



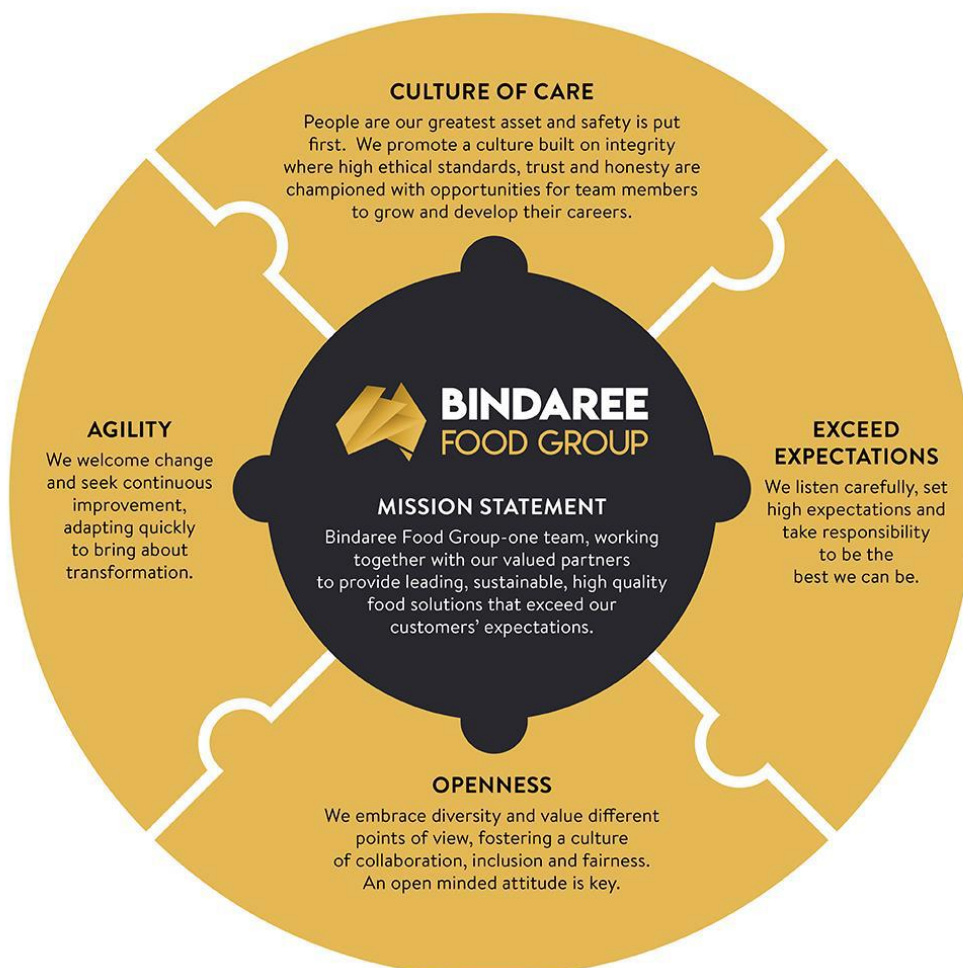
**PEOPLE PASSION FLAVOUR**

# 2020 Modern Slavery Statement



## Contents

1.	Introduction .....	4
2.	Structure, Operations and Supply Chain .....	4
2.1	Structure .....	4
2.2	Operations .....	5
2.3	Supply Chain .....	7
3	Modern Slavery Risks in BFG’s operations and supply chain .....	8
3.1	Operations .....	8
3.2	Supply chain .....	8
4	Assessing and addressing modern slavery risks .....	9
4.1	Policies and Procedures .....	9
4.2	Due Diligence and Remediation .....	9
4.2.1	Identification of Tier 1 Suppliers .....	9
4.2.2	Supplier Questionnaire .....	9
4.2.3	Assessment of Questionnaires .....	10
4.2.4	Remediation .....	10
5	Assessing effectiveness .....	10
6	Consultation with controlled entities .....	11



# Modern Slavery Report

## 1. Introduction

Bindaree Food Group is committed to acting ethically and with integrity in all our business dealings and relationships and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in our own business or in any of our supply chains.

