

MODERN SLAVERY STATEMENT 2022

F Mayer (Imports) Pty Ltd (ABN 51 000 697 889)

Arla Foods Mayer Australia Pty Ltd (ABN 78 167 620 706)





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Modern Slavery Statement

Reporting Period: 1 July 2021 – 30 June 2022

Overview

F Mayer (Imports) Pty Ltd (ABN 51000697889)

Arla Foods Mayer Australia Pty Ltd (ABN 78167620706)

This Modern Slavery Statement is prepared and issued by F Mayer (Imports) Ltd, trading as Mayers Fine Food ("FMI"), on behalf of itself and its group entity, Arla Foods Mayer Australia Pty Ltd ("AFMA") and is made pursuant to the Modern Slavery Act 2018 (Cth). This reporting year's statement aims to provide further insight into the risk of modern slavery in our operations and supply chain and the various actions we have taken to address modern slavery during the period 1 July 2021 to 30 June 2022.

It has been prepared in consultation with AFMA and addresses each of the mandatory reporting criteria for each entity. FMI and AFMA operate from the same sites, have the same policies and processes, operate in the same sector and have the same customer base and therefore the decision was made to produce a single, consolidated modern slavery statement.

Modern Slavery

The term "Modern Slavery" describes a range of situations where coercion, threats or deception are used to exploit victims for labour or services and undermine their freedom. These situations include slavery, servitude, forced marriage, forced labour, debt bondage, deceptive recruiting for labour and the worst forms of child labour.

In Australia, forced labour has been found in a range of industries, such as agriculture and construction, contract cleaning and domestic work. Migrant workers or those on temporary visas are often more vulnerable because they are in remote and regional areas where they are more dependent on their employer. Common products such as electronics, bricks, clothing and seafood have been associated with modern slavery in supply chains.

Modern slavery is fundamentally unacceptable within our operations. However, we acknowledge that there is always a risk that we may have unknowingly and unwillingly contributed to modern slavery through our supply chain and therefore we are committed to upholding fundamental human rights and reducing the risk of modern slavery practices within each entity. We resolutely support the UN Guiding Principles on Business and Human Rights and actively accept the responsibility we have in eliminating any form of violation within our operations and those of our supply partners.

Workforce

FMI has over 150 staff who are employed across the Sydney and Melbourne sites, and remotely in QLD and WA, as full-time, part-time and casual employees. In addition, during the reporting period, FMI relied on labour hire agencies to provide workers for approximately 60 additional roles across the Sydney and Melbourne warehouses. This high necessity was largely a result of the COVID-19 mandated lockdowns and self-isolation rules which necessitated more substitute workers than usual. AFMA employs 5 full-time staff in Sydney.

Structure, Operations and Supply Chain

Founded in 1957, FMI is a 100% Australian family-owned private company operating in the field of international import and national distribution of specialty foods to our customers, which include supermarkets, wholesalers, hotels and restaurants, delicatessens, manufacturers, shipping providers and airline caterers. We have 13,000 sqm of warehouse space at our head office in Sydney and 24,000 sqm at our secondary site in Melbourne.

AFMA is a 49% owned subsidiary of FMI, formed as part of a joint venture with Arla Foods a.m.b.a, a large Danish dairy co-operative, for the purpose of growing our presence in the dairy category in the Australian market. AFMA engages FMI as an operational/logistics service provider.

As referred to above, FMI and AFMA operate from the same sites, adopt the same policies and procedures, and have, overall, the same customer base. Both companies operate in the field of purchasing, direct employment of workers, marketing, sales and distribution. Both companies reiterate our respect for human rights, whilst acknowledging the role we must play in eliminating any form of violation within our operations and those of our supply partners.

FMI and AFMA's supply chains include the importation of food from various long-term suppliers and manufacturers based in Europe, Asia and America, and the subsequent warehousing and distribution of such products to our customers. We also work with a small number of domestic producers.

Whilst the main operational premise of our business is the import of foodstuffs, our supply chain relies on other ancillary products and services to meet our operational requirements, such as:

- third party storage providers, international freight forwarders and local transport companies;
- waste management and cleaning companies, plus cleaning supplies;
- supply of warehouse equipment (forklifts, packaging materials);
- supply of office equipment and supplies (computers, phones, furniture, stationery); and
- supply of professional services (e.g. accounting, legal, recruitment, printing, marketing and media).

Risks of Modern Slavery in Operations and Supply Chains

We recognise that the due diligence of our suppliers in our supply chains is important to ensure we do business with like-minded businesses who share our values and are committed to the same social, ethical and moral obligations and high-quality standards to which we hold ourselves.

In assessing risk, our scoping exercises and ongoing analysis for every supplier involve mapping their respective supply chain, reviewing specific geographic risks from where the

product(s)/service(s) are derived, together with sector and product risk indicators provided by expert organisations, and considering how we as an organisation may contribute or be directly linked to modern slavery.

