



## **Gruma Oceania Pty Ltd**

### **Modern Slavery Statement**

#### **Modern Slavery Act 2018**

#### **I. Introduction**

This is Gruma Oceania Pty Ltd's (ABN: 35 117 976 002) first Modern Slavery Statement pursuant to the Australian Modern Slavery Act 2018, covering the period 1 January 2020 to 31 December 2020. All references in this Statement to "Gruma Oceania", the "Company", "we" or "us" means a reference to Gruma Oceania Pty Ltd.

As a food manufacturer, Gruma Oceania Pty Ltd recognises that we have an important role to play in the fight against any form of slavery or human trafficking. Consistent with the principles set in our Gruma Code of Ethics and internal policies, we take a zero tolerance approach to the use of all forms of modern slavery including child exploitation, prison and forced labour, slavery, servitude, human trafficking, debt bondage, deceptive recruitment and forced marriage. We are committed to acting ethically and with integrity and transparency in all business dealings and to strengthen our policies and performance, in line with the requirements of the Modern Slavery Act.

Gruma Oceania seeks to do business with suppliers that have similar values, ethics and sustainable business practices, including those related to human rights. The Company recognises that as a large purchaser of goods and services, the business conduct of the Company and its suppliers can have a significant impact on its performance and reputation within the communities in which it operates. Thus, the actions of all Company members and suppliers must always be based on values such as integrity, honesty, trust, impartiality, respect, tolerance, freedom, rationality and legality, as well as with commitment to the environment and in acknowledgment of human rights. In accordance with our values, we continue to develop our approach on identifying and addressing modern slavery and human trafficking related risks.

Our reporting outlines the efforts we have commenced to assess and address risks of modern slavery and human trafficking in our business, employment practices, and our supply chain, and steps we are taking to have in place the most appropriate responses to these risks.

#### **II. Our Structure and Business Operations**

The reporting entity for this Statement is Gruma Oceania Pty Ltd, a proprietary limited company headquartered in Epping, Victoria, trading as Mission Foods. Gruma Oceania is an indirect subsidiary of Gruma, S.A.B. de C.V., a publicly traded Mexican company, and one of the world's leading tortilla and corn flour producers, listed on the Mexican Stock Exchange.



Gruma Oceania's main operation is as producer of wheat and corn flour tortillas, corn chips and other types of flatbreads, such as wraps, pita, chapatti, naan and pizza bases for the foodservice and retail markets. We supply product to all major food retailers with sales close to \$350 million dollars per annum which translates into approximately 50,000 tonne of product for Australian consumers. Our main brands are Mission® and Rositas®, and our main customers include retail and supermarket chains and foodservice restaurants, many of whom we have long-standing relationships with. We also manufacture private label brands for some of our retail market customers.

Gruma Oceania employs 367 permanent employees who come from culturally and linguistically diverse backgrounds, most are new migrants who have started their working careers in Australia with Mission Foods. Gruma Oceania has an enterprise agreement with AMWU which represents a large number of production workers.

Mission Foods is dedicated to a multicultural workforce and migrants continue to play an important role in the company's economic development. Working with Mission Foods plays a critical role in achieving better settlement and integration outcomes for migrant communities. Employment facilitates access to resources including food, housing and healthcare and plays a key role in becoming part of the community.

The workers represent the following birth nationalities: Bangladesh, Bosnia, Canada, China, Colombia, Croatia, Cuba, East Timor, El Salvador, Britain, USA, Ethiopia, Fiji, Hong Kong, India, Indonesia, Iraq, Italy, Japan, Kenya, Lebanon, Macedonia, Malaysia, Malta, Sri Lanka, Mauritius, Mexico, Myanmar, Nepal, New Zealand, Pakistan, Papua New Guinea, Peru, Philippines, Russia, Samoa, Serbia, Somalia, Spain, Sudan, Thailand, Turkey, Vietnam, and Zimbabwe.

Gruma Oceania maintains its principal office and state-of-the-art manufacturing facility at 49 Gateway Boulevard, Epping, Victoria 3076. More information about Gruma Oceania can be found on our website [www.missionfoods.com.au](http://www.missionfoods.com.au).

### **III. Brief Overview of Our Supply Chain**

The products and services that contribute to our own finished goods are obtained locally and abroad, which include raw materials used in the manufacture of our products. We also purchase finished goods to resell in the Australian market. Our supply chain also includes ancillary services that contribute to our main operations, such as transporters and carriers, warehousing, cleaning services and security providers.

Categories of products and services in our supply chain include:

- Ingredients for our products



- Packaging materials
- Refuse disposal and treatment
- Equipment and equipment services
- Industrial refrigeration
- Cleaning and janitorial supplies
- Security services
- Transporters, warehousing and logistics services
- Marketing
- Professional advisors
- IT services

We have approximately 48 direct suppliers for ingredients/raw materials for our products, and 4 active suppliers of traded finished goods. Most of the ingredients are sourced locally in Australia, while 26 different countries are sources of our imported ingredients, the majority of which come from the United States, China, the Netherlands, India and Malaysia.