We are also committed to ensuring that there is transparency in our own business and in our approach to tackling modern slavery throughout our supply chains, consistent with our disclosure obligations under the Modern Slavery Act 2018 (Cth) (the **Act**). We expect the same high standards from all our contractors, suppliers and other business partners.

The reporting period for this Modern Slavery Statement is 1 July 2019 to 30 June 2020.

The Statement covers Yolarno Pty Limited and its controlled entities (the Bindaree Food Group (**BFG**)).

In this Statement we refer to modern slavery as that term is defined in the Act. This includes human trafficking, forced labour, debt bondage and slavery being situations where coercion, threats and deception are used to exploit victims and undermine or deprive them of their freedom.

## 2. Structure, Operations and Supply Chain

### 2.1 Structure

Yolarno Pty Limited (**Yolarno**) is a privately owned company and the parent company of BFG. BFG is in the top 5 largest Australian beef suppliers currently operating in the mid-point of the paddock to plate supply chain, connecting producers with customers through the manufacturing of consistent, high quality branded meat products.

BFG comprises the following reporting entities (as defined in the Act):

- Yolarno Pty Ltd (ACN 002 255 183)
- Bindaree Beef Pty Ltd (ACN 056 599 163) - Inverell Processing Plant & Myola Feedlot
- Bindaree Food Group Pty Ltd (ACN 627 335 684) - Burleigh Heads Retail Ready Plant (Bindaree Food Solutions)
- Sanger Australia Pty Ltd (ACN 001 085 687) - Logistics, Sales & Marketing

In addition to these key Australian operating entities, BFG also operates through Sanger Shanghai Trading Limited (registered in China), the company responsible for China sales and marketing.

## 2.2 Operations

BFG is a vertically integrated business with the majority of our operations located in Australia (NSW and Queensland).



**Backgrounding:** During the reporting year due to the ongoing drought, BFG reduced the number of its leased backgrounding operations and focused on grain fed cattle through its feedlot.

**Myola:** Situated in the heart of the NSW ‘Golden Triangle’, Myola Feedlot is the centre point for BFG’s cattle procurement, growing and feeding programs. Myola has access to cattle located across the eastern seaboard of Australia. Our team of buyers work together to source high quality cattle to fill our grain fed feeding programs. Myola has the capacity for 20,000 head of cattle. We have 32 employees in the Myola team.

