

McCain Foods (Aust) Pty Ltd

Modern Slavery Statement FY20

**Sustainability, Human Rights,
and Dignity in our Supply Chain**





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Foreword

As a leading producer of prepared potato and appetizer products, and a family-owned company, McCain holds its commitment to protecting human rights in its business at the core of its operations. Addressing modern slavery and the exploitation of human rights across the global supply chain is a critical priority, particularly because the bulk of ingredients come from farmers and suppliers of agricultural products.

McCain Foods Limited ("**McCain**", "**it**" or "**its**") is a purpose-driven business on a journey to make planet-friendly food. McCain's shared values - *Family, Authentic, Quality* and *Trusted* - are critical to the direction of decisions made regarding supply chain and procurement around the world.

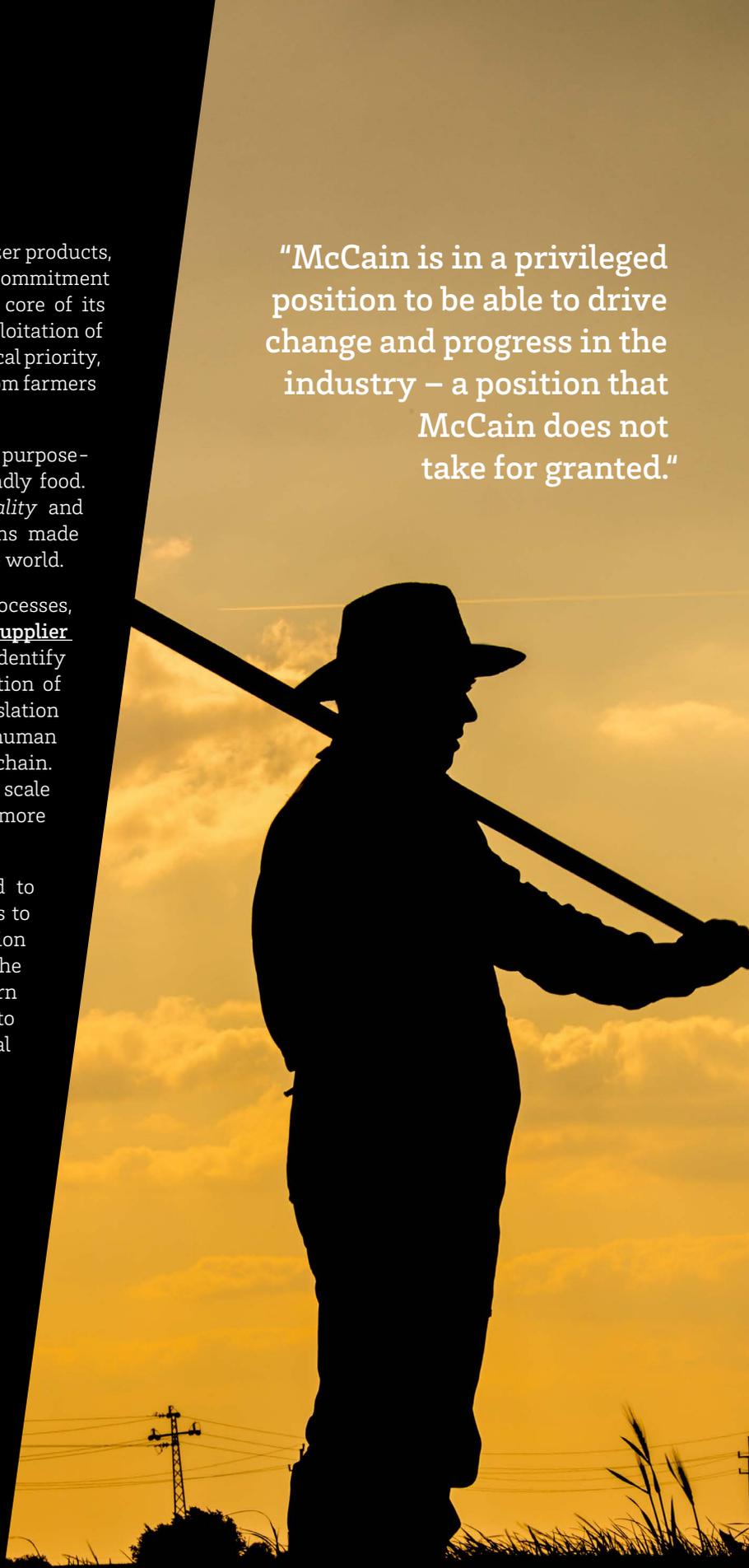
A number of appropriate company policies and processes, including the [McCain Global Code of Conduct¹](https://www.mccain.com/media/3139/mccain-code-of-conduct-english.pdf) and [Supplier Code of Conduct²](https://www.mccain.com/media/3568/supplier-code-of-conduct-english.pdf), have been in place for years to identify and manage risks globally. However, the introduction of the *Modern Slavery Act 2018* (Cth) and similar legislation elsewhere sharpened McCain's focus to protect the human rights of workers and the integrity of its supply chain. McCain sees this as an opportunity to use its global scale to act as a more powerful force for good, locally and more broadly.

