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COSTA GROUP HOLDINGS LIMITED

**MODERN SLAVERY
STATEMENT
2020**

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Costa Group Holdings Limited shares are quoted on the
Australian Securities Exchange
(ASX code: CGC)

ABN 68 151 363 129

We acknowledge the traditional custodians of the land we live and work on. We pay our respects to the Elders past and present, Elders in our community and emerging leaders.

INTRODUCTION

At Costa we are committed to respecting human rights across our domestic and global operations.

We recognise that our people are our greatest asset and the Costa business is founded on the principles of People First, a character and values-based program that is driven by passion and performance. It influences everything we do as a business and our core values of Passion, Determination, Accountability, Sincerity and Respect guide our approach to human rights both within our business and within our supply chain.

This is Costa's first Modern Slavery Statement, covering Costa's financial year ending on 27 December 2020. It outlines the steps we have taken to understand, mitigate and address human rights and modern slavery risks within our operation and our supply chain.

We are committed to a program of continuous improvement to ensure our processes, policies and actions remain effective in preventing and remediating modern slavery and protecting human rights.

This is underpinned by our focus on Sustainable Commercial Farming, which has three key pillars – Environment, Economic and People.



“We recognise that our people are our greatest asset and the Costa business is founded on the principles of People First”

STRUCTURE, OPERATIONS AND SUPPLY CHAIN

Structure

Costa Group Holdings Limited (“Costa”) is a public company listed on the Australian Securities Exchange with a head office in Ravenhall, Victoria.

It is an international farming, marketing and distribution company selling produce globally. Through its subsidiaries Costa owns and operates farms in Australia, China and Morocco and sources fruit through third-party growers (“partner growers”) in Australia, Morocco and elsewhere in Africa and the Americas.

Costa owns a controlling share in African Blue SA and its subsidiaries, including Sweet Berry SA and African Blue (UK) Limited (together African Blue), which is a joint venture between Costa and Total Produce Limited. Costa operates a separate joint venture with Driscoll’s Inc in China, growing blueberries for sale into the local market. As these joint ventures are majority owned by Costa, their operations are included with this Modern Slavery Statement.

Costa also operates a joint venture with Driscoll’s Inc in Australia and New Zealand to supply fresh berries to this region through Driscoll’s Australia Pty Ltd. As Costa has a 50% interest in that joint venture rather than majority ownership, its operations are not included in this Modern Slavery Statement and the joint venture will report separately its own Modern Slavery Statement.

A full list of Costa’s Australian and international subsidiaries is included in Appendix A.

Operations

The Costa business model is built on the optimisation of a portfolio of integrated farming, packing, and marketing activities. Costa’s products are predominantly grown and sourced from Costa’s domestic and international farms, supplemented with produce sourced through a diverse network of partner growers.

Costa operates across three segments:



PRODUCE

Operates principally in five core categories: berries, mushrooms, citrus, glasshouse-grown tomatoes and avocados.



INTERNATIONAL

Comprises licensing of proprietary blueberry varieties and expansion of berry farming in international markets.



COSTA FARMS AND LOGISTICS

Incorporates interrelated logistics, wholesale and marketing operations.

In Australia, Costa's operations include approximately 4,700+ planted hectares of farmland, 30 hectares of glasshouse facilities and three mushroom growing facilities. Costa supplies fresh fruits and vegetables to all the major Australian supermarket chains, as well as independent grocers and a range of food industry stakeholders.

As at the date of this report, the scope of our operations is outlined below. In Morocco the African Blue business has 347 hectares of blueberry plantings. In China there are 247 planted hectares.

WHERE WE OPERATE



Employees

For the reporting period, Costa had a total of 11,168 full-time equivalent employees, including workers sourced through labour hire providers. All these employees either had a contract of employment or were employed under collective work agreements.

During the reporting period, Costa sourced workers through 26 labour hire providers.

Full-time equivalent employees		
Location	Hours	FTE
Costa total	23,400,432	11,168
Australia	9,426,826	4,770
African Blue	11,360,465	5,202
China	2,613,141	1,196

Supply Chain

In addition to Costa's own farming operations, Costa sources fresh produce directly from partner growers and, to a lesser extent, through intermediaries such as agents and brokers.