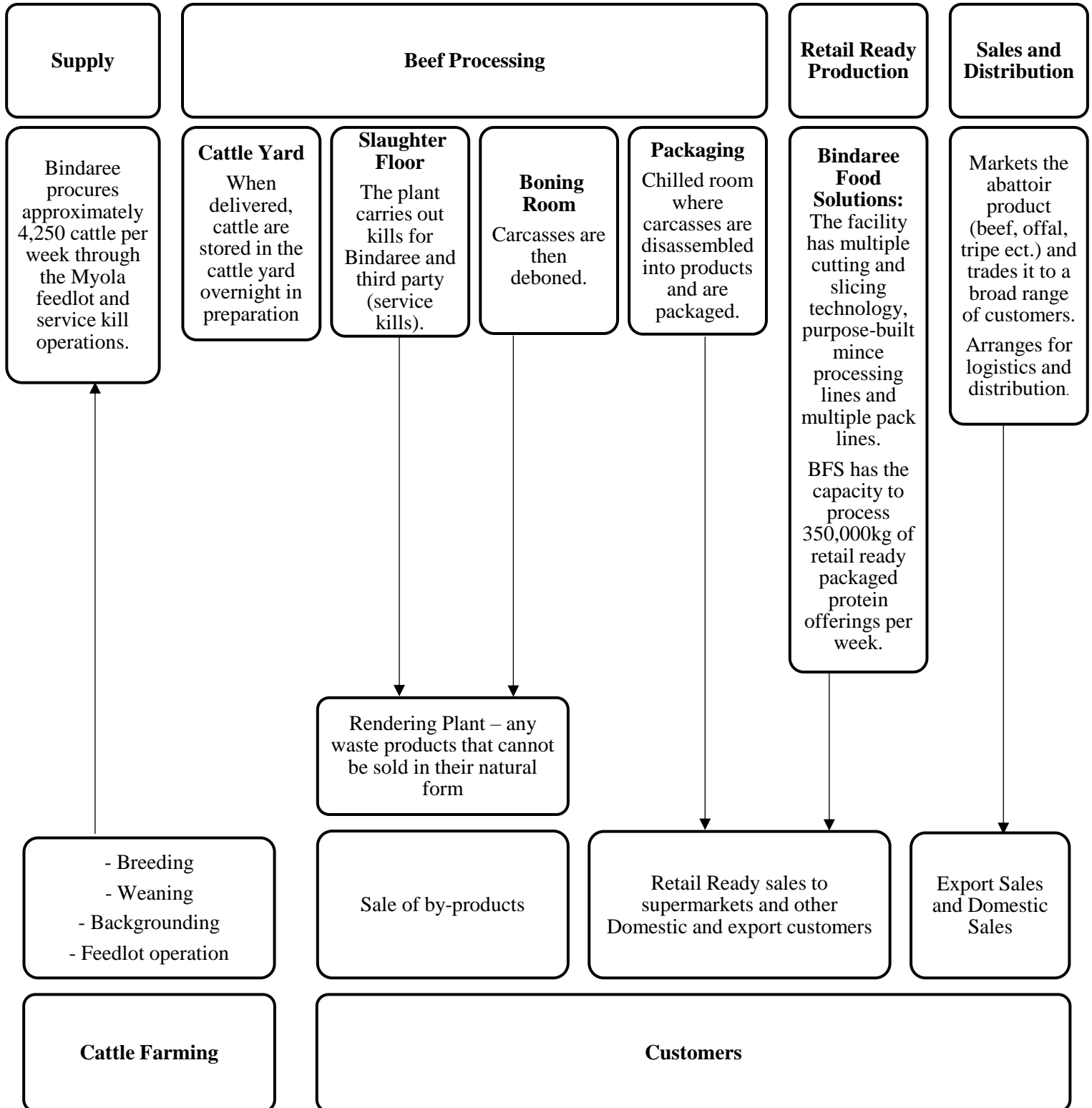
**Bindaree Beef:** The processing plant at Inverell employs over 850 people and processes beef for both the domestic and export market. The plant holds a China export licence. During the reporting period, BFG also commenced service kills at Inverell for third parties.

**Bindaree Food Solutions:** Our retail ready plant is located at Burleigh Heads and employs over 215 people. Bindaree Food Solutions’ facility provides the capability to produce branded retail ready meat products for supermarkets and other key customers.

**China:** BFG’s Shanghai office acts as the regional hub for beef sales to retail, wholesale and online customers. Beef is either be transferred to customers at the agreed delivery point or transferred to a local cold store for future sales.

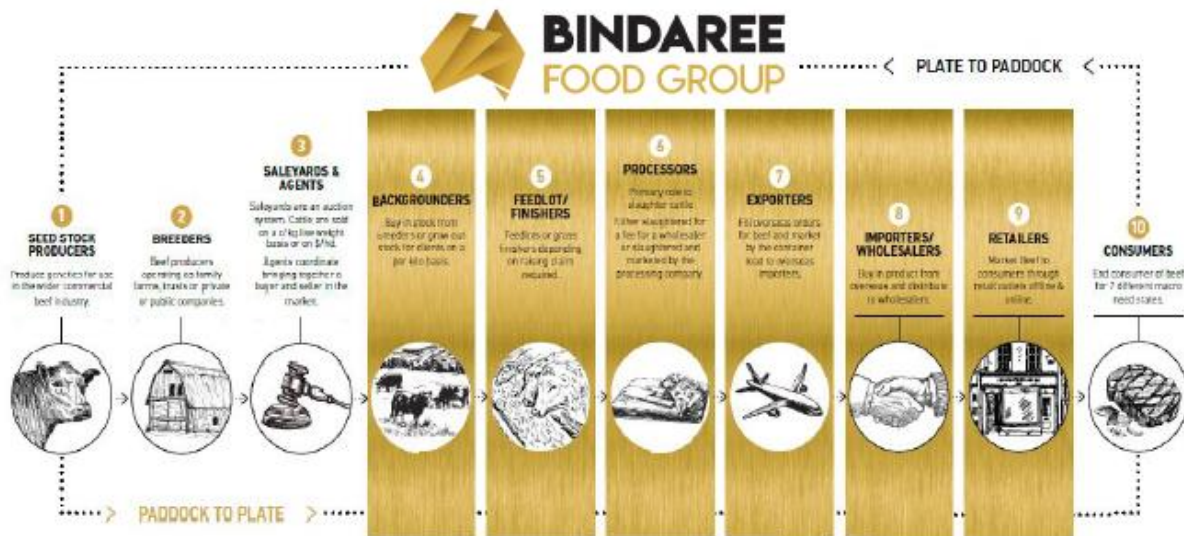
**Sanger Australia:** The Sanger office is located in Sydney. A small core team provides logistic and marketing services to the Group.

