



Modern slavery statement

2019-2020



1. INTRODUCTION

This is the first Modern Slavery Statement (“**Statement**”) that Baiada Pty Limited (“**Baiada**”) has prepared in accordance with the *Modern Slavery Act 2018* (Cth) (the “**Act**”). This is a joint statement that has been prepared by, and made on behalf of, Baiada and its wholly owned entities, as named in section 2.2 of this Statement (the “**Baiada Group**”). This joint statement covers the period of 1 July 2019 to 30 June 2020.

The Baiada Group is committed to assessing and addressing risks of modern slavery and human rights within its organisation and throughout its extended supply chain in accordance with its corporate values, its stakeholder expectations, community expectations and the law. In particular, the Baiada Group aims to ensure that it, and its business partners, understand and apply the United Nations Guiding Principles on Business and Human Rights (the “**Guiding Principles**”).

The Baiada Group’s commitment to the Guiding Principles, and its expectation of those it deals with in business, will be reflected in its Supplier Code of Conduct and related programs to minimise the risk of abuses of human rights. It includes a commitment at the highest level of the Baiada Group’s organisation to identify, and to seek to drive out progressively, all forms of modern slavery from its supply chain.

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2. THE BAIADA GROUP'S STRUCTURE, OPERATIONS AND SUPPLY CHAINS

2.1. The Baiada Group's Business

Baiada is one of the largest poultry processors in Australia and has remained a family-owned business since it was founded in 1946. From humble beginnings, Baiada has grown into a fully vertically integrated business, owning and operating farms, hatcheries, feed mills, processing and rendering plants and producing chicken and turkey meat products, some of which are sold under the Steggles or Lilydale brands.

Baiada also owns and operates a property development business in New South Wales and Queensland (under the Celestino brand) that has partnered with urban projects like Sydney Science Park in Western Sydney.

2.2. Baiada Structure

Baiada Pty Limited (ACN 000 426 808) is the holding company of the Baiada group. The group includes the following wholly owned and controlled companies:

- Baiada Poultry Pty Limited ACN 002 925 948;
- Bartter Enterprises Pty Limited ACN 000 451 374;
- Steggles Foods Mt Kuring-gai Pty Limited ACN 126 100 418;
- BPL Adelaide Pty Limited ACN 108 037 798; and
- EJ Cooper and Son Pty Limited ACN 000 269 750;

Baiada is fully Australian-owned and the proud shareholders are members of the founder's immediate family, making it a large family business.

2.3. Baiada Operations

The Baiada Group's operating businesses include the production and manufacture of poultry meat, as well as commercial, industrial and residential property development projects. The Baiada Group directly employs the majority of its workers undertaking these operations.

2.3.1. Production and manufacture of poultry meat

The Baiada Group's production and manufacture of poultry meat is primarily all for the Australian market. This business is a vertically integrated manufacturing process, from breeding stock through to the finished meat product. The processing activities are efficient and most by-products can be reprocessed into valuable, high protein animal foods or fertiliser. There are approximately 7,000 workers within the poultry business across over 100 sites within Australia. The poultry business has a national distribution network in place for delivery of final product to distribution centres and to customers, supported by the Baiada Group's sales and customer service division.

2.3.2. Commercial, industrial and residential property development projects

Celestino conducts the Baiada Group's commercial, industrial and residential property development projects in New South Wales and Queensland. Celestino's aim is to deliver visionary projects that are respectful to the environment and places where people can enjoy the best that life has to offer. The Celestino property business has fewer than 20 employees and is supported by a network of professional consultants and contractors.

2.4. Baiada's Supply Chain

The Baiada Group's supply chain includes the products and services listed below. There is a mixture of stable long term relationships and short term, changeable, supply arrangements.

2.4.1. Poultry Core Suppliers

- poultry feed and poultry meat ingredients (such as grain, protein sources, nutritional supplements, flavourings and marinades);
- packaging;
- uniforms and Personal Protective Equipment (PPE);
- key contracted services (such as poultry meat boners, cleaners, distribution/transport partners, poultry growers, employment agencies); and
- medications, vaccines and chemical supplies.

2.4.2. Poultry Non-Core Suppliers

- consulting services (legal, financial, auditing);
- utilities and waste management;
- plant and equipment suppliers and maintenance services (manufacturing, agricultural);
- computer hardware and software;
- travel and accommodation services;
- construction; and
- marketing services.