In addition to the produce grown by Costa, produce sold by Costa in Australia is sourced from 267 partner growers in Australia¹. Costa also imports fruit from suppliers based in the USA and Mexico.

African Blue sells berries grown by African Blue, its subsidiaries, and licensed growers of Costa blueberry varieties in Africa.

The Costa joint venture with Driscoll's in China has no partner growers. It is a growing operation and the fruit is supplied to, and marketed by, Driscoll's.

Costa's supply chains also include labour hire and procurement of other services (such as transport, cleaning and security) and goods not for resale (such as packaging, agricultural inputs and machinery). While these are predominantly sourced from Australian based companies, their supply chains may be geographically diverse ranging from small businesses to global companies.

¹Partner growers associated with Driscoll's Australia are not included in Costa's partner grower base and will be reported as part of Driscoll's Australia's Modern Slavery Statement.

RISKS OF MODERN SLAVERY PRACTICES

Costa's operations span multiple continents and we source products from Australian and international suppliers, who in turn have local and international supply chains. Given the large number and geographic diversity of stakeholders operating across the supply chain, Costa recognises there is potential across this complex and dynamic environment for slavery and human trafficking to occur.

In horticulture, the types of slavery we have identified as being most likely are: forced labour, debt bondage and deceptive recruiting for labour or services.

These types of slavery have been identified as the horticultural sector has a high reliance on migrant workers, many of whom have limited understanding of English and who may be less aware of their human rights. They are primarily undertaking seasonal tasks (ie. picking and packing work) and are often employed under temporary or casual employment arrangements. Workers may be on temporary visas, with some of these visa categories binding an employee to a specific employer for the duration of their stay in Australia, for example through the Australian Government's Seasonal Worker Program.

In our own operations, where we directly recruit workers, the risk of modern slavery occurring is relatively low. However, following a risk assessment, Costa has identified several key areas within our supply chain where there is considered to be a heightened risk of these types of modern slavery. In particular, the risk is considered to be greater where labour is being outsourced, such as:

- Sourcing produce from partner grower farms which outsource labour.
- Labour hire companies which supply labour to Costa's operations.

An additional geographical risk has been identified through Costa's operations in China and Morocco, two countries considered to have higher modern slavery risks².

In respect to procurement supply chains of services and goods not for resale, Costa may source products directly or indirectly from geographical regions identified to have a high prevalence of modern slavery. Sector risk in these supply chains has also been identified through the use of certain services that have lower skill base entry requirements and where recruitment may be outsourced and may hence carry higher risks of modern slavery (eg. cleaning and security services).

²Global Slavery Index 2018: China – Prevalence 111/167 (proportion of people living in slavery 2.77/1000); Morocco – Prevalence 121/167 (proportion of people living in slavery 2.45/1000); Australia 163/167 (proportion of people living in slavery 0.65/1000)

MODERN SLAVERY RISKS, DUE DILIGENCE AND REMEDIATION

Costa has developed a specific three-year Action Plan, starting in 2020, detailing Costa's continuous improvement approach to modern slavery risks, including measurable outcomes and deadlines. This action plan will periodically be reviewed to benchmark effectiveness of our actions.

Outlined below are the policies, processes and activities undertaken in 2020 to mitigate human rights and modern slavery risks for Costa's operations and within our supply chain.

Policy Framework

Costa has a comprehensive suite of policies that reflect our core values, and which outline our ways of working and expectations for our employees and suppliers. Policies are reviewed and updated on a regular basis.

