



Modern slavery statement

2020-2021



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 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 2020 to 30 June 2021.

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.

	SECTION	PAGE
2	The Baiada Business	4
3	Baiada Group's Supply Chain	5
4	Risks of modern slavery practices in the Baiada Group's supplychains	6
5	Measures we are taking to address risks of modern slavery practices	7
6	Assessing Effectiveness of Baiada's Actions	12
7	COVID-19 Impact	12
8	Managing Modern Slavery Risks over the next 12 to 24 months	12
9	Consultation Process	13
10	Conclusion	13
11	Declaration	13



2 The Baiada Business

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

2.1 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 7,000 workers undertaking these operations and has moved to increase the pool of directly employed casuals over the past six months to the end of this reporting period.

2.2 Celestino

A property development business in New South Wales and Queensland that develops residential, commercial, industrial and mixed use developments. Celestino has 6 employees.

2.3 Greens & Goodness

Is a newly launched plant based protein products business. Production will increase from October 2021 onwards and further information on Greens & Goodness will be incorporated into Baiada's report for 2021-22. Greens & Goodness is supported by the Baiada Poultry workforce.

2.4 Birling Lab

An independent laboratory accredited to the highest standards by the National Association of Testing Authorities Australia (NATA) that 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 Lab, has 29 employees.

The business structure is otherwise unchanged from the 2020 First Statement.



3 Baiada Group's Supply Chain

The Baiada Group's supply chain has remained essentially the same as was described in the First Statement.

There have been no major changes to its core supplier group for goods or services.

There has been consolidation of one set of services into a national account, but the other core suppliers essentially remain unchanged, apart from occasional contract terminations for various reasons unrelated to modern slavery.

The Celestino business engaged with over 30% fewer suppliers in 2020-21 as its business activities have changed compared to previous years with minimal construction activity, reduced marketing and promotional events, and a shift of strategic development focus on certain projects leading to a reduced number of consultants.

Of their new vendors, the majority were considered to be core suppliers and deemed to be of low risk.



4 Risks of modern slavery practices in the Baiada Group's supplychains

The Baiada Group has a complex network of suppliers of goods and services, and there has been an increased focus on ensuring compliance in all areas, including modern slavery. Our supply chain is diverse, from family-owned grower farms to major multi-national companies. Due to the nature of its supply chain and networks, the following indicators and risks of modern slavery practices have the potential to exist:

- use of forced 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 Measures we are taking to address risks of modern slavery practices

The Baiada Group's approach in this year to address these risks of modern slavery practices existing in its supply chain has been delivered through a series of actions which are set out below. These actions are either under way or completed and have included examination of our own internal workforce to ensure all areas of potential risk are included.

5.1 Managing Suppliers

- As a part of our continuing development of risk mitigation strategies, the Baiada Group has revamped and improved its Enterprise Risk Management System, for which modern slavery is a stand-alone risk on the Baiada Risk Register and will be included on other risk registers within the Group as they are developed. The Baiada Risk Register has visibility across the Baiada Advisory Board and the Board's Risk Subcommittee.
- Substantive supplier agreements continue to be signed with key suppliers, commensurate with the risk posed to the Baiada Group, which in most instances specifically refer to modern slavery compliance, delivering on our promise in the First Statement to include modern slavery provisions in our supplier agreements.
- The poultry business' expectation of suppliers and non-tolerance for any human rights violations are contained in the document 'Supplier Code of Conduct', which Baiada finalised in early 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 report 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 maintain its commitment 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 as committed to in the First Statement. There have been additional partnerships created on this platform, although at this stage they relate only to Baiada's customers, which will improve visibility of Baiada's compliance with the Ethical Trading Initiative (ETI) Code. As part of the risk assessment process through the Supplier Code of Conduct, 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 join.

