



# Modern slavery statement

for the 2021-22 financial year



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## **1. INTRODUCTION**

This Modern Slavery Statement reports against the commitments made to address modern slavery risks outlined in the Statement submitted by Baiada Pty Limited in 2020-2021 in accordance with the *Modern Slavery Act 2018 (Cth)* (the “Act”).

This is again a joint statement that has been prepared by, and made on behalf of, Baiada and its wholly owned entities and covers the period of 1 July 2021 to 30 June 2022.

Baiada remains committed to upholding fundamental human rights for all, and in particular, identifying and managing modern slavery risks at all stages of its business activities.



## 2.0 The Baiada Business

The Baiada Group is a multi-faceted business that spans multiple industries:

### 1. Baiada Poultry:

One of the largest poultry processors in Australia. Baiada has been a family owned business since it was founded in 1946, operating as 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 directly employs the majority of its 7,300 workers undertaking these operations, supplemented by agency workers and contractors. Efforts have been increased to transfer the qualifying pool of casual agency staff to direct employees over this reporting period to provide assurance of employment and take direct control of their wages and therefore pay compliance.

### 2. Celestino:

A property development business in New South Wales and Queensland that develops residential, commercial, industrial and mixed-use developments. Celestino now has 8 full time employees.

### 3. Greens & Goodness:

Is a recently launched plant-based protein products business. Production increased from October 2021 onwards and products are now available in the Australian marketplace. As Greens & Goodness is supported by the Baiada Poultry workforce, a SMETA audit was conducted in November 2021 on the production facility that manufactures these products. There were a few minor findings that have since been fully addressed so that they cannot reoccur, and in doing so, this has driven continuous improvements around our social accountability systems and processes.

### 4. Birling Laboratories:

This is now operating as a fully independent laboratory accredited to the highest standards by the National Association of Testing Authorities Australia (NATA). Birling provides laboratory services to the poultry industry including microbiology, quality assurance, serology, virology, molecular biology, allergen testing and pathology. Birling also has a research and development program, including conducting collaborative research with private, government and university researchers, such as the University of Sydney, the University of NSW, the University of Melbourne and the Elizabeth Macarthur Agricultural Institute. Birling Laboratories has 31 employees.

Apart from Greens & Goodness and the changes to Birling Laboratories, the overall business structure remains unchanged from the First Statement that was lodged in 2020. Baiada Group's headquarters and registered office remains at 642 Great Western Highway, Pendle Hill, New South Wales 2145.



### 3.0 The Baiada Group's Supply Chain

The Baiada Group's supply chain has remained essentially the same as described in previous Statements. Core suppliers essentially remain unchanged, and there have not been any contract terminations of nationally contracted suppliers in this reporting period. The Celestino business engaged with 46 new suppliers since the last Statement, mainly through onboarding of additional consultants. Of their new vendors, the majority were considered to be low risk due to the nature of the services being provided, which are typically office-based, professional services such as engineering, consulting and architecture that are provided by Australian-owned and based suppliers.

As has been the case previously, the majority of the Baiada 4,000 plus direct suppliers and contractors are based in Australia, and the focus remains on using locally-based businesses to stimulate the local economy, particularly in the regional areas. This also has benefits in the modern slavery space with local suppliers having less opportunity to exploit vulnerable people for profit.



#### **4.0 Risks of Modern Slavery Practices**

The Baiada Group has a complex network of suppliers of goods and services, and the increased focus has continued on ensuring compliance in all areas, including modern slavery. Our supply chain remains diverse, from family-owned grower farms to major multi-national companies.

Due to the nature of its supply chains and networks, our modern slavery risks remain largely unchanged from our previous Statement. Specifically, the following indicators and risks of modern slavery practices have the potential to exist:

- use of forced labour and bonded labour by suppliers;
- use of child labour by suppliers from certain countries of origin;
- exploitation of migrant workers which can include underpayment of wages;
- location and source of the goods and services;
- types of goods and services being supplied; and
- number of tiers in the supply chain.