The following policies are most relevant to preventing modern slavery:

Human Rights Policy	Applies across all of our locations and demonstrates our commitment to respecting internationally recognised human rights. It sets out our expectations for the conduct of our employees and suppliers.
Whistleblower Policy	Provides a mechanism which encourages concerns to be raised about illegal or unethical conduct or behaviour by Costa and its employees and others authorised to represent Costa. An independently operated whistleblower hotline is also available for all workers on our farms (including labour hire workers) and other stakeholders.
Recruitment and Selection Policy	Sets our recruitment and selection practices to be fair, equitable and free from discrimination. This includes eligibility to work in Australia and compliance with child labour laws.
Complaints Procedure	The complaints procedure flow charts provide information on the key steps to follow for personal workplace grievances (such as discrimination, harassment or bullying in the workplace) to ensure the situation can be dealt with in an effective and prompt manner.
Code of Conduct	Sets out the values, commitments, ethical standards and policies of the Company and outlines the standards of conduct expected of our business and people.
Anti-Bribery and Anti-Corruption Policy	Supports and supplements Costa's Code of Conduct and Whistleblower Policy and is designed to promote and reinforce Costa's culture of and commitment to lawful and ethical behaviour.
Supplier Code of Conduct	Articulates Costa's expectations and requirements for all suppliers. Costa expects suppliers to respect and be accountable for compliance with this Supplier Code and to develop the necessary tools, record-keeping and management systems to support this compliance.

These policies are available on the [Costa website](#). During the reporting period policies were translated and rolled out in China and a similar process was commenced in Morocco.

Ethical Sourcing Program

Costa's Ethical Sourcing Program, launched in 2019, includes the use of Sedex as a management tool to help the company understand the level and scope of social sustainability practices across our own sites and within our partner grower base.

Sedex is used to assess risk in our own business and our supply base and forms a key part of Costa's internal system to assess risks of forced labour. It will also facilitate due diligence monitoring and form part of our remediation activities.

Forty-five of our own sites have completed self-assessment questionnaires in Sedex and in 2020, we commenced a rolling program of Sedex Members Ethical Trade Audits (SMETA) on 33 of these sites. These audits are focused on labour and health and safety. They are undertaken by an independent third party certification body and strengthen our monitoring and due diligence of modern slavery risks within our own business. These audits are required to be undertaken in harvest season, however due to COVID 19 travel restrictions a number of SMETA audits were postponed and have been rescheduled to their 2021 seasonal window.

As part of our rollout of Sedex within our supplier base, Costa is requiring its primary Australian suppliers to register on Sedex and complete self-assessment questionnaires (SAQ). These entities include partner growers, contract packers, ripening centres, labour hire providers and targeted procurement suppliers.

Procurement

1. Supplier Code of Conduct

A Supplier Code of Conduct has been developed and is incorporated in the Supply Agreements within the domestic supply chain. The procurement on-boarding procedure has been updated to include Ethical Sourcing Program requirements. All existing suppliers listed in SAP for Australian operations have been provided a copy of the Supplier Code and it is supplied to new Australian suppliers as part of the procurement onboarding procedure.

The supplier Code of Conduct was also sent to partner growers via the Ethical Sourcing bulletin in May 2020.



2. Major Suppliers

With the exception of contract labour and partner growers, procurement has classified domestic Australian suppliers with which Costa has an annual spend of greater than \$50,000 as "Major Suppliers". During the reporting period, Costa identified its Major Suppliers as part of Costa's supply chain mapping process. More than 85 per cent of Costa's total CY20 procurement spend (excluding contract labour, government levies and partner grower spend) was contributed by Major Suppliers who have been captured either through Sedex registration, verified alternative third-party ethical data exchanges (eg. EcoVadis) or submissions of internal Modern Slavery Statements.

Partner Growers

We have mapped our Australian fresh produce partner grower base. Through the Sedex data platform, we can assess management practices employed by our partner growers and work together with them to identify opportunities for improvement, provide support to mitigate risks and to take action where necessary.

At the end of 2020, 97 per cent of our Australian partner grower base³ was registered on Sedex and shared visibility of their site information with Costa. During the year we have used this information to risk assess employment management practices and identify areas of potential risk including forced labour.

³Partner growers associated with Driscoll's Australia are not included in Costa's partner grower base and will be reported as part of Driscoll's Australia's Modern Slavery Statement.