Over the past 12 months, McCain has continued to develop the robust framework of guiding principles to ensure that business practices are a part of the solution to eradicate modern slavery, particularly within the agricultural supply chain. In Australia, the Modern Slavery Committee has built on this foundation to comprehensively and effectively address regional risks.

However, despite the strides made in tackling the issue of modern slavery and labour exploitation broadly, it is critical that McCain not rest on its laurels. McCain is in a privileged position to be able to drive change and progress in the industry – a position that McCain does not take for granted.

In addition to looking at the policies and programs currently in place at McCain, this report outlines initiatives in development to fortify the fight of McCain Foods Aust (Pty) Ltd ("**McCain Foods ANZ**", "**us**", "**we**" or "**our**"), against modern slavery, including expanding employee training programs, assessing suppliers, and placing a greater emphasis on identifying and addressing modern slavery risks in our indirect supply chain.

"McCain is in a privileged position to be able to drive change and progress in the industry – a position that McCain does not take for granted."



1. <https://www.mccain.com/media/3139/mccain-code-of-conduct-english.pdf>
2. <https://www.mccain.com/media/3568/supplier-code-of-conduct-english.pdf>

This statement is made under the *Modern Slavery Act 2018* (Cth). It sets out the actions taken by McCain Foods (Aust) Pty Ltd (ACN 000 629 587), an entity registered in Australia, to address modern slavery risks in our supply chain over the financial year ending 30 June 2020.