## 5.0 Assessing and Addressing Risks of Modern Slavery Practices

Our approach in this year has again delivered a series of actions either underway or completed and has included continued assessments of our own internal workforce to ensure all areas of potential risk are included. Those vendors that pose higher risk to Baiada (in all areas of compliance) are engaged under formal terms and conditions. Proposed vendors engaged at a national level for the poultry business are also required to complete questionnaires which include information regarding how they identify and manage modern slavery risk. These responses are assessed accordingly and further queries posed, where warranted.

### 5.1 Managing Suppliers

- The Baiada Enterprise Risk Register retains modern slavery as a 'Medium' risk with continuing visibility across the Baiada Advisory Board and the Board's Risk Subcommittee. This risk is reviewed and updated on a regular basis but at a minimum of at least quarterly within the year.
- Modern slavery is not included in the Top 10 risks on the Celestino Risk Register due to the current nature of that business. There is no substantive active construction and no procurement of construction or building materials. The modern slavery risk will evolve over time as the business changes and the Risk Register will be revised accordingly, and as appropriate.
- Substantive supplier legal agreements continue to be signed with key suppliers, the terms of which are commensurate with the risk posed to the Baiada Group, with the express expectation and requirement to comply with legislation. Additionally, the Baiada Group has audit rights under its contracts to determine supplier compliance by inspecting books and records.
- The poultry business' expectation of suppliers and non-tolerance for any human rights violations continue to be communicated in the document 'Supplier Code of Conduct' which Baiada finalised in mid-2021. This Code includes commitments to compliance with workplace laws, combatting modern slavery in direct and up-stream suppliers and the prohibition of child and illegal labour. The Code was rolled out in 2021 to the top 20% of suppliers to the poultry business, selected on a number of risk criteria including type of supplier, dollar spend (generally more than \$100k per annum), percentage of service /goods supplied by that business and whether they are members of Sedex or a similar platform. This has captured approximately 700 of Baiada's suppliers by the end of this reporting period. Suppliers are required to declare that they not only commit to the principles within the Code, but also acknowledge Baiada's commitment to ethical, legal and socially responsible business practices. Baiada relies on these statements for a variety of uses, including assisting to determine compliance with modern slavery laws, its submission of this annual Statement and deciding as to whether to enter into new or retain existing commercial relationships with the supplier.

- Baiada has continued its membership of Sedex as an “AB” supplier category for the poultry business. As part of its membership with Sedex, the poultry business continues to ensure its commitment is met to update the Self-Assessment Questionnaire (“SAQ”) for its 13 major operating sites on at least an annual basis. The SAQ and audits continue to meet the Four-Pillar assessment criteria and over the last reporting period there have been five additional supplier partnerships created on this platform, which will improve visibility of Baiada to its customers and supplier compliance with the Ethical Trading Initiative (**ETI**) Code. As part of the risk assessment process through the Supplier Code of Conduct and now the recent modern slavery questionnaire, current membership status of suppliers is being established and will form part of next steps in both partnering on Sedex, and requesting additional suppliers to partner with Baiada. Once SMETA audits are conducted and site SAQ’s are published, these are made available to Baiada’s partnered suppliers and customers via the Sedex platform.
- Sedex has continued to function as a useful tool for assessing supply chain risk along with BSI SCREEN, providing up-to-date reporting and analysis of supply chain risk worldwide. In one instance, it was determined that seafood products were being sold in our retail outlets, imported from Thailand, Vietnam and Sri Lanka. On assessing the risk via BSI SCREEN, it was determined that supply should cease, based on the small amount of product purchased and therefore the inability to exact leverage on the suppliers. If influence was able to be enacted, the approach would be to require the supplier to undergo a SMETA audit and then if possible, work with them through the audit findings to improve any issues identified. In this manner, Baiada would assist suppliers to operate in a more proactive manner to manage the risks of modern slavery in their supply chain.
- The Baiada Group’s Stopline operates under the Whistleblower Policy, and is a confidential hotline service run by an independent third party that all stakeholders can use to raise concerns or complaints in an anonymous manner, if preferred. It is accessible by phone, fax, email, post, Baiada website and via the Stopline app and is widely advertised throughout the poultry operating sites. In this reporting period, there were zero disclosures relating to this topic. Baiada is committed to investigating every whistleblower report thoroughly.
- The management of instances of non-compliance and conducting fair and thorough investigations in all areas continues through the supplier compliance system. This system provides mechanisms for review, analysis and reporting on supplier performance and includes any findings from SMETA or other social workplace accountability audits.
- Over the last two years, some instances of modern slavery risks have been identified through Baiada’s processes. As a result, a Modern Slavery Incident Log has been established which will keep a record of any such matters including resolution steps.
- A Modern Slavery Standard was developed in the last reporting year, outlining the Baiada system for identifying and managing this risk.