- Sedex has continued to function as a useful tool for assessing supply chain risk along with BSI Connect Screen, providing up-to-date reporting and analysis of supply chain risk worldwide. In one instance, it was determined that some materials were being imported from Vietnam and on assessing the risk via BSI Screen, it was determined that supply should cease due to the high of risk of forced labour in Ho Chi Min city. In future and depending on various factors, the approach will 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 can assist suppliers to operate in a more proactive manner to manage the risks of modern slavery in the 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. It is accessible by phone, fax, email, post and via the Stopline app and is widely advertised on the poultry operating sites. In this reporting period, two anonymous disclosures were investigated that were related to this topic. The first uncovered an employee using false identification, making them susceptible to exploitation by others with that knowledge under the guise of protection. The police and Australian Border Force were notified and the activity ceased. A third party was investigated based on our referral of information to the Fair Work Ombudsman that an unreasonable demand had been made on a foreign visa worker to pay an amount of money in order to gain employment. These examples demonstrate the success of this process and Policy in identifying and being able to thoroughly investigate such activities to satisfactory resolution.
- The management of instances of non-compliance and conducting fair and thorough investigations in all areas exists through the supplier compliance system mechanisms with review, analysis and reporting on performance and includes any findings from SMETA audits.
- Over the course of the next 18 months, a new purchasing program is being implemented and this will allow further consolidation of the existing approved supplier lists, making it easier to identify and manage supply chain risks.

5.2 Ethical Procurement

Baiada considers that its main areas of procurement are consumables, manufacturing equipment and high protein feed ingredients.

- Over the past year, the initial steps of determining major countries of origin has occurred, and it has been established that these are comprised of New Zealand, USA and Germany for consumables, and other western European countries for manufacturing equipment. China still remains as a Tier 2 supplier via Australian-based businesses; however, some of these are no longer on Baiada's approved supplier listing that were purchasing directly from China and Vietnam, and purchasing ceased from Malaysian-based tier 2 suppliers also. The latter was more related to product counterfeiting than to modern slavery risks. For next year, investigations into suppliers with two or more tier supply chains will continue based on a number of criteria related to risk, and appropriate actions will be taken should concerns be identified.
- The First Statement described the Baiada Group's most significant exposure to modern slavery risks was posed from goods supplied into the poultry business from Argentina and Asia, and from China in particular. It had been identified that some risks were associated with Argentinian soybean and that there had been some surrounding child labour on farms in Argentina. Although it was confirmed that significant instances of child labour have not been directly identified in the production of the country's largest export crops, 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. Baiada's largest soybean supplier has advised that they are members of the Round Table on Responsible Sourcing of Soy (RTRS) which provides risk controls and assurances in this area.
- It is known that certain provinces in parts of Asia (and particularly China) are prone to human rights and labour violations. Investigations are continuing to assess if any products are sourced from those regions known to be at a high risk of this occurring.
- The majority of manufacturing sites in the poultry business have an Ethical Sourcing Policy under which they operate. It is intended that the individual policies will be consolidated into a single groupwide policy.
- The poultry business has formed an ESG Working Group to investigate, improve, implement and formalise our ESG practices. It is likely that these policies will become part of a wider document within the next reporting year. The topic of modern slavery will be an integral part of this project and membership of this 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 has also commenced work on an ESG program.
- The Baiada 'Social Accountability Program' document which outlines Baiada's position on ethical conduct and expectations (including labour practices) was reviewed and re-issued to the major manufacturing sites in June 2021, and its implementation will be reported in next year's Statement.
- Training has been conducted on the major operational sites on the Ethical Sourcing Policy and the Social Accountability Program. For the coming year, the mechanisms to deliver and assess the effectiveness of this training will be improved upon. More specific training on modern slavery will also be completed next reporting year.