2.4.3. Property Core Suppliers

- consulting services (planning, engineering, marketing, real estate, construction, architectural and professional services)
- construction;
- utilities and other governmental authorities; and
- property maintenance.

2.4.4. Property Non-Core Suppliers

- corporate office supplies
- computer hardware and software.

2.4.5. Developing a better understanding of its supply chains

In 2019-20, the poultry business engaged directly with more than 4,000 tier 1 suppliers. The top 20 suppliers comprise approximately half of the total expenditure. Based on inquiries so far, the Baiada Group is aware that many of the poultry suppliers have subcontractors and more than one tier in their supply chain. The vast majority are based in Australia although there are some direct overseas suppliers. Of the domestic suppliers, some have tier 2 or tier 3 suppliers located overseas and the Baiada Group recognises that this requires a deeper dive into the intricacies of the full supply chain in order to establish a more accurate global modern slavery risk profile.

Over the next year, the Baiada Group's plan is to gain a greater understanding of the number of tiers that exist in those businesses that have partnered with overseas suppliers and to identify the level of risk that this poses in relation to modern slavery.



Once identified, appropriate monitoring and controls as described below, will be determined and implemented, based on the risk category, as further described in this Statement.

The property business engaged with 286 suppliers in 2019-20, over 80% of which provide core services as described above.

3. MODERN SLAVERY RISKS

The Baiada Group is continuing to develop strategies to mitigate against the potential for it to cause, contribute to, or be directly linked to modern slavery through its operations and supply chains. The Baiada Group has strong governance structures that enable it to manage and monitor the risks of modern slavery closely, particularly with respect to its workers engaged within Australia.

3.1. Baiada

The Baiada Group understands that some countries may have higher risks of modern slavery, including due to poor governance, weak rule of law, conflict, migration flows and socio-economic factors like poverty.

As at the date of this Statement, from analyses and risk assessments conducted to date based on criteria described below, Baiada's most significant exposure to modern slavery risks is viewed to be posed from goods supplied into the poultry business from Argentina and Asia, and from China in particular. To this end, Baiada has identified (on a preliminary basis) that:

- soybean (purchased from Argentina) is only sourced from members of the 'Round Table on Responsible Soy' and signatories to the 'Amazon Soy Moratorium', which opposes deforestation;
- recent issues surrounding child labour on farms in Argentina will be targeted and investigated. While significant instances of child labour have not been identified in the production of the country's largest export crops, such as soybeans or wheat, the presence of this problem at a range of other agricultural sites illustrates the potential that children may be employed in the production of these more sizable export commodities; and
- it is known that certain provinces in parts of Asia (and particularly China) are prone to human rights and labour violations. Current investigations are underway to assess if any products are sourced from those regions known to be at a high risk of this occurring.

3.2. Celestino

For the property development business, the supply base is smaller, and so far as the Baiada Group has identified, all suppliers are located within Australia, with the exception of a small number of consultants from North America. The culture, governance and enforcement in Australia and North America provides a greater degree of comfort that modern slavery risks are more likely to be controlled in the supply chain.

The Baiada Group believes the area of relative potential future exposure is in the construction industry when building dwellings as there is commentary from global consulting entities (like KPMG) that this poses a higher risk of modern slavery. During the reporting period the Baiada Group activities were largely subdivision/civil works.



Where relevant to the nature of the good or services to be provided, Celestino will consider engaging only with those entities that are members of the Property Council of Australia and the Property Council of Australia has initiated a 'Supplier Platform' to assist its members to assess and report on their supply chain networks more easily through a single online platform. This platform collects, compares and shares data on all suppliers. This will ensure consistency across the industry, streamline the reporting process for businesses involved, reduce the reporting burden and make it easier for suppliers to share information with leading property organisations, and in doing so, will create more visibility between business partners in assessing the risk level posed through that relationship.

4. ACTIONS TO ASSESS AND ADDRESS MODERN SLAVERY RISKS

During the reporting period, and prior to that period, the Baiada Group has made progress in developing a framework and program to manage the risk of modern slavery in its operations and supply chain. The Baiada Group undertakes ongoing management processes to identify, prevent, mitigate and account for how it addresses actual and potential adverse human rights impacts in its operations and supply chains, including modern slavery. Its approach is summarised below.

4.1. Policies and Procedures

4.1.1. Supplier Agreements

Substantive supplier agreements are entered with key suppliers, commensurate with the risk posed to the Baiada Group. Most modern supply agreements with key suppliers specifically refer to modern slavery compliance. As agreements are entered and renewed, the Baiada Group is progressively introducing modern slavery provisions which gives the Baiada Group a direct means, with ramifications, to manage any non-compliance.