## Bindaree Food Group Operations



## 2.3 Supply Chain

BFG operates in the mid-point of the paddock to plate supply chain as depicted below. Key suppliers include suppliers of cattle, grain and feed, machinery and equipment, fuel, logistics (transport), packaging, cold stores and professional services. During the reporting year BFG purchased cattle from over 470 vendors with most located in NSW and the remainder from Queensland. 27% of cattle were purchased from saleyards and 73% directly from farms and feedlots. The Group turns over upwards of 65 000 head of cattle a year.



## 3. Modern Slavery Risks in BFG’s operations and supply chain

BFG has worked with Victual, a food & beverage risk consultancy business, to implement a risk management framework for the business. Following the successful implementation of the framework in 2019, BFG has built upon this to identify and assess any modern slavery risks that the business may cause, contribute to, or be directly linked to.

### 3.1 Operations

We acknowledge that the agricultural sector has an inherent risk of the employment of vulnerable workers due to potential exploitation of migrant workers and risks surrounding underpayment of wages, bonded labour and poor accommodation.

In Australia, where BFG has almost 100% of its workforce, we have significantly improved the formal processes and controls we have in place to manage these risks. We, therefore, consider that there is a low risk of modern slavery in our operations.

As of 30 June 2020, BFG employed over 850 employees (including 61 Pacific Island employees through our labour hire arrangement). All except 13 employees (in our China

office) are based in Australia. The majority of employees at the Inverell abattoir are represented by two unions, AMIEU and the AWU. There is an Enterprise Bargaining Agreement (EBA) in place with the AMIEU and a separate EBA for maintenance staff with the AWU. For the employees who are recruited through our labour hire arrangements we have robust arrangements in place with the labour hire companies to ensure wages are paid correctly and suitable accommodation is provided (where required).

### 3.2 Supply Chain

In assessing the risks within BFG’s supply chain, suppliers to the BFG Australian and Chinese operations were analysed based on the value of spend, the nature of the supply, location of supplier, BFG’s ability to influence behaviour (including whether the supplier was part of an international group such as the international shipping companies). We also focused on active suppliers to the business (meaning suppliers who supplied BFG during the reporting period and continued supply into the next reporting period).

Of the total of 915 suppliers to the Australian business for the period, the number of BFG active suppliers with a spend in excess of the agreed threshold was 278. In reviewing the category of supply, it was considered that professional services and government agencies were generally low-risk. Of the remaining suppliers, over 33% were categorised as “agents”. Agents act on behalf of cattle suppliers (breeders, farmers etc) and may be individuals or small businesses. Almost all of these agents supplying cattle to BFG are located in NSW. While we consider the agents, themselves, to be very low risk, we recognise that there is an increased risk of modern slavery associated with the suppliers whom they represent. An improvement action for next year will be to carry out due diligence beyond our direct suppliers with a focus on the businesses associated with our agents and particularly the risks relating to migrant workers, accommodation and underpayment of wages.

The number of analogous suppliers to the Sanger Shanghai business for the period was six. Generally, these suppliers were identified as low risk with the exception of the cold store providers where low paid workers could be more exposed to modern slavery risks. More detailed due diligence will be carried out in FY21 assuming border restrictions ease.