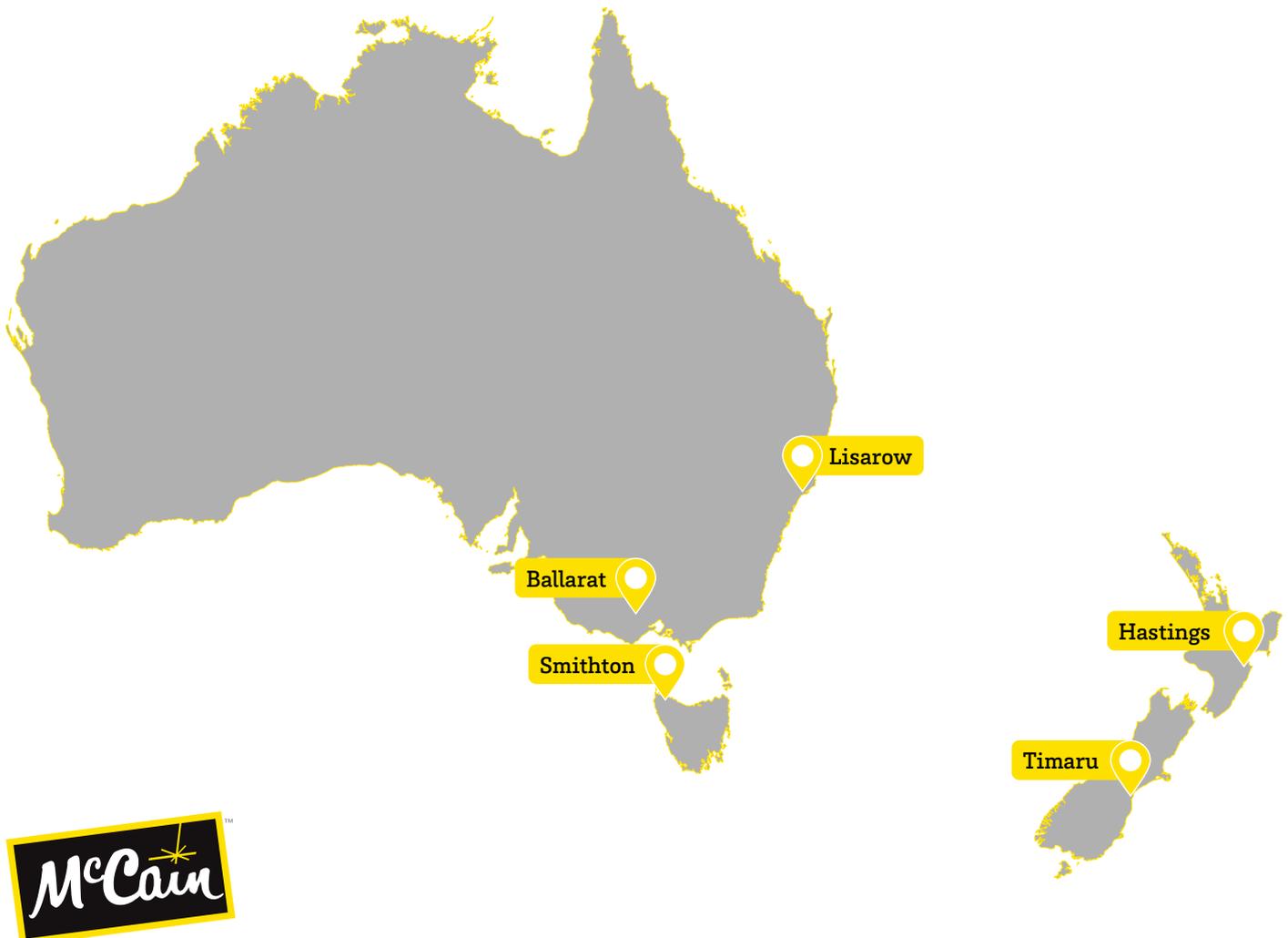


Structure, Operations and Supply Chain

McCain is a global brand; the head office of McCain Foods Limited, the Canadian parent company of McCain Foods ANZ, is located in Toronto, Canada.

McCain is a privately owned, multi-national leader in the frozen food industry, manufacturing quality products including French fries, appetizers, pizzas, vegetables, desserts, and prepared meals. McCain also owns companies in complementary industries, such as agriculture and transportation.

In Australia, McCain Foods ANZ is a significant leader in the frozen foods category, manufacturing and selling frozen foods ranging from vegetables, vegetable-based products (such as French fries and sweet potato fries), complete meals, pizzas and snack food through quick service restaurants, foodservice businesses, and retail supermarkets. We sell our products throughout Australia and New Zealand and beyond into Asia and the Middle East.





Our portfolio of controlled entities includes McCain Finance (Aust) Pty. Ltd. (ACN 067 367 882), Kitchens of Sara Lee Pty. Ltd. (ACN 155 459 804), Weyville Holdings Limited (NZ co. no. CH 459976), McCain Foods (NZ) Limited (NZ co. no. CH 358737), Grower Foods Limited (NZ co. no. CH 838659), and McCain Foods Taiwan Ltd., and each of the entities in the McCain Foods ANZ group is referred to as "our Group" for the purposes of this statement.

Our Group directly employs approximately 1,400 people across Australia and New Zealand, and thousands more indirectly through our logistics and supply chain. We are a trusted supplier to hundreds of hospitality establishments – restaurants, pubs, and clubs – as well as hospitals, aged care facilities, tourism operations, and many more foodservice businesses.

We are proud of our place in the Australian and New Zealand markets, and particularly of the relationships we have cultivated with local growers. McCain Foods ANZ sources the overwhelming majority of our produce locally and we are committed to working with our farmers to support their day-to-day practices, as well as investigating ways to support new and innovative farming methods.

"We are proud of our place in the Australian and New Zealand markets, and particularly of the relationships we have cultivated with local growers."

The supply chain¹ of products and services that contribute to our operations includes raw agricultural materials - the top categories being potato and other commodities, including frying oils and dairy.

In FY19, our Group's largest category of spend was on agricultural products and specifically potatoes - procuring from 229 growers: 124 potato growers and 105 vegetable growers (pea, sweetcorn and carrot) - from Australia and New Zealand, while other ingredients, raw materials and finished goods were sourced from more than 130 suppliers in 29 countries.