4.1.2. Supply Chain – Supplier Code of Conduct

The Baiada Group's expectation of suppliers and non-tolerance for any human rights violations in the poultry business supply chain are contained in the document 'Supplier Code of Conduct' which the Baiada Group finalised in early 2021. This Code will be rolled out in 2021 with an internal and external communications plan.

4.1.3. Ethical Sourcing Policy

The major manufacturing sites in the poultry business have an Ethical Sourcing Policy under which they operate. It is planned to consolidate these into an overarching enterprise document in the 2021 calendar year.

4.1.4. Baiada Staff

A new Code of Conduct for all poultry workers is currently being drafted and will be finalised and implemented in 2021.

4.1.5. Social Accountability Commitment

The 'Social Accountability Commitment' document will be reviewed and re-issued by mid-2021 and will be communicated to all key staff.

4.1.6. Bullying Harassment & Discrimination Policy

This Policy is an integral part of the Baiada Group's induction and training programs. In addition, many Enterprise Agreements at poultry sites stipulate a commitment to the prevention of unlawful discrimination on any grounds.

4.2. Managing Social Accountability for Baiada and its Suppliers

4.2.1. SEDEX

Supplier Ethical Data Exchange ("**SEDEX**") is one of the world's leading ethical trade service providers, working to improve working conditions in global supply chains. Baiada is a member of SEDEX as an "AB" supplier category in the poultry business. As part of its membership with SEDEX, the Baiada Group has completed a Self-Assessment Questionnaire ("**SAQ**") and is committed to completing a SAQ on an annual (or more frequent) basis. Although some of the Baiada Group's suppliers use a two-Pillar assessment, it has been decided that any such assessments or audits will be conducted on a four-Pillar basis, so that the Baiada Group meets the highest level requirement regardless of supplier standards. This platform will be used to:

- assist in monitoring the Baiada Group's current workforce, with the SAQ being updated annually, as a minimum;
- enabling partnership with other Baiada Group suppliers who are also members of SEDEX;
- store and manage SEDEX Members' Ethical Trade Audits ("**SMETA**") (conducted to verify that the Baiada Group operates to a high ethical standard); and
- use the SEDEX 'Radar' tool, which helps to identify key labour, human rights, governance and environmental risks across the Baiada Group's business and supply chain.

For those corporate social accountability assessments that are independent of SEDEX, these additional requirements will be incorporated into the Baiada Group's existing management systems, as appropriate. The Baiada Group plans to assess all its major manufacturing sites by arranging for a SMETA audit in the first half of 2021.

4.2.2. BSI SCREEN

Current background information on the Corporate Social Responsibility risks in the identified countries of supply is provided through utilisation of BSI's Supply Chain Risk Exposure Evaluation Network ("**SCREEN**"), a web-based, comprehensive global supply chain intelligence system. This online application assists in identifying and understanding the Baiada Group's poultry supply-chain and can assist in creating and sustaining a global risk-based supply chain security program.

4.3. Baiada's Management of Human Rights Risks Within the Organisation

The Baiada Group has developed a set of processes for recruitment and labour hire with a view to ensuring compliance with workplace and employment law as it currently exists within Australia. There are a significant number of controls in place with respect to selection, verification and due diligence of potential employees to ensure that appropriate legal status exists in relation to their employment rights, including use of the VEVO system. These processes extend to the in-house specialist contractors, including conducting third party audits which operate under Service Level Agreements ("**SLA**"), and limiting the indirect labour providers to two registered labour hire companies nationally.

Such controls are in place also for on-site processing contractors (which comprise 8% of the workforce), where the Baiada Group directly pays the wages for these services to ensure correct amounts and deductions. The controls that the Baiada Group has put in place to significantly reduce the risk of the underpayment of wages for these workers has been described as world's best practice for the head of a supply chain by the Fair Work Ombudsman in its 2016 report. These controls are also subject to third party audits and it is planned that greater oversight will be applied to all of these worker groups over the coming year.

