



NORTH AUSTRALIAN PASTORAL COMPANY

20 | MODERN SLAVERY 20 | STATEMENT



NORTH AUSTRALIAN PASTORAL COMPANY



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INTRODUCTION

This is the first statement that the North Australian Pastoral Company (NAPCo) Group have prepared to meet the reporting requirements that became law in the Modern Slavery Act 2018 (Cth) ('Act' or 'MSA') on 1 January 2019. The reporting period for this Modern Slavery Statement is 1 January 2020 to 31 December 2020.

Reporting Entities

The Modern Slavery Statement is made as a joint statement for the NAPCo Group which refers to the following Australian entities (hereafter referred to as NAPCo):

- The North Australian Pastoral Company Pty Limited
- QIC Agribusiness Holdings Pty Ltd
- QIC Agribusiness Pty Ltd
- NAPCO Properties Pty Ltd as trustee for NAPCO Properties Trust
- NAPCO Properties Sub Holdings Pty Ltd as trustee for NAPCO Properties Sub Holdings Trust
- NAPCO Properties Holdings Pty Ltd as trustee for NAPCO Properties Holdings Trust

Our Approach

We rely on the definition of modern slavery in the Act, which covers eight types of serious exploitation: trafficking in persons, slavery, servitude, forced marriage, forced labour, debt bondage, the worst forms of child labour and deceptive recruiting for labour or services.

NAPCo recognises that sources such as the Commonwealth Government's 2017 'Hidden in Plain Sight' Report indicates that modern slavery is prevalent within the agricultural industry. In line with requirements set out in the Act, NAPCo is committed to developing its understanding of the modern slavery risks in its operations and supply chain.

We intend to work in partnership with our suppliers, customers and other stakeholders to promote ethical practices which minimise the risks of modern slavery in our operations and supply chain and the agricultural industry more broadly.

We are proud to share our progress in this area but recognise that our practices can be continually developed and improved as we move forward.

OUR STRUCTURE, OPERATIONS AND SUPPLY CHAIN

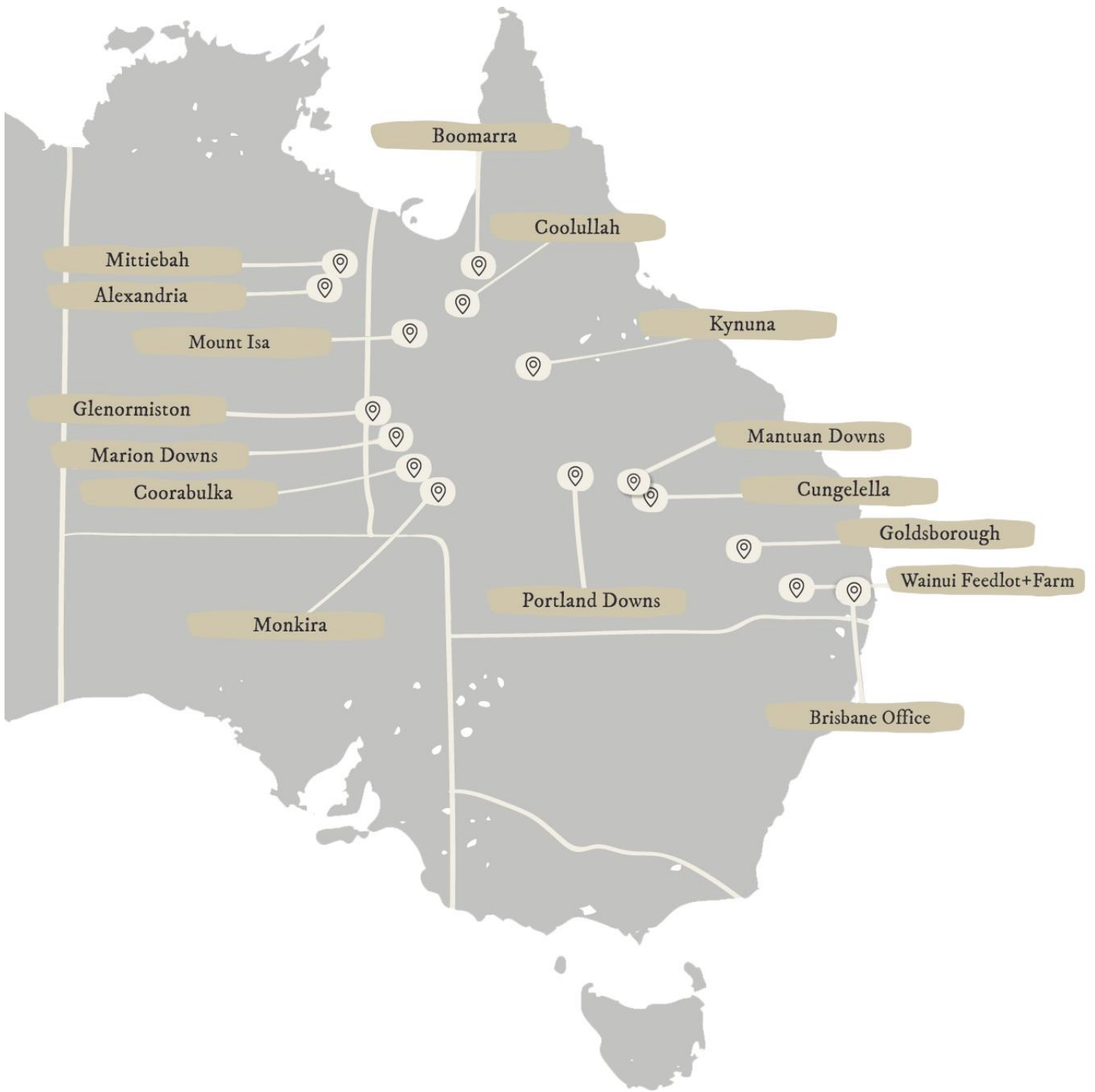
The North Australian Pastoral Company was established in 1877 and has grown to become one of Australia's largest owners and managers of pasture grazed and lot fed cattle in Australia. Land under management spans six million hectares across Queensland and the Northern Territory.