## 5.2 Ethical Procurement

- The major countries of origin is generally unchanged from last Statement, comprised of New Zealand, USA and Germany for consumables, and other western European countries for manufacturing equipment. Argentina remains the source of soybean procurement and China still remains as a Tier 2 supplier via Australian-based businesses.
- The previous Statement identified that some risks may have been associated with Argentinian soybean and that there had been some child labour on farms in Argentina. As well as Baiada's largest soybean supplier confirming that they are members of the Round Table on Responsible Sourcing of Soy (RTRS) which provides risk controls and assurances in this area, this supplier has a comprehensive commitment on its website and also furnishes an annual Modern Slavery Statement. However, on following this lead, Baiada has also written and issued a 'Soy Sourcing Policy Statement' in April 2022, commensurate with responsible and ethical sourcing. Baiada has also requested similar commitments from its suppliers from whom soy products and derivatives are sourced, and obtaining these is currently in progress.
- It is known that certain countries in parts of Asia (and particularly China) are prone to human rights and labour violations. As at the end of this reporting period, no products have been identified that are being sourced from provinces in China known to be at higher risk of this occurring. At this time, alternatives to these products are not an option.
- The major manufacturing sites in the poultry business continue to operate under their Ethical Sourcing Policy. The intention last year was that the individual policies will be consolidated into a single group wide policy and this has been drafted; however, with the commencement of our ESG program, this has been put on hold to ensure that any such policy statement is directly reflective of all initiatives occurring in this space. The outcome will of the final decision will be reported in the 2022-23 Statement.
- As reported in our last Statement, an ESG Working Group was formed to investigate, improve, implement and formalise our ESG framework. The topic of modern slavery is included in the Action Plan, and one of the action items for the ESG Working Group is to formalise a modern slavery program. The ESG Working Group includes senior staff with expertise in procurement, law and ethics, risk and compliance and will be supported by target teams which will report back to the main Working Group. The Celestino business is focussed on planning and delivering sustainable communities and intends to formalise an ESG program in due course.
- The Baiada 'Social Accountability Program' document which outlines Baiada's position on ethical conduct and expectations (including labour practices) has been communicated across the major manufacturing operations. Next year will see that much of this content will be replaced by the Baiada Employee Code of Conduct currently being drafted, which will be applied across all operations.
- Until the Employee Code of Conduct is implemented, training will remain ongoing on the major operational sites on their Ethical Sourcing Policy and the Social Accountability Program.
- Specific training on modern slavery – what it is, how to identify signs and reporting mechanisms if instances are suspected - has been completed across all senior and middle management, including the National Procurement team. Training in modern slavery risks and indicators has been completed for all senior managers (65 in total) in the previous period, which was supported by a competency assessment. Refresher training will be carried out on a regular basis.