¹McCain differentiates procurement based on direct and indirect goods and services. Direct procurement involves the purchasing of goods, materials, and services directly associated with the production of products (e.g. raw potatoes, ingredients, spices, packaging), whereas indirect procurement refers to expenses incurred for materials, services, and maintenance required to operate the business (e.g. manufacturing equipment, maintenance costs, and consultancy costs).



Key Areas of Focus in FY20

Over the past decades, McCain has implemented global policies and processes reflecting its corporate values, including protecting human rights and reducing the risk of modern slavery in its operations and supply chain. Furthermore, McCain Foods ANZ has placed additional targeted emphasis on this critical area of corporate responsibility since the introduction of the *Modern Slavery Act 2018 (Cth)*.



Risks of Modern Slavery Practices in our Operations and Supply Chain

As a family-owned business, McCain has always operated according to its core values. McCain has long understood that there is an inherent risk of exposure to the threat of modern slavery and labour exploitation in food and agriculture supply chains, from production and processing to packaging and transportation. The diversity and scale of McCain's supply network means that these threats are particularly relevant to McCain companies around the world, and McCain understands that it has an important responsibility and an opportunity to be an agent for positive change in the industry.

That is why McCain has invested significant resources into developing a robust **McCain Code of Conduct**¹ and **Supplier Code of Conduct**² to govern its own actions and those of its

partners and suppliers, drawing upon international standards and best practices in human rights and sustainability.

The Supplier Code of Conduct², which sets stringent standards of ethical conduct for McCain's suppliers, is founded upon McCain's values, as well as applicable laws around the world.

The following table outlines the top 10 countries (based on spend) from which McCain Foods ANZ sources products and the risks identified with sourcing products from each of those countries based on the **Global Modern Slavery Index**³.

Country of Manufacture Code	Country	% of Spend	Prevalence of people living in modern slavery	Estimated Proportion living in modern slavery	Government response rating	Overall weighted average	Risk Score
AU	Australia	70.57%	15,000	0.6/1000	BBB	4.3	1
NZ	New Zealand	17.94%	3,000	0.6/1000	BBB	1.9	1
NL	Netherlands	1.78%	9,000	1.8/1000	A	6.1	1
CN	China	1.77%	3,864,000	2.8/1000	CC	50.6	3
BE	Belgium	0.58%	23,000	2.0/1000	BBB	13.1	1
TH	Thailand	0.54%	610,000	8.9/1000	B	51.1	3
IT	Italy	0.48%	145,000	2.4/1000	BBB	28.3	2
ES	Spain	0.37%	105,000	2.3/1000	BBB	12.8	1
UK	United Kingdom	0.32%	136,000	2.1/1000	BBB	11.1	1
US	United States	0.29%	403,000	1.3/1000	BBB	15.9	1

Risk Legend		
1	0-20	Very Low Risk
2	21-40	Low Risk
3	41-60	Medium Risk
4	51-80	High Risk
5	81-100	Very High Risk

1. <https://www.mccain.com/media/3139/mccain-code-of-conduct-english.pdf>
 2. <https://www.mccain.com/media/3568/supplier-code-of-conduct-english.pdf>
 3. <https://www.globallavindex.org/>



Actions We Take to Assess and Address Risks

1. McCain Policies

McCain believes that strong internal policies and systems are a key aspect of managing and mitigating the risk of modern slavery in its operations and supply chain. McCain expects the same level of diligence in regard to the protection of human rights from its suppliers as from its employees, which is one of the ways McCain can use its "might for right" – leveraging its global scale to help maximize the positive impact of McCain.

Prior to the enactment of the *Modern Slavery Act 2018* (Cth), McCain has had a longstanding set of policies in place that are regularly reviewed, to assess and address applicable risks. These include [McCain's global Code of Conduct](https://www.mccain.com/media/3139/mccain-code-of-conduct-english.pdf)¹, Anti-Corruption Policy, and [Supplier Code of Conduct](https://www.mccain.com/media/3568/supplier-code-of-conduct-english.pdf)² and finally our Whistleblower Policy (**Policies**).

These Policies and other programs – such as McCain's sustainability program – ensure that team members and suppliers are dedicated to managing social, ethical, and environmental issues in a responsible manner consistent with McCain's global values.