For our operations, we use several service providers for activities such as laundry services, office supplies, cleaning services, maintenance, telecommunications, equipment rental, car hire, marketing activities, laboratory services, and finished goods distributors.

#### **IV. Risks of Modern Slavery Practices in Our Operations and Supply Chain**

##### **A. Our operations:**

Within our own operations, we believe the risk of engaging in modern slavery conduct is very low. All of our workers are employed in Australia, and the Company has strict controls in place for our employment practices, which include a robust recruitment policy and conducting eligibility checks for foreign employees to work in Australia using the VIVO Immigration Department site. This process enables us to safeguard against human trafficking or an individual being forced to work against their will. All our employment contracts are fully compliant with the Fair Work Legislation and the National Employment Standards.

For labour hire, we only engage labour hire agencies who have received provisional registration under the Victorian Labour Hire Licensing Regulations 2018.

##### **B. Our supply chain:**

We recognise risks that modern slavery may be present in our supply chain. We continue our efforts to classify supplier risks and map key parts of our supply chain to improve our understanding of modern slavery risks. We have consulted public domain data on globally identified risks such as the nature of a product or service, geographic location where they are sourced, type of workforce employed, weak rule of law, migration workforce and other socio-



economic factors provided by different organizations and indexes to identify areas with increased vulnerability.

Some ingredients that we use in our products sourced from agriculture, such as wheat (used for flour), sugar and palm oil, have been globally recognized as having increased vulnerability to modern slavery, based on data provided by the Commodity Atlas. Although most of our ingredients are sourced locally, this is globally recognised as a high-risk segment: and, both locally and overseas, there may be direct risk in our suppliers and indirect risk in their suppliers, of which we recognise we have lesser visibility. Such risk of a modern slavery conduct in our supply chain may be increased in accordance with our purchasing volumes of a particular ingredient or product, such as bulk wheat flour and RSPO palm shortening, which represent bigger volumes in dollars spent with respect to other ingredients.

We recognise, it may be difficult to detect these risks coming from geographic locations outside of Australia. Based on criteria such as prevalence, vulnerability and government response certain regions such as South America, south and southeast Asian countries are recognised by the Global Slavery Index as having increased modern slavery risks. Based on this index, there may be modern slavery risks in our finished goods that use ingredients sourced from these regions. While we have not classified our suppliers according to this data, we have made an internal classification of our raw material suppliers based on publicly available data from the Corruption Perceptions Index, which ranges from low to medium. As with raw materials, such risk may be increased in accordance with our purchasing volumes of ingredients sourced from abroad, such as RSPO palm shortening, considering our bulk wheat flour needs are met by Australian suppliers

We also recognise our service providers may fail to comply with their own employment work health and safety obligations to their employees and workers, particularly those services that may target marginalised and vulnerable groups such as cleaning, transporting, and warehousing. Also, outsourcing by our suppliers may be another area of risk, where marginalised groups may be targeted for short-term or seasonal labour.

To our knowledge, none of our major suppliers that we work with directly were reported as engaging in modern slavery practices during the reporting period. Notwithstanding, part of our efforts to better understand our supply chain includes strengthening our due diligence process as described further below.

## **V. Actions Taken to Address Modern Slavery Risks**

The following illustrates actions we have taken in order to improve our understanding, assessment and prevention of any modern slavery risks within our operations and supply chain. As an overview, we have the following policies in place as part of our broader policy framework, which are aligned with our core values:



- Code of Ethics
- Code of Conduct
- Ethical Procurement Policy
- Recruitment Policy
- Fraud and Corruption Control Policy
- Whistleblowing Policy
- Staff Grievance Policy

In order to further develop the above mentioned policies, we plan to take the following internal actions for our own operations:

1. Working group establishment: we have established an Ethical Trading and Modern Slavery Working Group to oversee the management of compliance with the Modern Slavery Act. Members of this working group represent our operations, procurement, quality and human resources areas.
2. Policies gap analysis and development: further review the Company's current policies and practices against the requirements of the Modern Slavery Act, with special attention to the Ethical Procurement Policy; if necessary, adapt existing policies and formulate any new policies and procedures. We estimate completion by the end of 2021.
3. Employee and staff induction: include information regarding modern slavery risks in our employee induction materials, in order to make sure our employees and staff are aware and capable of identifying and reporting any related incidents or occurrences. We estimate completion by the end of 2021.
4. Employee and staff training: development of training for key personnel to detect and prevent human trafficking and any other modern slavery risks. We expect launching this training by mid-2022.
5. Improve awareness of our grievance systems: increase visibility and awareness among our employees and staff of our whistleblowing and grievance mechanisms.