4.4. Supplier Governance Framework

4.4.1. Risk Identification

The development of a more robust Supplier Governance Framework was commenced by the Baiada Group in early 2020, which is geared toward selection of new suppliers and assessment of the existing poultry supply chain. This Framework continues to evolve in an ever-changing environment and has initially been assessed against four categories of risk, namely:

- the industry involved (this is in itself independently risk-assessed);
- country of origin of product / service (this will eventually extend to all tiers in each supplier's chain), which includes Australia;
- the likelihood of using migrant or overseas workers in the manufacture or supply of the goods / services; and
- mechanisms that the supplier may have in place to minimise the risk of modern slavery.

This will continue to evolve and be improved and will be complimented by the Risk Assessment tools provided by the SEDEX and SCREEN platforms, including the ever-changing country threat ratings. In time, once the program has commenced, the development of agreed KPIs will be essential in enabling the Baiada Group to monitor progress to confirm continuous improvement.

4.5. Supplier Due Diligence

This Framework will continue to be refined as more is known about suppliers and the potential risk posed. The previously issued questionnaires that comprised the original Supplier Assessment Program are to be re-developed to include more in depth questions for relating to:

- the extent of their supply chain as it directly applies to the Baiada Group;
- their mechanisms to detect unethical labour practices and steps taken to minimise/eliminate them as appropriate in their business and in those from whom they source;
- what proportion of their product/service is sourced from overseas and from where, including regions/provinces that can be considered to be at higher risk of modern slavery practices;
- the proportion of migrants employed in their workforce, or in that of their suppliers; and
- previous supply performance, including references where possible, Australian Business Name, financial exposure and reputation.

This framework will assist the Baiada Group in more fully comprehending the level of risk that is posed by specific suppliers. Depending on the risk assessment outcome, the supplier may be subject to third party audit and/or be subject to shorter term contracts that are subject to regular review and renewal. New suppliers will also be measured against current suppliers (to establish a baseline) and there will be increased scrutiny in the process of on-boarding of new suppliers. The appointment of a dedicated Chief Commercial Manager in mid-2020 will be an additional positive resource in ensuring the ethical operation of the Baiada Group's poultry supply chain for which the building of strong relationships will be foundational. This, coupled with the development of a much more robust procurement and onboarding strategy in 2021, will identify gaps with current practice and seek to reduce any risk posed by these gaps.

4.6. COVID-19 Impact

As the modern slavery prevention journey is in its early stages within the Baiada Group, the global pandemic has not directly impacted its ability to assess the risks from its supply chain. However, as investigations become more detailed, any imposed travel restrictions will inhibit the ability to conduct audits and assessments at supplier premises. The COVID-19 transmission risk is at the forefront of the Baiada Group's current risk management strategy.

4.7. Grievance Mechanisms

As part of the Baiada Group's remediation processes, the Baiada Group has grievance mechanisms that enable people to raise concerns safely. These grievance mechanisms sit alongside other internal policies and processes that enable concerns to be identified and addressed. The grievance mechanisms are legitimate, primarily confidential, accessible, transparent and a source of continuous learning.

4.7.1. Whistleblowers

The Baiada Group has established mechanisms whereby all stakeholders (including current and former employees and their relatives and dependants, as well as suppliers and their employees) can anonymously report concerns in relation to unethical, illegal or improper behaviours, or about an improper state of affairs within the Baiada Group. The Baiada Whistleblower Policy is supported by a process that provides appropriate protections and confidentiality to the whistleblower in the knowledge that the report will be investigated thoroughly and that appropriate steps will be taken to address the outcomes of that investigation. This is managed by the Legal and Compliance teams and is governed by the Risk Subcommittee of the Advisory Board. The externally managed Baiada 'Stopline' is used for this purpose.

The Baiada Group's Stopline is a confidential hotline service run by an independent third party that all stakeholders can use to raise concerns or complaints. It is accessible by phone, fax, email, post and via the Stopline app.

4.7.2. Workplace Grievances

Each Baiada Group poultry operating site's workforce has its own Enterprise Agreement, under which a Grievance Mechanism is outlined which is open and available for any worker to use.

4.8. Workforce Education

The Baiada Group is committed to improving its workforce education, including by providing training about:

- the Supplier and Employees Codes of Conduct and grievance mechanisms (both during induction and periodically);
- its expectations of suppliers to management who will in turn reinforce expectations to suppliers at or before the time of engagement;
- the management of instances of non-compliance and conducting fair and thorough investigations;
- the content and meaning of the dispute resolution procedure in their respective enterprise agreements;
- the prevention of discrimination, harassment and other inappropriate workplace behaviours; and
- the Guiding Principles.