Structure

As breeders, pastoralists and beef producers, NAPCo adopts a whole-of-life approach to the care of our animals. With a herd of approximately 200,000 head of cattle and brandings in excess of 60,000 calves each year, our cattle are recognised for their quality and quietness. NAPCo works with processors and customers to deliver quality cattle and beef.

NAPCo employ over 220 people across a portfolio of 13 stations located across Queensland and the Northern Territory, a Feedlot and Farm in the Darling Downs, a Depot in Mount Isa and a Corporate Office located in Brisbane CBD.

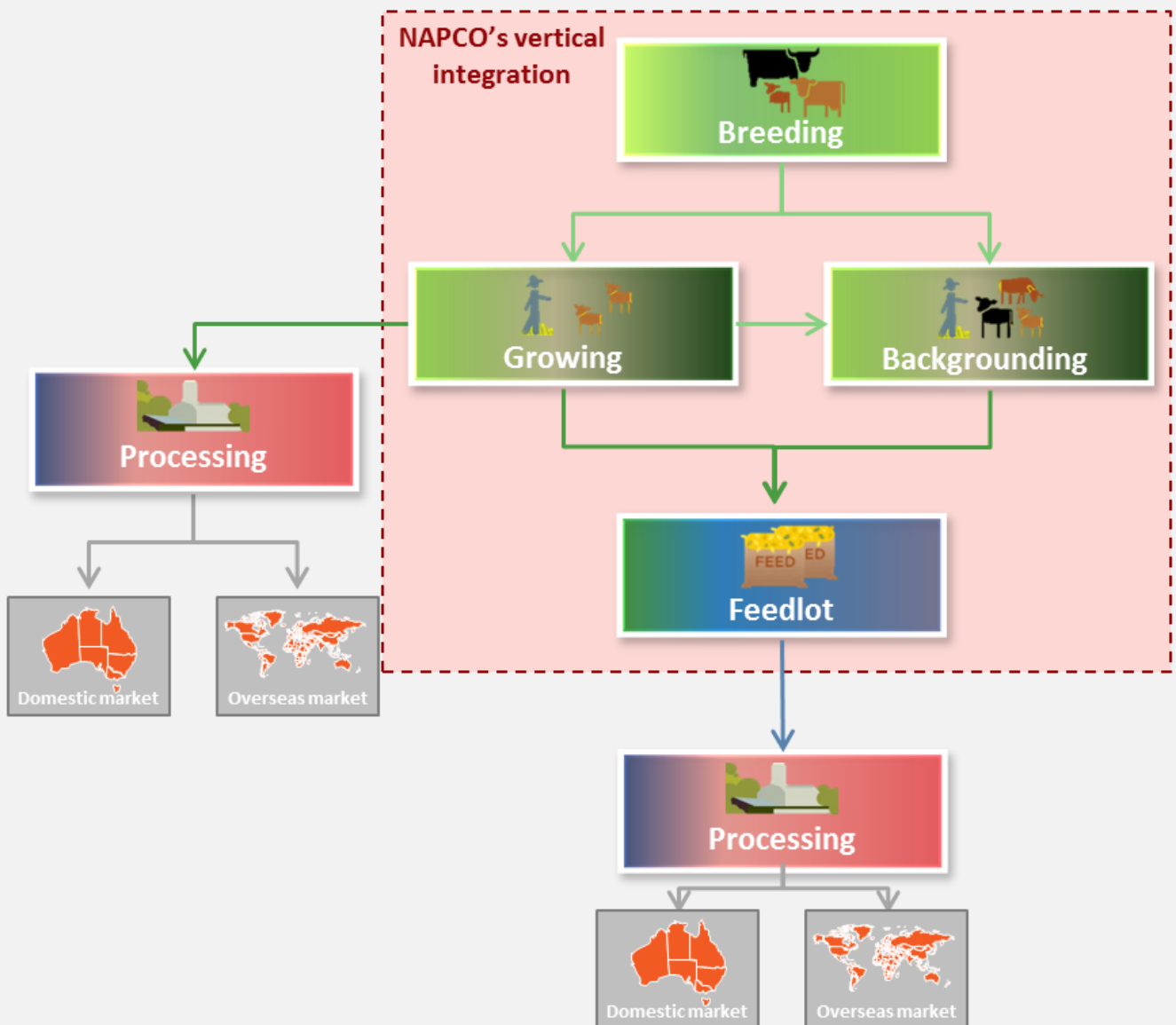
The registered office is Level 1, 12 Creek Street, Brisbane, Queensland.



