

Structure, operations and supply chains of the Group

Structure

The group includes the two below operating entities:

- M. C. Herd Pty Ltd
- Challenge Meats Pty Ltd

M.C. Herd is a multi-species meat processing facility located in Geelong, Victoria. Founded in 1951 the plant processes high quality lamb, mutton, veal and beef for both the domestic and export markets. In 2017 a small stock boning room was built which has enabled us to expand our business to include carton lamb.

Challenge Foods is a processing facility located in Geelong, Victoria. Founded in 1968 Challenge Foods specialise in the cooking and further processing of pork, lamb, beef and chicken products for Fast Moving Consumer Goods Companies (FMCG), Retail, Quick Service Restaurants (QSR), large further processors and Food Service customers across Australia and New Zealand. We are also an accredited export facility.

The Group employees more than 380 employees all based at our processing facilities in Geelong. We have a diverse workforce with backgrounds from over 40 nationalities working towards a common goal of supplying high quality products to our customers.



Supply Chain

M. C. Herd sources a broad range of goods and services from across Australia and New Zealand. From time-to-time products which are not available within Australia are sourced from other countries – this is normally limited to machinery and spare parts. A number of our products sourced from Australian based companies may have originated from overseas suppliers.

The main types of goods purchased are:

- Livestock from domestic farmers and feedlot operators that provide either directly to M. C. Herd or indirectly to M. C. Herd through various livestock markets.
- Domestic meat products for further processing.

The above two items account for in excess of 95% of the Group's expenses excluding local salary and wages.

Other types of goods purchased are:

- Packaging
- Ingredients including herbs and spices
- Protective equipment and tools
- Grain and other animal feed
- Equipment and parts
- Cleaning chemicals

Services used include:

- Cleaning providers
- Security providers
- Transport and storage
- Engineering and IT
- Financial institutions
- Utility providers



Risks of modern slavery practices in the operations and supply chains of the Group

We have considered the potential for the Group to cause, contribute or be directly linked to, modern slavery through our operations and supply chains.

Our assessment was broken into three categories listed below;

- Our own operations (cause)
- Our direct suppliers (directly linked to)
- The suppliers of our suppliers (contribute)
 - The group has assessed the risks of Modern Slavery within its operations as low. All employees are based at our facilities which are both located in Geelong. Employees are paid under an Enterprise Bargaining Agreement (EBA). The EBA is independently reviewed against the “Better Off Overall Test” to ensure that wages and conditions are equal to or above award conditions.
 - The group also assesses the risks with Modern Slavery in its direct supply chain as low. All livestock purchased is Australian, meat purchased for Challenge Foods is either locally sourced Australian or New Zealand product or if imported is done through a reputable supplier who is an Australian Trusted Trader (ATT) which is administered by Home Affairs with the Australian Border Force.
 - The remaining supply chain partners are businesses located in Australia which potentially procure components of their goods from overseas suppliers. Where possible the Group will endeavour to only use reputable suppliers with strong corporate governance and social responsibility standards. However due to the inherent risk of limited oversight of some supplier’s end to end supply chains, this category of supplier has been assessed as medium.

Actions taken by the Group to assess and address the above risks

In 2020 the Group focused on improving its understanding of, and ability to, identify potential risks of modern slavery in its own operations and supply chains. Management commenced a review into its policies and procedures and where improvement opportunities were identified, management put in place a timeline to implement necessary changes.

The following action has been taken to address the risk of modern slavery within our operations:

- All employees outside of management are paid in accordance with a registered EBA
- Internal reviews completed independently by both the HR and Finance department to ensure that the EBA rates are paid and are equal to or above the award rate
- Employee Code of Conduct
- Whistle-blower policy

The following action has been taken to address the risk of modern slavery from our suppliers:

- The key suppliers of the group are Australian based farmers or Australian based boning rooms. Wherever possible M. C. Herd will build long-term relationships with key suppliers which helps understand their business.
- The Group ensures major non livestock suppliers complete a Supplier Self-Assessment questionnaire, which includes a section on ethical trade including modern slavery.
- The Group uses Australian based suppliers where possible.

Maintaining Effectiveness and Continual Monitoring of Risk Mitigation

The Group is committed to reviewing risk identification, code of conduct, communication and awareness procedures. Management are well placed to identify risks in our own operation and supply chain. We understand that adhering to the Modern Slavery Act will require ongoing monitoring to ensure best practice becomes part of our normal business procedures.

We acknowledge that measuring the effectiveness of our actions is complex.

Our aim is for continual improvement and to work with our supply chain to reduce risks identified.

- Continual improvement will mean the Group will focus on the following to ensure we remain effective in reducing the possibility of Modern Slavery in the supply chain. These include but are not limited to;
 - Updating our supplier questionnaire which is provided to suppliers who provide product or services based overseas to ensure compliance with the Modern Slavery Act and its expectations.
 - Develop training guides for all management and procurement personnel within the Group.
 - Continue to map the supply chain to identify high risk suppliers allowing us to better identify potential weaknesses in upholding our commitment to our Modern Slavery statement.

Consultation between the Group Entities

This statement is submitted as a joint statement covering the entities comprising the Group. Both entities of the Group have the same directors and key management personnel who oversee both entities. The management team of both entities were consulted throughout the process of preparing this statement.

Statement Approval

This statement has been reviewed and approved by the Board of Directors of M. C. Herd Pty Ltd and Challenge Meats Pty Ltd on the 14th of April 2022. All three directors have signed the Statement of approval below.

Francis Oswald Herd
Managing Director
M. C. Herd Pty Ltd
Challenge Meats Pty Ltd



Richard Francis Oswald Herd
Director
M. C. Herd Pty Ltd
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