For our supply chain, our expectation is to work with suppliers with our shared position on modern slavery practices. We currently conduct due diligence on all suppliers via an Ethical Procurement Self-Assessment in line with our Ethical Procurement Policy, through which we seek to obtain data from our suppliers regarding their regulatory compliance, employment, health and safety and environmental practices in the supplier's own operations and supply chain. However, we plan to take the following long-term measures to improve our modern slavery risk assessment:

1. Reduce our exposure to modern slavery risk through improved risk assessment, due diligence and monitoring processes:



- a. Perform a risk assessment to map out structure, operations and supply chain, classify and evaluate the risk and mitigating factors of our suppliers; by the end of 2021 we expect to have considerable progress on this assessment.
  - b. Engage with SEDEX to assist in supplier ethical trade audits and conducting an ethical trade compliance overview, we expect to confirm this engagement by the end of 2021.
  - c. Continue requiring our suppliers to complete our Ethical Procurement Self-Assessment form; amend such form to broaden the scope of compliance modern slavery risks, which we expect to finalise by the end of 2021; ensure that no new supplier relationships are created until we have received and have determined the assessment is satisfactory, identifying whether any of the information provided gives rise to further investigation.
  - d. Publish this Statement on our website for public awareness of our commitment to address modern slavery risks.
2. Focus on broadening our stakeholder engagement with our customers, the communities we service, non-government organisations, and other businesses to better understand their perspectives on the role of the Company in respecting human rights and to collaborate on the prevention of modern slavery.
  3. Communicate our expectations on modern slavery to our suppliers:
    - a. We are in the process of amending our supplier terms and conditions to address modern slavery compliance, which are being incorporated with new supplier contracts and existing contract renewals.
    - b. Ensure that when responding to our Ethical Procurement Self-Assessment, our suppliers acknowledge receipt of a copy of our Code of Ethics and Ethical Procurement Policy and being aware of their content and how it relates to our expectations.

Our policy in relation to remediation is to immediately investigate the incident and, together with the relevant supplier, determine what needs to be done to cease the relevant practice; protect and compensate the victim; and ensure the incident does not occur again. If the supplier does not indicate a willingness to participate in these processes in good faith, we will terminate that supplier's agreement.



## **VI. Assessing Effectiveness of our Actions**

We recognise, we are in the early stages of implementing our response framework to modern slavery risks, and its development is and will continue to be an ongoing effort. With this in mind, we continue to work on expanding our visibility in all areas.

In order to assess the effectiveness of our actions in our commitment to address modern slavery risks, we are in the process of establishing our own monitoring of supplier performance, which as a potential starting point shall include:

- Continuous identification of any new suppliers from high-risk geographic locations, or high-risk types of product and services.
- Continuous improvement of our policies and procedures in light of legal, industrial and market developments on the subject.
- Establishing qualitative and quantitative indicators going forward to monitor the effectiveness of actions implemented and keeping track of our improvements with respect to audits performed and self-assessments received; internal response to any findings; employee training and education on modern slavery risks; complaints raised through a grievance mechanism and the resolution of those complaints and implementation of supplier contracts with modern slavery compliance clauses.
- Implementing quarterly meetings of the Ethical Trading and Modern Slavery Working Group to review effectiveness of the above indicators.

## **VII. Addressing modern slavery risk, as a result of Covid-19**

The health and safety of our workers and staff is our top priority during our response to the Covid-19 pandemic. We adopted a Covid Safe Plan that allowed us to continue operating our manufacturing facility and producing goods essential for food chain supply. Our Covid Safe Plan includes all required measures to protect the health of our employees.

As part of an essential industry, during the Covid-19 pandemic, we have maintained our supplier relationships, including honoring current contracts, raising our levels of stock on hand, and adapting to longer lead times when so requested by our suppliers. We have not engaged in purchasing practices to compensate possible shortcomings, such as reduced production windows and last-minute or short-term orders which may increase modern slavery risks for our suppliers. During this time, we have not been aware of any occurrences of human rights violations or modern slavery practices in our supply chain due to pandemic-related pressures.

With respect to our own efforts to assess modern slavery risks, during 2020 the Covid-19 pandemic impacted our ability to implement measures for our operations, such as in-person inductions or trainings, and have caused delays in our implementation of measures directed at



supply chain mapping and supplier due diligence reinforcement, for example carrying out audits or engaging others to do so.

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In preparing this Statement, diverse key members of our procurement, human resources, operations, legal and finance areas were consulted. This Statement was approved by Gruma Oceania's Board of Directors on 18 June 2021 and is signed by the Company's Vice President of Operations.

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Luis Mitre

Vice President of Operations

Gruma Oceania Pty Ltd