It is essential for Baiada and Celestino management to understand fully how their actions around procurement may contribute to risks of modern slavery practices and it is intended that this training program will assist in delivering these outcomes.

4.9. Managing Modern Slavery Risks

It is recognised that the key to assessing at-risk suppliers is to communicate and proactively work with them to understand the risks (including where labourers are recruited and the supplier's recruiting practices). Over the next 12-18 months, the Baiada Group will be ensuring that key suppliers have processes in place for managing their own risks and are open to working with us to meet its minimum standards. Where it identifies concerns about supplier performance, it will engage with the supplier, seeking constructive dialogue and remediation of non-compliance with the Baiada Group's standards. Currently, this occurs ad-hoc, but the proposed framework will provide a much more strategic and systematic approach.

Where suppliers are unable to satisfy us that they have appropriate risk management controls in place, or are unwilling to share this information, the Baiada Group may take further action, such as engaging supplier senior management, implementing a remediation plan or ultimately suspending their services, using such leverage as deemed necessary to elicit the required response. Such actions will be taken against priority risk areas identified that would cause the greatest harm to people employed.

The Baiada Group will continue to strengthen and refine its response to the risks of modern slavery. Information collected for this Statement will help identify new areas of modern slavery risks that need to be addressed in its subsequent modern slavery statements.

The Baiada Group will continue to benefit from third-party expertise and partnerships to improve its overall response to modern slavery.



5. ASSESSING THE EFFECTIVENESS OF THE BAIADA GROUP'S ACTIONS

To measure the effectiveness of any identified risks and actions taken, the Baiada Group will continue to develop its monitoring program to identify whether modern slavery (such as labour exploitation) may occur within the supply chain and also just as importantly, within its own employee/contractor base. The tools that will be used to this end include but are not limited to:

- second and third party audits of suppliers and direct/ indirect labour and contractors;
- regular questionnaires with updated information to confirm continuous improvement, as part of the due diligence and onboarding process for new suppliers;
- reviewing relationships established on SEDEX, including audit reports;
- analysing and reviewing data generated through the issue of the Baiada Group's Supplier Non Conformance Reports;
- regularly checking risk assessment processes to ensure they remain up-to-date, particularly with respect to geographic areas that have been identified as high risk;
- regularly engaging and sharing feedback between key areas of the Baiada Group (including Human Resources and Legal);
- working with suppliers to assess their progress with any actions taken to address modern slavery risks;
- considering trends in cases reported through grievance mechanisms and how these cases were handled; and
- measuring and improving the percentage of staff trained in ethical sourcing, including modern slavery.

An annual report will be prepared and provided to the Risk Subcommittee and ultimately to the Advisory Board on the outcomes so that direction and re-calibration may be effectively applied, as deemed appropriate.

The Baiada Group commits to developing its modern slavery training for staff and suppliers to ensure the training is fit for purpose and raises awareness to better address modern slavery risks.

The Baiada Group has developed key performance indicators ("**KPIs**") to help measure its response to modern slavery. These KPIs include:

- the number of modern slavery training and awareness-raising programs delivered;
- the number of complaints resolved by a grievance mechanism;
- the number of contracts that include modern slavery clauses; and
- the number of actions taken to work with suppliers to improve their capacity to respond to modern slavery risks.



6. CONSULTATION PROCESS

The Baiada Groups operates and is managed as an integrated group with overarching policies, systems and processes that are designed to be consistently applied across the group. Baiada engaged senior management and relevant departments (including Human Resources, Finance, Procurement, Legal, and Senior Leadership) to assist with preparing this Statement.

This Statement has been prepared in consultation with each reporting entity covered by this Statement. This consultation facilitated the modern slavery risks relating to every entity being appropriately identified, assessed and addressed. All the relevant areas of the Baiada Group are aware of what actions they need to take in accordance with this Statement.

The process to identify the Celestino supply chain was carried out with the assistance of its Finance Department by providing the types and number of supplier categories, and determining the risk based on those categories of suppliers engaged.

7. OTHER RELEVANT INFORMATION

The Baiada Group intends to continue to collaborate with other entities to address modern slavery.

8. CONCLUSION

There is an ongoing commitment by the Baiada Group to further investigate its supply chain to identify modern slavery risks and to take appropriate actions to mitigate those risks.

This Statement has been reviewed by the Baiada Board of Directors in February 2021 and is signed by a member of the Board on behalf of all reporting entities.

George Tsekouras

Director: Baiada Pty Limited

Date: 17 March, 2021



Baiada