Operations

NAPCo produces and supplies cattle and branded beef products to a broad range of customers in the global and domestic markets, including major retailers, Quick Service Restaurant (QSR) operators, food service distributors, and beef wholesalers.

The diagram below reflects NAPCo’s operating model.





Breeding

NAPCo is the owner of the largest composite cattle breeding program in the world- namely the NAPCo Composite Breed. NAPCo has a closed-loop herd with a wide genetically diversified base.

Backgrounding

Cattle typically follow a north west to south east progression from breeding to finishing.

NAPCo transfer their own cattle throughout their own supply chain, feeding and growing on property pastures owned by the NAPCo Group, from newborn calf to feedlot entry weights ranging from 300kg – 420kg.

Lot Feeding

NAPCo owns a feedlot on the Darling Downs at Wainui in Queensland. The capacity is 14,240SCU, and the business turns over in excess of 50,000 cattle annually. Lot fed cattle are delivered to Australian processors to feed the demand for Australian beef on both the domestic and global markets. The majority of NAPCo cattle are sold to processors in the domestic market with around 10% being sold into the business' Five Founders program.

NAPCo grows and procures a range of commodities to utilise in its lot feeding operations. Commodities are used exclusively to create a specially formulated custom ration for cattle.

Farming

NAPCo operates 5,000 ha of dryland and irrigated farmland which is used, where possible, to underpin feed requirements.

This land adjoins the Wainui feedlot.

Boxed Beef

With a goal to export premium Australian beef to the world, NAPCo launched its Five Founders beef brand in 2019. Cattle from NAPCo feedlot are custom processed by Australian beef processors and shipped to its customers across Australia and to the world (predominantly Singapore, Japan and USA).

Supply Chain

Our supply chains are vertically integrated within the business. We source our goods and services from around 1,000 suppliers, predominantly based in Australia. The supply chain industries that we procure from are varied and include but are not limited to feed, supplementation, yard and fencing infrastructure, chemicals, fertiliser and services such as distribution and freight.

The major products and services which contribute to NAPCo's own products include:

- Livestock – cattle born and bred within our own supply chain across Northern Territory and Queensland;
- Commodities (such as grain, hay, cotton seed, straw and liquids) – sourced both domestically and internationally
- Logistics and Transport – supplied by both domestic trucking lines and international shipped and freight lines;
- Processing services – supplied by domestic entities; and
- Farming inputs (such as seed, herbicides, insecticides and fertilizer) – sourced from domestic suppliers.

NAPCo's suppliers range from family-owned enterprises to international businesses, a majority of which are located in Australia.



MODERN SLAVERY RISKS IN OUR OPERATIONS AND SUPPLY CHAIN

NAPCo acknowledges that it operates within the agricultural sector, which is generally recognised as containing an elevated risk of modern slavery practices.

The direct operations of NAPCo are considered to have a low risk of modern slavery practices for the following reasons:

- NAPCo have no operations outside of Australia;
- A vast majority of NAPCo workers are directly employed by NAPCo rather than being engaged through third parties;
- Employees who are directly employed in NAPCo's operations are typically covered by the terms of collectively negotiated enterprise agreements approved by the Australian Fair Work Commission or its predecessors. The agreements stipulate minimum conditions for wages, hours of work, overtime conditions, additional remuneration, leave entitlements and redundancy benefits. Where the relevant employees are not covered by enterprise agreements, they are typically employed under the terms of modern awards, on above-award wages. For more senior positions, these are commonly engaged under the terms of common law contracts. All Australian employees remain subject to the minimum conditions in the Australian National Employment Standards;
- NAPCo's employment practices are fully compliant with all local laws in Australia, and are regularly assessed for compliance;
- Our recruitment and selection process has strong governance. Employment decisions are based on the principle of merit, with no instances of forced labour. All employees must demonstrate their legal right to work in Australia before being permitted to commence work; and
- We have not received any complaints or enquiries relating to modern slavery practices.