## **4. Assessing and addressing modern slavery risks**

### **4.1 Policies and Procedures**

During the reporting year, a key focus of BFG was to update core policies and develop a framework to manage modern slavery risk. A new Company statement, Core Values and a Group Code of Conduct were also developed.

BFG policies that assist with managing modern slavery risk include:

- Code of Conduct
- Modern Slavery Policy
- Whistleblower Policy
- Anti-Discrimination Policy
- Workplace Grievance Policy
- Ethical Sourcing and Social Accountability Policy

The Group is implementing training programmes to ensure that all team members understand these policies as well as their rights and obligations under them. We shall provide an update on training in BFG's next Modern Slavery report.

### **4.2 Due Diligence and Remediation**

#### **4.2.1 Identification of Tier 1 Suppliers**

As outlined above (see 3.2), the first step in BFG's due diligence process was to identify the core group of direct suppliers who met the criteria of our risk assessment framework (**Tier 1 Suppliers**). Suppliers of labour hire, livestock, raw materials and cleaning services were identified as sectors where there is an inherently greater risk of modern slavery.

#### **4.2.2 Supplier Questionnaire**

A supplier questionnaire was developed and distributed to all Tier 1 Suppliers. This supplemented the "approved supplier" due diligence process already undertaken by BFG through the Quality Assessment Team. The purpose of the questionnaire was to:

- Obtain key factual data about each supplier's operations which could be used to support risk assessments;
- Enable the BFG risk assessment framework to generate an initial risk profile based on information provided; and
- Elevate awareness among BFG suppliers of modern slavery risks and BFG's commitment to an ethical supply chain.

Key factual data requested from suppliers included the following:



- Employee composition including contract or casual workers (including seasonal) and labour hire;
- Relevant internal policies and procedures relating to a Modern Slavery framework;
- External audit information;
- Supply chain management (including due diligence process for suppliers);
- Training and compliance framework.

The BFG Code of Conduct and Modern Slavery Policy were also distributed with the questionnaire with a requirement that suppliers commit to both documents.

#### **4.2.3 Assessment of Questionnaires**

The assessment of information provided through the questionnaire process has proved to be an iterative process with certain suppliers providing ample evidence of compliance and awareness while others were unable to provide any substantial evidence at all. Through this process we have identified suppliers with whom we need to educate and engage with further as we move to FY21 in terms of their Modern Slavery protocols.

#### **4.2.4 Remediation**

In undertaking due diligence, BFG did not identify any examples of actual modern slavery in its supply chain. The due diligence process did, however, highlight aspects of our supply chain where improved transparency is required including in relation to our non-direct suppliers, and particularly agents.

Within BFG, we encourage team members to speak-up and we are committed to ongoing training relating to the Whistle-blower policy and grievance mechanisms.

### **5. Assessing effectiveness**

We are assessing the effectiveness of the BFG program in the following way:

- The response rate of suppliers to our questionnaires and the level of meaningful detail provided;
- Percentage of our team who have completed training in our core policies and procedures supporting our modern slavery framework; and
- Due diligence carried out across direct and indirect suppliers (where we have identified heightened risk i.e. to include “Agents”).

In FY21, we shall develop a more detailed assessment based on the information gathered in this first reporting period.

We shall also be working with Victual to ensure that BFG’s risk management framework is appropriately utilised to identify, assess and monitor risks of modern slavery including regular internal reporting.

## 6. Consultation with controlled entities

An internal Modern Slavery Working Group was set up to assess the risk of modern slavery across the Group. This working group included representatives from each key operating area of the business – Inverell abattoir, Myola feedlot and livestock, Sanger Australia, Retail Ready and the China division. Representatives from the Finance, Procurement and Legal teams were also included.

While Yolarno Pty Ltd (parent entity) has 12 direct subsidiaries, 9 of these are dormant companies. We consider that the engagement process established through the working group was a sufficient means of consultation with the controlled entities.

This Modern Slavery Statement was approved by the Chief Executive Officer and Managing Director and endorsed by the Board of Yolarno Pty Ltd



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**Andrew McDonald**

Date: 30 March 2021

Managing Director and Chief Executive Officer

Bindaree Food Group