### 5.3 Managing Risks Within the Baiada Workforce

- The controls within the Baiada Group to ensure appropriate legal status exists in relation to employment rights have continued, including use of the VEVO system for employees, agency staff and contractors. The indirect labour pool remains limited to two nationally registered (and licenced in states where this is a requirement) labour hire companies. Such controls are in place also for on-site processing contractors (which have dropped slightly from last year's percentage of 8% down to 6.5% of the total workforce), where the Baiada Group directly pays the wages for these services to ensure correct amounts and deductions.
- In the second half of 2021, four more Sedex Four-Pillar audits were conducted across other Baiada's major poultry manufacturing sites that had not been previously audited, with a further one conducted in April 2022. As with the previous audits, there were minimal findings, having expanded the scope to include security and on-site contractors.
- For this reporting period, further social workplace accountability audits were conducted under specific customer requirements, which were mainly (but not entirely) based on the Ethical Trading Initiative Base Code. Again, no major findings resulted from these audits confirming that the Baiada systems are robust.
- Annual audits have commenced on the two labour agencies used by Baiada, conducted by the Baiada Payroll Manager. The initial audit conducted in December 2021 uncovered no issues and the next is scheduled for December 2022.
- Each poultry operating site's workforce continues to operate under its own Enterprise Agreement (**EA**), which includes a dispute resolution process that is available for any worker covered by the EA to use.
- As per our commitment in last year's Statement, a formal, stand-alone Grievance Policy and Procedure has been finalised and approved in late 2021, and updated in the first half of 2022. This procedure covers all staff in the business, regardless of EA status. Training for all employees (including agency) commenced end of Q3 and will be completed early in the next reporting period.
- A number of substantiated grievances and allegations of inappropriate workplace behaviour were recorded during the reporting period. Of the total issues raised, investigated and substantiated, there were just over 12% related to this category, a slight increase of from the past reporting year.
- Baiada has continued to work with local labour agencies and our supply chain to help establish opportunities for training and apprenticeships and to promote career progression within the business. Additionally, a school career program is being piloted in the Tamworth region to encourage interest in the poultry industry amongst students of 17 years and above.
- Monthly reporting has commenced in this reporting period from the IR Department to senior management, including the Managing Director, to have visibility over any visa breaches for Baiada and agency employees.

- Baiada has a well-resourced Human Resources team with relevant expertise to ensure compliance with any reforms with workplace legislation, including:
  - Payroll Manager – responsible for monitoring payroll related issues such as compliance with modern awards, EAs, superannuation and taxation issues
  - Industrial Relations Manager – responsible for monitoring and implementing relevant industrial relations changes
  - Group Human Resources Manager – responsible for monitoring and managing the HR team for governance.
- Baiada is also a member of the Australian Federation of Employers and Industries to keep abreast of regular legislative updates which is communicated to the HR Team.

#### **5.4 Our Policies and Procedures**

The Baiada Group has the following governance policies and procedures in place to manage risks within its workforce and its suppliers, in order to promote health and safety, establish a compliance framework, and to prevent modern slavery:

- Inappropriate Workplace Behaviour Policy
- Grievance Policy
- Whistleblower Policy
- Privacy Policy
- Supplier Code of Conduct
- Soy Sourcing Policy Statement
- Ethical Sourcing Policy
- Social Accountability Program



## 6.0 Continuing Actions for 2022-23

### 6.1 The Baiada Workforce

Preparation is continuing on a new Employee Code of Conduct for all poultry workers which commenced early in the 2022-23 reporting period, from which the outcomes will be reported upon in the next Statement.

- The modern slavery KPIs are supported by the Incident Log (which records the number of such incidents or high risk products identified in the reporting period), the number of audits and findings, amount of training conducted, supplier performance analysis and the percentage of survey responses.
- In 2022, an 'Inappropriate Workplace Behaviour Policy' has been finalised and issued, which will include but not be limited to, bullying, harassment and discrimination. This has replaced the existing Workplace Bullying Policy and procedure, as was committed to in our previous Statement. Training in this Policy will occur in Q2 of the next reporting period.
- Next reporting period, another round of training key management in modern slavery indicators has been planned.

### 6.2 Suppliers

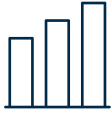
It is recognised that the key to assessing at-risk suppliers is to communicate and proactively work with them to understand the risks (including where labourers are recruited and the supplier's recruiting practices).

Over the next 12 months, the Baiada Group will be ensuring that suppliers identified as having possible modern slavery risks have processes in place for managing these and are open to working with Baiada, as is appropriate. Where concerns are identified about supplier performance, Baiada will engage with the supplier seeking constructive dialogue and remediation of non-compliance in accordance with the Baiada Group's standards.

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 contract management, implementing a remediation plan or ultimately suspending their services/supply. Such actions will be taken against priority risk areas identified that would cause the greatest harm to people.