Where we have identified specific modern slavery risks such as the outsourcing of labour recruitment in our partner grower base, we have implemented specific due diligence measures. In December 2019 we used the format of the Ethical Sourcing Bulletin to provide guidance aimed to help our partner growers to assess current employment services to ensure they meet the requirements of responsible labour hire contractors. We have continued to assess the prevalence of labour hire use during 2020. We also developed a bespoke tool through the Sedex platform, to capture information on labour hire use in our partner grower base.

Intermediaries

Costa's wholesale business (Costa Farms) acquires some fresh produce through intermediaries such as brokers and marketing agents in circumstances where it does not have direct grower relationships. Due to the transient nature of this trading activity and the inability to require Sedex registration, compliance with Costa's Supplier Code of Conduct has been incorporated into our Terms of Trade.

Labour Hire Providers

Contracts for Australian labour hire providers have been updated to include specific reference to Costa's expectations for all such providers, including that they are registered, linked to Costa on Sedex and comply with Costa's Supplier Code of Conduct.

On-boarding procedures for labour hire providers have been reviewed and improved including a detailed pre-engagement Modern Slavery SAQ.

Labour hire providers are also included within the scope of the Ethical Sourcing Program, using Sedex as a tool to assess their management practices. Second party audits by Costa are being conducted on payroll, working hours and accommodation on both a targeted and random basis, and we are also working with our providers to undertake third-party independent audits. Formal investigations are undertaken where issues are discovered, followed by appropriate remediation.

Labour hire licensing schemes have been introduced in several states to regulate the labour hire sector, these include: Queensland, Victoria and South Australia. As labour users, Costa and our partner growers can only use labour hire operators, in those states, who hold a valid licence.

As a result of COVID-19, labour sourcing challenges have led to further review of our labour hire providers. We have worked with our existing providers to mitigate risks associated with COVID-19 (for further detail, please see section 'Responding to COVID-19') and assessed suitability of new providers through enhanced on-boarding procedures and internal audit.

Training and Communication

Due to Covid-19 restrictions we have not been able to conduct in person training, so have used a variety of methods to increase awareness and build capacity in understanding modern slavery. These include:

- Introduction of an Ethical Sourcing Bulletin as a communication tool to partner growers and service providers.
- Whistleblower awareness raising and information has been provided at all Australian locations. An independent Whistleblower Hotline is available as an avenue for reporting suspected misconduct, including forced labour.
- Internal communication channels including newsletters and intranet providing information on modern slavery issues.
- Key management and HR staff trained in Modern Slavery Act requirements.
- To support Costa staff who have direct dealings with our partner growers we have continued to develop and expand our inhouse training. In 2020, this training was extended to include farm managers in key categories. A total of 93 employees received in-house training on Ethical Sourcing Awareness, covering topics including modern slavery, salient human rights issues, and an overview of our ethical sourcing program.

- To increase awareness of how to deter, detect and deal with hidden labour exploitation, selected Human Resources and Compliance managers have completed specialised external training on Tackling Forced Labour in Businesses provided by the not for profit organisation Stronger Together.
- Progressively rolling out Ethical Sourcing Awareness to employees where relevant to their roles.
- Costa's online Learning Management System includes a suite of relevant courses including Discrimination and Equal Employment Opportunity, Risk Management, Global Anti-Bribery and Anti-Corruption, Information Disclosures for Corporate Whistleblowers and Cultural Awareness. Some courses are mandatory.
- Employer Wellbeing Survey.

RESPONDING TO COVID-19

We recognise the COVID-19 pandemic has increased the risk of vulnerability of our workforce and labour supplied through labour hire contractors. Border closures and travel restrictions have left some workers displaced from their home countries.

Throughout the pandemic, Costa has worked closely with the relevant Australian federal and state health departments and workplace health and safety authorities, as well as relevant in-country health authorities in Morocco and China. We have also worked closely with industry bodies including the Australian Fresh Produce Alliance.

Support and Health and Safety Initiatives

A group-wide COVID-19 Action Plan was implemented which included a range of safeguards including: the provision of PPE, temperature testing of all workers and contractors, implementation of 'worker hubs' and enhanced cleaning on site and in accommodation. Costa also ensured that employees were financially compensated for days they were unable to work as a result of COVID-19 quarantine.

