and
- III. soliciting feedback from the business units and board regarding issues related to modern slavery.

This report reflects the collective insights and outputs from these efforts, ensuring compliance with the both the Australian Modern Slavery Act 2018 (Cth) and Ethical Trading Initiative modern slavery statement framework.

7. Future Commitments

Following the successful implementation of the modern slavery management framework outlined previously in this statement, the HSK Ward Group is committed to advancing its efforts through a series of strategic initiatives.

These future commitments will include the establishment of more robust partnerships with stakeholders to foster collaboration and knowledge sharing, as well as the development of training programmes for employees and suppliers to raise awareness and equip them with the tools to identify and respond to modern slavery risks effectively. Additionally, the organisation aims to integrate data analytics into its monitoring processes, allowing for more precise tracking of actions, incidents, and outcomes.

By applying the organisation's current ethos of continuous improvement and being audit ready to the framework, the organisation seeks to ensure its practices remain aligned with evolving best practices and regulatory requirements, and that it maintains the highest ethical standards in its operations.

8. Executive Approval and Signature

This Modern Slavery Statement was approved by Robert Macmillan, CEO of HSK Ward Group Pty Ltd on 28/10/24.

Robert Macmillan

[Robert Macmillan \(Oct 29, 2024 11:54 GMT+11\)](#)

Robert Macmillan | Chief Executive Officer | 28/10/2024