5.3 The Baiada Workforce

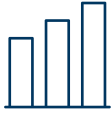
- The controls within the Baiada Group to ensure appropriate legal status exist in relation to employment rights have continued, including use of the VEVO system for employees, agency staff and contractors. The indirect labour pool remains limited to two national registered (and licenced in states where this is a requirement) labour hire companies. Such controls are in place also for on-site processing contractors (which still comprise around 8% of the workforce), where the Baiada Group directly pays the wages for these services to ensure correct amounts and deductions.
- In the first half of 2021, Sedex Four-Pillar audits were conducted across 7 of the major poultry manufacturing sites, resulting in minimal findings which relate to WHS matters which confirmed that the current systems for modern slavery risks are operating to a satisfactory standard, particularly in relation to the age of workers recruited and correct wage payments for the cross-section of staff and contractors that were audited. It proved impossible to conduct this onsite over all sites due to Covid, and although the scheme does allow for these to be conducted remotely, it was felt to uphold the integrity of the process the remainder would be best deferred until auditors could undertake these on site. The remaining sites will be completed by early 2022 and at that point, the necessity to commence a second cycle will be considered and undertaken if required. In line with the Sedex (based on the Ethical Trading Initiative Code) requirements, Baiada is also investigating software that will allow in depth auditing of its payroll systems and those of its high-risk suppliers.
- 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. It is intended that a formal, standalone Grievance Policy and Procedure will be written, issued and implemented in the second half of 2021 to cover staff who are not under an EA.
- A number of substantiated grievances and allegations of inappropriate workplace behaviour have been recorded during the reporting period. Of the total issues raised, investigated and substantiated, there were 11% related to this category, an increase of 1% from the previous financial year.
- Baiada continues to work with local agencies and our supply chain to help establish opportunities for training and apprenticeships and to promote career progression within the business.

5.4 Continuing Actions for 2021-2022

- Work on a new Code of Conduct for all workers in Baiada and Celestino is intended to commence in early 2022.
- As the modern slavery program is still in its early stages, the ability to report on the agreed KPIs will be essential in enabling the Baiada Group to monitor progress.
- In 2022, an 'Inappropriate Workplace Behaviour Policy' will be finalised and issued within Baiada, which will include but not be limited to, bullying, harassment and discrimination. This will replace the existing Workplace Bullying Policy and procedure.
- The supplier due diligence framework is currently being refined as more is known about suppliers and the potential risk posed. The onboarding questionnaires that currently comprise the Supplier Assessment Program are in the process of re-development and will be completed in the coming reporting period. There will be overarching standard questions which will initially identify if a risk is posed, which will then trigger more in-depth questions in relation 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 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 Number, financial exposure and reputation.

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.

- New suppliers will also be measured against current suppliers (to establish a baseline) and there will be increased scrutiny in the process of onboarding of new suppliers. 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 obtained via the issue of the Supplier Code of Conduct will enable the next stage of the modern slavery plan to be rolled out in early 2022 with the release of a modern slavery questionnaire, targeted to those businesses that have been assessed as posing a higher risk of modern slavery in their supply chain.
- With respect to third party audits of suppliers and direct/ indirect labour and contractors, this will be assessed when the majority of the Supplier Code of Conduct Declarations have been received and the risk is more clearly established.
- Training in modern slavery risks and indicators will be rolled out in the next period to key staff.



6 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;
- Tracking the extent to which suppliers have encountered modern slavery issues (only one potential event at this time has been identified);
- Number and nature of issues raised via the Stopleveline and other grievance mechanisms;
- 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.

7 COVID-19 Impact

In this reporting period, the Covid pandemic has not had a major impact on the overall availability of goods, mainly due to our supply chain relationships, contingency planning and stock levels on hand. However, it has had an impact on delivery of some equipment from overseas which has postponed some previously set commissioning dates, along with the difficulties in allowing many contractors onto sites and managing the risk that this poses. There has also been significant financial impact through increased freight costs and the rising price of raw materials generally driven by suppliers seeking to recover lost revenue. The overall impact is that such financial and labour pressures may have heightened the risk of modern slavery particularly in the supply chain, and are to be considered in the risk assessment process. COVID-19 has resulted in some marginally slowed activities for the Celestino business, resulting in a reduced supply chain. The COVID-19 transmission risk remains squarely at the forefront of the Baiada Group's current risk management strategy and priorities.

8 Managing Modern Slavery Risks over the next 12 to 24 months

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 12-24 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 to meet minimum standards. Where concerns are identified about supplier performance, Baiada will engage with the supplier as deemed appropriate, 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. Such actions will be taken against priority risk areas identified that would cause the greatest harm to people.



9 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.

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

All the relevant areas of the Baiada Group are aware of what actions they need to take in accordance with this Statement.

10 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.

11 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 November 2021 and is signed by a member of the Board on behalf of all reporting entities.

George Tsekouras
Director: Baiada Pty Limited
Date: ~~20~~ December 2021

17th



Baiada