A suite of COVID-19 resources was developed for staff, which in Australia included a dedicated intranet page and a free-call health hotline. Regular information is provided to staff.

Labour hire

As outlined above, border closures and travel restrictions have left some workers displaced from their home countries. Costa has worked closely with labour hire contractors and state governments to redeploy workers who were unable to return to home countries due to travel restrictions. In particular, a large number of workers participating in the Australian Government's Seasonal Worker Program were unable to return to their Pacific Island home countries when borders closed. Costa has worked closely with Approved Employers and industry representatives to provide redeployment opportunities across the business. Assistance has also been provided where necessary to support repatriation.

Travel restrictions

The travel restrictions imposed as a result of COVID-19 have prevented Australian-based staff in our international team from attending in country to audit supply chains in Morocco.

Training

As outlined in the previous section, due to COVID-19 restrictions we have not been able to conduct in person modern slavery training, so we have used alternative methods to increase awareness and build capacity in understanding modern slavery. This includes information bulletins, local toolbox talks, whistleblower posters, the intranet, online video meetings and online training modules.

ASSESSING THE EFFECTIVENESS OF OUR ACTIONS

Costa is working to understand the effectiveness of initiatives outlined in this statement and broader activities across the business which impact human rights, and to further develop a framework for the ongoing assessment of our performance.

Currently, we assess our effectiveness through the following mechanisms:

Governance	<ul style="list-style-type: none">• Modern Slavery Working Group• Policy reviews• Board and Executive oversight
Risk Management	<ul style="list-style-type: none">• Audit and Risk Committee• Enterprise Risk Program• Internal audits
Monitoring	<ul style="list-style-type: none">• Supplier self-assessment questionnaire (SAQ)• Supplier audits• Site visits• Accommodation audits• Training participation
Grievance mechanisms	<ul style="list-style-type: none">• Whistleblower hotline• Complaints Procedure

CONSULTATION WITH SUBSIDIARY ENTITIES

Costa is committed to developing a company wide approach to managing and mitigating the risks of modern slavery.

Our actions and this statement were developed in conjunction with an interdepartmental group across the areas of Procurement, Human Resources, Legal, Ethical Sourcing and Operations.

Representatives across the company have met during the reporting period as part of the development of our activities and this statement. This statement has been reviewed by our Modern Slavery Working group and has been approved by the Costa Board.

Our subsidiary African Blue's UK Modern Slavery Statement was developed in consultation with the other shareholder in African Blue, Total Produce Limited.

Through our Ethical Sourcing Program members of the Modern Slavery Working group worked closely with the different operational categories to help understand and ameliorate the specific labour risks that faced each category.

ADDITIONAL INFORMATION

Costa acknowledges the work being done by Australia's major retailers with respect to modern slavery. We work closely with our retail partners to ensure processes and actions are effective in preventing modern slavery and protecting human rights. We support an ongoing process of continuous improvement in the fresh produce sector and encourage the country's major retailers to ensure that all of their fresh produce suppliers are held to the same high standards.

In addition to our work with Sedex, Costa has been working with Stronger Together, a global multi-stakeholder business-led initiative which aims to reduce modern slavery particularly forced labour, labour trafficking and other hidden third-party exploitation of workers. Stronger Together launched in the UK in 2013 and has since grown to have a global reach, running projects and programs in countries across the world.

We are working with this organisation as they expand into the Australasian region. Our work included reviewing their Australian toolkit for businesses.

Key Human Resources staff have undertaken training programs developed by Stronger Together and we hope to offer this training more widely in the future.

Costa is hoping to further develop this relationship as Stronger Together expands their business partner program further.

In addition, Costa has rolled out key policies, such as Human Rights, Whistleblower and Anti-Corruption and Anti-Bribery policies in China and has started this process in Morocco. These policies are first reviewed by management locally to ensure they are culturally appropriate, then translated in the native languages in these regions.

