

1. Introduction – a message from our Chief Executive Officer.

This is Patties Foods' first Modern Slavery Statement, which outlines the steps Patties has taken to identify, manage, and mitigate the risks of modern slavery in its Australian operations and supply chain.

We have taken significant steps to incorporate the UN's Sustainable Development Goals into our business ethos and operations in recent years. Specifically, commitment to ethical sourcing at all levels of the supply chain has been identified as a priority focus area, and formally integrated into our corporate strategy.

This statement has been made on behalf of each of the below mentioned Australian based entities. It has been reviewed by and approved by the Board of Directors of the Patties Foods Group.

We have acted in consultation with entities within our group in preparing this statement, by ensuring project leads from all sites and business units were part of the rollout of our ethical sourcing policy, and all other initiatives we have undertaken so far to combat all forms of modern slavery.

We are committed to continuous improvement to address the global problem of modern slavery and will continue to refine our approach as we understand the issues and our specific risk areas better.



Paul Hitchcock

Chief Executive Officer and Director.



2. Patties' structure, operations and supply chain.

2.1. Structure and operations

Patties Foods Pty Ltd (**Patties**) commenced operations in East Gippsland, Victoria, in 1966 as a family bakery. It experienced continuous growth over the following decades, particularly after acquiring the Four 'n Twenty brand, and was listed on the Australian Stock Exchange in 2006.

In 2016, Patties delisted when a major share of Patties Foods was acquired by private equity investors, with a plan to expand and pivot the business to an Australian diversified food group producing 100% Australian made products for local and export markets. This diversification has involved the acquisition of:

- the Boscastle Pastries and Foods business (Boscastle Pastries and Foods Pty Ltd);
- a large food manufacturing facility with capacity to produce ready meals and chilled pasta and sauce products in Pakenham, Victoria (Australasian Foods Pakenham Pty Ltd);
- the chilled meals business, Australian Wholefoods Pty Ltd in Salisbury, South Australia; and
- Leader Products in New Zealand – which manufactures 100% NZ made food products.

Patties remains one of the largest pie manufacturers in the world, producing some of Australia's most famous household brands, including the iconic Four 'n Twenty brand, Herbert Adams, Patties, Boscastle, and Nanna's. Patties is the second largest employer (behind the hospital) in the East Gippsland region of Victoria, providing work and income to more than 400 employees, labour hires, and contractors. Additionally, Patties provides employment to over 500 staff and contractors at Patties' other sites and joint ventures. Workers at our two main Australian sites, Bairnsdale and Pakenham, are employed under site specific Enterprise Agreements.



Patties exports to Australia, New Zealand, Asia Pacific, and the United States of America, and has an approximate annual turnover in its Australian operations of \$300,000,000 AUD and annual consolidated revenue of \$410,000,000 AUD.

2.2. Patties' supply chain and labour force

Patties' operations are supported by a large supply chain. During the 2020 financial year, goods and services were sourced from over 700 direct and indirect suppliers across Patties' Victorian operations, and over 200 suppliers across its South Australian operations.

An 'Australian First' sourcing policy applies, wherever possible for the Australian operations. Patties is proudly one of the top five buyers of Australian beef, and procures 100% of its flour from Australian mills. All eggs used in branded products are Australian sourced, and cage free.

All workers at Patties' main manufacturing facility in Bairnsdale, including labour hire workers, are paid in accordance with Patties' site-specific Enterprise Agreement.

3. Policies and governance

Patties is committed to identifying and eliminating modern slavery in its supply chains and operations, and has made this expectation clear in its pre-qualification questionnaire for new suppliers, its trading terms and supplier contracts, and its Ethical Sourcing policy. Patties is a member of the ethical trade organisation SEDEX, and has conducted self-assessment audits, which are available to any suppliers or customers which request access, for each of its Australian manufacturing sites.

A dedicated modern slavery working group was formed in 2020, comprising Patties':

- Chief Financial Officer;
- General Legal Counsel / Sustainability lead;
- Head of Procurement; and



- Procurement and QA Vendor Assurance officer.

Late 2019, Patties' Legal Counsel provided training to the Executive Leadership, Procurement, and Quality Teams on the risks of modern slavery in global supply chains, and to engage senior leads on Patties' new obligations under the Australian *Modern Slavery Act 2018*. Ongoing training will be provided to the procurement team, which is principally responsible for sourcing ethically and ensuring our suppliers are committed to Patties' ethical standards.

As part of Patties' initiative to identify and mitigate the risk of modern slavery in its business and supply chain, commencing early 2020, Patties' Executive Leadership Team imposed a new requirement that, in addition to agreeing to the modern slavery clauses in our standard trading terms, a CEO or Director of all direct and key indirect suppliers must return a signed copy of Patties' Ethical Sourcing Policy. The policy reflects Patties' commitment to acting ethically and with integrity and to implementing effective systems to ensure that slavery, or other unethical practices, are not taking place anywhere in the supply chain. Suppliers which unreasonably refuse to sign up to our policy are identified, and where appropriate, the relationship will be terminated.

A Link to Patties' Ethical Sourcing Policy can be found here:

https://issuu.com/patties4/docs/ethical_sourcing_policy_final_2020_2.docx

Patties has also updated its Whistleblowing Policy, to clarify that any supplier or service provider, or their spouses, relatives, or dependants, may make a disclosure (including anonymous disclosures) of suspected unethical practices within Patties' operations, which will be investigated and addressed accordingly.

4. 2020 rollout of Patties' Ethical Sourcing policy

Our goal for the 2020 financial year was a 100% return rate of signed Ethical Sourcing policies from our direct suppliers, and key indirect suppliers such as labour hire.



Victorian Operations

As at December 2020, 122 signed policies have been received from direct and key indirect suppliers, per the following categories of suppliers and service providers:

- 100/166 (86%) - direct packaging and raw materials suppliers;
- 3/7 (43%) - third party (finished goods) suppliers;
- 7/8 (88%) - marketing service providers;
- 3/3 (100%) - IT service providers;
- 9/24 (37.5%) - warehousing and freight service providers;
- 3/3 (100%) – labour hire providers.

South Australian Operations

As at December 2020, 110 signed policies (50%) have been received from the total supplier base.

The relationship with one supplier which unreasonably refused to sign the policy was terminated.

5. Risk assessment

Despite the above initiatives, Patties recognises that modern slavery risk inevitably exists in the agricultural sector and is therefore likely to exist in our operations – particularly in second and third tiers of the supply chain. We will continue to drive our Ethical Sourcing program, monitor suppliers of high-risk commodities and geographical areas, and request site inspections or audits where appropriate.



6. Further steps and remediation

Following a review of the effectiveness of the steps we have taken this year to ensure that there is no slavery in our supply chains, we intend to take the following further remedial steps to combat slavery in our operations and supply chain over the year ahead:

- Require outstanding direct and all key indirect suppliers, in particular cleaning and security companies, to return signed copies of Patties' Ethical Sourcing Policy;
- Rollout Ethical Sourcing policy in Patties' New Zealand operations;
- Establish a database of country of origin of all goods and services, in first and second tier supply chain across the Patties Foods Group; and
- Recruit a group Vendor Assurance Manager, who will have responsibility for managing the ethical sourcing program and risk assessments.

Where a modern slavery risk is identified through our due diligence processes or through our whistleblowing policy, we will endeavour to work with the supplier to ensure appropriate remedy or improvement is achieved.

This modern slavery statement is made by Patties Foods Pty Ltd for the financial year ending 30 June 2020.

A handwritten signature in blue ink, appearing to read "Paul Hitchcock".

Paul Hitchcock

Chief Executive Officer and Director