McCain values learning and transparency. All employees and suppliers are made aware of the expectation that they will familiarize themselves with – and comply with – applicable policies.

These Policies are regularly monitored and updated to ensure McCain approaches all social, ethical, and environmental responsibilities in an appropriate and agile manner.

2. Modern Slavery Committee

McCain Foods ANZ has established a Modern Slavery Committee for Australia and New Zealand, comprising senior leaders from departments including legal and compliance, procurement, human resources, supply chain, commercial, agriculture, and safety (**Committee**).

The Committee's remit, in addition to the preparation of this modern slavery statement and the ensuing actions, includes:

- Identifying and addressing any modern slavery risks present in our operations and supply chain
- Immediately driving action to remediate any incidents if and when they may be identified
- Identifying means to reduce or mitigate the risk of modern slavery
- Developing programs, practices, and procedures to enhance our response to modern slavery
- Operating as a group of thought leaders for McCain on the important issue of modern slavery, to ensure our people understand that our company's exposure to farming, packaging, and logistics raises the possibility of modern slavery within our supply chain – and what we all must do to mitigate the risk, identify issues when they arise, and take immediate action where appropriate.

The Committee has raised awareness of modern slavery risks – and our response to those risks – through our various divisions, and through an employee training and compliance program, as outlined below.

1 <https://www.mccain.com/media/3139/mccain-code-of-conduct-english.pdf>
2 <https://www.mccain.com/media/3568/supplier-code-of-conduct-english.pdf>

Actions We Take to Assess and Address Risks

3. Risk Mapping and Due Diligence

McCain Foods ANZ conducts due diligence on all of our suppliers before they are introduced to the supply team. We are now in the process of enhancing that process to incorporate specifically tailored questions designed to determine the risk of modern slavery throughout the operations and supply chains of our suppliers.

There are a number of actions we take to assess and address the risks of modern slavery throughout our Group's operations and supply chain, namely:

- New Supplier Evaluation Surveys, incorporating an assessment of certain aspects of modern slavery
- Supplier Expectations Letters, incorporating a Social Accountability statement
- Documentation updates to ensure modern slavery risk mitigation components are incorporated, as appropriate, and gaps are addressed

Future actions will be taken as follows, based on gaps identified in FY20, such as:

- Updated Supplier Evaluation Surveys with comprehensive modern slavery tab; and
- Updated Supplier Expectations Letters, as appropriate.

4. Employee Training and Compliance

We continue to implement new programs to increase employee awareness and engagement regarding modern slavery. During 2020 and 2021, we are and will be communicating with all staff about modern slavery (including providing all staff with a copy of this statement).

McCain has also dedicated an entire section of the company intranet site to its focus on sustainability actions, including the thriving rural communities in which McCain operates and the long-term, trusted connections to growers, thus providing a natural forum to educate on risks, mitigation efforts, and other information re modern slavery.

McCain engages in best practices in recruiting and hiring to ensure that all employees are appropriately on-boarded and employed in accordance with applicable laws. During the coronavirus pandemic, McCain has consistently taken significant actions to ensure the health and safety of employees and applicable third parties.

In the coming year, our on-boarding will now include training on modern slavery. In the latter part of the year, for all employees - whether new hires or current employees - we have developed a module on modern slavery in our standard compliance program, which all employees will be required to complete.



Actions We Take to Assess and Address Risks

5. Partnering with Organizations

McCain Foods ANZ has an ongoing dialogue with a number of our key suppliers and customers regarding the manner in which we can collectively address and reduce the risk of modern slavery.

McCain is exploring the possibility of partnering with other organizations / NGOs to obtain access to authoritative materials and information and guidance on best practices.

6. Managing Supplier Contracts

McCain Foods ANZ maintains standard procurement terms and conditions for transactional matters and negotiated master service agreements for ongoing relationships. Each of these have been updated or will be crafted, as appropriate, to mitigate modern slavery risks.

If a supplier is found to be in breach of the terms stipulated in their contract with us, including those relating to compliance with the **McCain Supplier Code of Conduct**¹, we are able to take corrective action and suspend or terminate the contract with that supplier.

We take any breach of the **McCain Supplier Code of Conduct**¹ - or any other breach involving a risk to human rights - seriously, addressing it promptly and with the ultimate goal of reducing or removing the risk altogether (for example, where appropriate, the removal of a supplier from our supply chain).