We have also begun mapping our Moroccan supply chain. Each of our farms in Morocco has been listed as a site on Sedex and completed SAQs. With travel limited due to COVID-19, Costa engaged with JV Partner Total Produce Ltd, which has managed Sedex Members Ethical Trade Audits (SMETA) for Moroccan Sites.

Costa is a member of the Fair Work Ombudsman's Horticulture Reference Group. The membership of this Group consists of industry associations, unions, retailers and employers. The Group worked with the FWO to establish the Horticulture Showcase, which was launched in September 2019.

The Showcase provides horticulture-specific guidance on managing and achieving compliance in labour supply chains, focusing on key issues including sourcing labour and how to use labour hire lawfully, and deductions for accommodation, transport and job finding.

Costa is a founding member of the Australian Fresh Produce Alliance, which has been advocating for enhanced workforce policies including visa arrangements and incentives, such as Relocation Assistance, for Australians. Submissions have been made to the Parliamentary Inquiry into Working Holiday Makers and the Parliamentary Select Committee into Temporary Migration (see <http://freshproduce.org.au/policy/>).

AFPA also supports the implementation of National Labour Hire Licensing.

LOOKING AHEAD

Costa is committed to a process of continuous improvement in relation to the protection of human rights and prevention of modern slavery.

In 2021, actions will include:

1. Continue to develop systems to measure effectiveness of our actions
2. Formalise the stakeholder working group
3. Expand our modern slavery training to a greater number of staff
4. Continue to work with partners in this area and identify opportunities for sector collaboration
5. Further establish remediation activities in the supply chain.

This Modern Slavery Statement is made in accordance with the Modern Slavery Act 2018 (Cth) (the Act) for the year ending 27 December 2020.

This Statement was approved by the Board on 26 May 2021.



Neil Chatfield

Chairman, Independent Non-Executive Director



Sean Hallahan

Managing Director and CEO

APPENDIX A

List of Subsidiaries of Costa Group Holdings Ltd

Australian subsidiaries:

ACN 151 702 251 Pty Ltd
Agri Exchange Pty Ltd
AgriExchange Farm Management Pty Ltd
AgriExchange Murtho Pty Ltd
Banana Exchange Pty Ltd
Blueberry Investments Africa Pty Ltd (formerly ACN 057 689 246 Pty Ltd)
Blueberry Investments Morocco Pty Ltd
CBSP Pty Ltd
Costa Group Finance Pty Ltd
Costa Group Holdings (Finance) Pty Ltd
Costa's Pty Ltd
Costa Asia Pty Ltd
Costa Berry Pty Ltd
Costa Berry Holdings Pty Ltd
Costa Berry International Pty Ltd
CostaExchange Pty Ltd
Costa Exchange Holdings Pty Ltd
Costa Farms Pty Ltd
Costa Fresh Logistics Pty Ltd
Costa Logistics Pty Ltd
East Africa Coffee Plantations Pty Ltd
Exchange Brisbane Pty Ltd
Exchange Innisfail Pty Ltd
Fresh Exchange Pty Ltd
FruitExpress Pty Ltd
Grape Exchange Pty Ltd
Grape Exchange Farming Pty Ltd
Grape Exchange Farming Mundubbera Pty Ltd
Grape Exchange Management Euston Pty Ltd
Hillston Investments Pty Ltd
Innisfail Holdings Pty Ltd
Mushroom Holdings Exchange Pty Ltd
Mushroom Exchange Holdings Pty Ltd
North Fresh Pty Ltd
Raspberry Fresh Pty Ltd
Tomato Exchange Pty Ltd
Vine Fresh Pty Ltd
Vitor Marketing Pty Ltd
Yandilla Park Pty Ltd

International subsidiaries:

Costa Asia Ltd
Costa China (Hong Kong) Ltd
Costa (Honghe) Fruit Planting Co. Ltd
Costa (Yunnan) Agricultural Development Co. Ltd
Costa (Baoshan) Agricultural Development Co Ltd
African Blue S.A.
Sweet Berry S.A
Blue Flavor
African Blue (UK) PLC