In addition to our direct operations, we consider that there is also a low risk of modern slavery practices in NAPCo's supply chain, for the following reasons:

- NAPCo undertakes steps towards due diligence when entering into a commercial relationship with an entity, including but not limited to meeting with key contacts, performing ASIC searches, considering alternative comparable quotes, verifying account details.
- NAPCo has not been made aware of any actual or suspected instances of modern slavery practices occurring by or related to any of the entities in its supply chain.
- Most of NAPCo's suppliers are based in Australia, which has strong anti-slavery laws and protections, as well as greater visibility from the public and news outlets over such wrongdoing. NAPCo does not engage with any entity which has been publicly recognised as having engaged in human rights violations or modern slavery practices in the past.

With a view to continuous improvement, NAPCo will seek to proactively engage with its suppliers, customers and other stakeholders over the coming 12 months to further scope / define the risks of modern slavery practices in its supply chain.

ASSESSING AND ADDRESSING MODERN SLAVERY RISKS

NAPCo's modern slavery risk assessment process categorises the NAPCo supply chain into the following three groups:

- Tier 1 – suppliers providing goods or services directly to the NAPCo Group,
- Tier 2 – suppliers providing goods or services to Tier 1 supplier, and
- Tier 3 – suppliers providing goods or services to Tier 2 suppliers.

Our primary focus is with Tier 1 suppliers whom we directly source from.

NAPCo have begun the process of identifying the Tier 1 supply chain entities with a view to discussing what processes are in place. NAPCo considers the risk of modern slavery practices within its operations and supply chain to be low based on indicators such as labour practices and the location of its operation.

NAPCo have taken steps to assess the risks of modern slavery in its operations and supply chain through a modern slavery scoping exercise and discussions with key internal stakeholders and external consultants on the practices of major suppliers where the potential risk was heightened based on various indicators.

The modern slavery scoping exercise adopted the process set out in the Commonwealth Modern Slavery Act 2019 – Guidance for Reporting Entities, namely:

- Identification of the broad operation and overall supply chain structure of the NAPCo Group;
- Review of the sectors, types of products and services, categories of investments, countries and entities against a generated list of modern slavery risks heightened by those factors; and
- Consideration of those areas of its supply chain over which NAPCo does not have visibility and the degree of risk those areas may hold in respect of potential modern slavery practices.

NAPCo has assessed all current processes it may have in place to conduct human rights due diligence and remediation and has plans to improve these processes over the coming months and years to strengthen its response to modern slavery practices.

In the next reporting period, NAPCo will work toward developing and deploying a risk assessment tool for major existing and new suppliers which extends beyond the modern slavery scoping tool used in this first reporting period.

NAPCo is committed to taking actions to address the risks of modern slavery identified by the assessment of its operations and supply chain.

ASSESSING THE EFFECTIVENESS OF OUR ACTIONS

The effectiveness of the actions taken to assess and address the risks of modern slavery in NAPCo's operations and supply chain will be addressed in future reporting periods by, amongst other things, the following:

- Undertaking quarterly reviews of the progress made towards developing and deploying the proposed actions;
- Tracking the deployed actions and reviewing key measurables such as the number of actions deployed, number of high risk suppliers and level of awareness of modern slavery practices and risk indicators among staff; and
- Regular reviews of the appropriateness of the actions based on the risks identified from time to time.

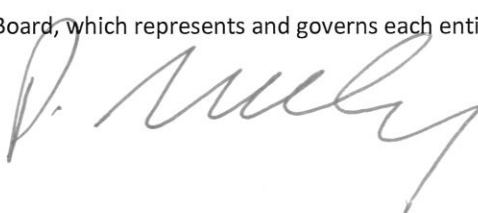
In line with its goal of continuous improvement, NAPCo expects that the methods of assessing its actions will be further informed throughout future reporting periods as the actions are developed and deployed.

OUR CONSULTATION PROCESS

Key management personnel representing each entity within the NAPCo Group have collaborated in the preparation of this Statement, following a series of meetings and collaborative action items focused on NAPCo's obligations under the Act and its stance against modern slavery.

Externally, we work with supply chain partners, legal advisors, customers, industry bodies and other enforcement bodies to ensure the risk of modern slavery is minimised with NAPCo's operations and supply chain.

The NAPCo Board, which represents and governs each entity within the NAPCo Group, has approved this Statement.



Paul Tully
Chairman of the Board
The North Australian Pastoral Company Pty Limited



NORTH AUSTRALIAN PASTORAL COMPANY

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