7. Reporting Concerns

Employees are encouraged to report any occurrences of modern slavery identified or suspected. They also have the option of reporting under our existing Whistleblower Policy or the **Code of Conduct**².

For employees who wish to make an anonymous complaint to an external service, McCain retains an independent external service provider which is authorized to receive whistleblowing reports in relation to its global business (contact details are contained in the **Code of Conduct**² and the Whistleblower Policy). All reports received by the external service provider are reported to McCain's Chief Human Resources Officer and Chief Legal Officer.

1. <https://www.mccain.com/media/3668/supplier-code-of-conduct-english.pdf>
2. <https://www.mccain.com/media/3139/mccain-code-of-conduct-english.pdf>



Further Actions We Will Take to Assess and Address Risks

To strengthen our stance against modern slavery risks in our supply chain, the Committee has also laid out additional actions it intends to embark upon by the end of FY21:

1. Increasing the Assessment of Suppliers

The Committee will further investigate the modern slavery risks in our direct and indirect supply chains and determine appropriate remediation action. This may involve the replacement of high-risk suppliers with suppliers presenting a lower risk of modern slavery in their operations, business, and supply chains.

The significant, tangible action represented by replacement of these suppliers will continue to reinforce to all our staff and suppliers that we will not tolerate modern slavery in our supply chain. We will also investigate establishing specific auditable recordkeeping requirements for suppliers in respect of workplaces, high occupancy worker residences, payroll, and other, as applicable.

2. Training

In addition to our efforts to increase employee awareness and engagement regarding modern slavery, in the latter part of the year the Committee has prepared a new interactive modern slavery training module to provide detailed training on modern slavery for all employees of McCain Foods ANZ. Subsequent training may focus on function-specific skills, including how to identify the existence of modern slavery in a supply chain and how to uphold the high standard of requirements that McCain Foods ANZ has adopted for all our suppliers to help us proactively manage modern slavery risks. Where appropriate and feasible, McCain Foods ANZ will also offer the training module to suppliers.

3. Audits

McCain periodically monitors compliance with the Policies and will formally and informally monitor and evaluate progress regarding our approach to modern slavery as part of the regular monitoring process. Specific auditing of certain relationships, such as with our growers, will become an increasing focus for us. In addition to auditing the supply contracts of our raw supply with our farmers to ensure the appropriate contractual commitments are incorporated, we will also formally audit 10% of our grower base (by volume) per annum and send a questionnaire to all other growers annually.

4. Deep-dive into Indirect Supply Chain

As our response to modern slavery risks develops and matures, the Committee will begin a new project to assess the potential risk within our indirect supply chain. We will report progress via this statement as applicable.



How We Assess the Effectiveness of Actions We Take to Address Modern Slavery Risks

McCain's belief that 'good ethics is good business' has guided it from farm to fork, and is the basis of its values. On this basis, McCain has built relationships with growers spanning generations, is recognized for its commitment to sustainability and work in local communities, and has been able to successfully implement innovative regional initiatives around the world, including in Australia and New Zealand.

It is through these strong relationships and regular contact with growers that we are able to regularly review our grower assessment processes – our largest single source of procurement.

McCain's existing Policies are monitored regularly and we will conduct regular audits of the modern slavery programme, both internally as directed by Internal Audit and/or the Committee, and, where appropriate, externally via independent auditing services.

McCain Foods ANZ will continue to evaluate suppliers and their practices, using and regularly reviewing a scoring matrix to best assess the effectiveness of our due diligence.

The extent of actions taken to address modern slavery risks will be measured by certain quantitative metrics, such as the number of individuals trained, contracts signed with appropriate modern slavery contractual provisions, and the number of audits undertaken.

More importantly, the effectiveness of actions undertaken will be assessed by means of metrics, such as the number of calls to our whistleblower line and investigations launched, if any, and the number of successful audits and resolved non-compliances generated in ethical audits, if any.



Consultation Process with our Subsidiaries

The members of our Group are wholly-owned by McCain Foods ANZ and the same management team oversees all businesses within the Group. Accordingly, consultation with these entities has occurred as part of the process.

This statement was approved by the Board of McCain Foods (Aust) Pty Ltd.

Signed,



Craig Mason

Managing Director, McCain Foods (Aust) Pty Ltd

Date: 24 February 2021