**Commitments for 2022-23 Reporting Period:**

- The Supplier Due Diligence Framework has been refined and formalised as the Baiada Modern Slavery Standard, a living document that will be updated as required.
- The onboarding questionnaires that currently comprise the Supplier Assessment Program will be updated in this period to include a section on the management of human rights, which will assist in the initial risk assessment process during the annual review and also prior to onboarding. Depending on these responses, the supplier may be subject to third party audit and/or be subject to shorter term contracts that are subject to more regular review and renewal.
- Suppliers will be onboarded going forward with the increased scrutiny within this process. This is intended as a holistic project, including but not limited to modern slavery, which will drive ethical and sustainable outcomes which are designed to become business as usual under the umbrella of the ESG Working Group.
- Information gleaned via the issue of the Supplier Code of Conduct enabled the release of a modern slavery questionnaire, which was targeted to those businesses that have been assessed as posing a higher risk of modern slavery in their supply chain. As a result, this was issued to 109 suppliers that were considered to be at higher risk of modern slavery. Approximately 37% of responses were received and analysis is underway in the first Quarter of 2022-23 FY. However, with the low response level, a different strategy will be required going forward.
- With respect to third party audits of suppliers and direct/ indirect labour and contractors, a 2019 SMETA audit of a Chinese-sourced packaging supplier was furnished to Baiada as part of this risk investigation. There were two findings were of a minor nature which had been closed out by the auditor and were not repeated in their subsequent audit.



## 7.0 Assessing Effectiveness of Baiada's Actions

Baiada continues to work to better understand its supply chain in order to identify and address modern slavery risks. The information collected is used to monitor performance in the following ways:

- Tracking the results of our ethical audits across time periods and between sites and ensure that timely preventative and corrective actions are applied to all findings;
- Tracking the extent to which Baiada and suppliers have encountered modern slavery issues. This is being monitored and managed through the use of an Incident Log maintained by the Chief Risk Officer;
- Number and nature of issues raised via the Stopleveline and other grievance mechanisms which is reported Quarterly to the highest level of governance in the business;
- Extent to which training in modern slavery and other ethical issues have been communicated to staff;
- Percentage of contracts issued that require compliance to laws related to modern slavery practices.

Once the updated Supplier Assessment Questionnaires are issued next period, any risks flagged through this process will become an additional reporting metric.



## 8.0 COVID-19 Impact

Compared to last reporting period, the Covid pandemic has had a noticeable but not major impact on the overall availability of goods, mainly due to the risk mitigation strategies implemented in the early days as this risk was emerging. Again, it has had an impact on delivery of some equipment from overseas postponing some previously set installation and commissioning dates, and posed difficulties in allowing numerous contractors onto sites. In addition, over the past year, the challenges have increased with staffing shortages for various reasons (which is common across all Australian businesses) and availability of skilled tradespersons which impacts on the ability to deliver on quality and service whilst managing the risks around a workforce that can be exposed to fatigue.

The significant financial impact continues to bite through increased fuel and subsequent freight costs, coupled with continued rises in the price of raw materials. The overall impact is that such financial and labour pressures may have heightened the risk of modern slavery particularly in the supply chain, and continue to be considered in the risk assessment process.

COVID-19 has not had any impact on the Celestino business. During 21-22 FY, the COVID-19 transmission risk remained squarely at the forefront of the Baiada Group's risk management strategy and priorities.



## 9.0 Consultation Process

This Report has been prepared in consultation with each reporting entity, assisting to facilitate the identification, assessment and remediation of modern slavery risks.

The majority of senior management is located at the Baiada Group's Head Office who have actively engaged in the consultation process through management meetings.

## 10.0 Conclusion

The ongoing commitment remains 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 reflects that commitment.

## 11.0 Declaration

Prior to lodgement on the Border Force website, this annual report was prepared and provided to the Risk Subcommittee and ultimately to the Advisory Board for endorsement and feedback, and adjustments have been made accordingly and noted in this document.

*This Statement has been reviewed by the Baiada Board of Directors in December 2022 and is signed by a member of the Board on behalf of all reporting entities.*

George Tsekouras  
Director: Baiada Pty Limited  
Date: 19.12.22





**Baiada**