Risks in our product supply chain

In our food importing supply chain, a modern slavery risk may exist dependent on the nature of the product and its country of origin. We recognise that our visibility is limited in the multi-tier supply chains of some of our imported products and we accept that some of our product types, industries and countries of origin have a higher prevalence of modern slavery incidences and therefore we may have some vulnerability in our supply chains. There are also practical limitations on effective enforcement of human rights throughout a supply chain that spans so many borders.

Our supply chains are complex; we carry a large number of SKUs from over 25 countries, with a significant overseas supplier base and a number of local suppliers.

In terms of the products we source, they principally fall into the following categories:

- cheese/butter;
- still and sparkling mineral water;
- chocolate;
- seafood;
- pasta;
- coffee;
- patisserie;
- cured meats; and
- general groceries.

In continually assessing the modern slavery risks associated with the supply chains for the above, we believe risks could exist in the following channels:

- shipping and freight channels;
- operation of some of our suppliers in a high-risk sector (such as seafood, chocolate, coffee or agriculture); and/or
- being located in a high-risk geographic location (due to local governance issues, impact of conflict, inequality, lack of basic social needs, e.g. cocoa sourced from Africa).

However, the majority of our imported products are sourced from tier one suppliers in low-risk countries who have stable economical and socio-cultural systems, where the prevalence of modern slavery is low and government responses to modern slavery is strong and with whom we have long standing relationships. Therefore, in those supply chains, we consider that there is a low to medium potential for risk of modern slavery incidences. This is further supported by our suppliers' responses to our modern slavery questionnaire, their own modern slavery statements/certifications and commitment to training their employees.

Risks associated with local products

The majority of food and drink products we sell are imported but we do carry a small range of domestic products and packaging from local suppliers. We assess FMI/AFMA to have a low risk profile for modern slavery within these local supply chains, given the nature of the products

(principally cheese) and the strict regulatory framework in Australia. However, despite that, we never make any assumptions, and all local suppliers are required to complete a modern slavery questionnaire and satisfy us as a business that they are taking adequate steps to ensure any risks of modern slavery within their own supply chain and operations are mitigated.

Risks in our ancillary products/services supply chain

In terms of modern slavery risks in our non-food supply chain, the fact that Australia sources 73% of its laptops and mobile phones from China and Malaysia, both of which have a large manufacturing industry which has been accused of exploiting workers is an identifiable risk.

There is also a risk with suppliers that procurement is driven by profit rather than purposeful consideration. However, with most professional third-party service providers being Australian businesses, we consider the risk of modern slavery practices within these supply chains to be relatively low.

Our own workforce

We believe the risk of modern slavery in our directly employed workforce is low. The Australian labour market is heavily regulated and we ensure we pay above minimum wage and requirements of the relevant Modern Awards. All of our employees are employed in Australia. In addition, we do not manufacture or process goods on site, and we strive to keep our reliance on labour hire as low as possible. However, we do acknowledge that during busy periods and at times of operational challenge (e.g. COVID-19), the ability to support our operations with additional labour hire workers is essential to the functioning of our business.

We are committed to supporting the personal growth and professional development of our workers, with their health, wellbeing and safety being of utmost importance. All employment is voluntary and conditions of employment are in compliance with local laws and regulations.

Actions to Eliminate Risk

FMI and AFMA adhere to a set of policies and procedures which set out expected behaviours and rights of all employees. These include a Code of Conduct, Recruitment Policy, Equal Opportunity Policy, Anti-Discrimination Policy and a Whistleblower Policy. We are continually reviewing our policies and provide refresher training to all employees thereon. Policy training is also included as part of our onboarding process. Through our core values, policies and communication, we aim to instill an understanding and culture whereby employees can identify and act upon potential breaches of human rights. In addition, our Whistleblower Policy is published on our website and details how someone can confidentially report serious misconduct and how we undertake to respond.

In FY22, we have taken a number of steps to further identify and eliminate the risks of modern slavery practices occurring in our operations and supply chains.

Our Operations

During the reporting period, to mitigate any risks of modern slavery occurring in our operations:

- We reviewed and redocumented our onboarding process to ensure all new workers are sufficiently trained in our company policies and understand the avenues available should they wish to report any incidence of a breach of human rights. In addition, new starters must confirm acceptance of the terms of all policies as a condition of their employment.

- Our payroll team continue to comply with the relevant modern award or enterprise agreement that each worker is engaged under and we ensure we remain up to date with any changes to relevant modern awards. This ensures employees are paid correctly in accordance with their award or agreement.
- We have brought our reference checking process in-house in FY22 to be certain that all employees have a right to work in Australia.
- We designed bespoke Modern Slavery training using an external agency which all employees with responsibility for procurement were mandated to complete.
- Our working committee for assessing modern slavery risks continues to meet on a bi-annual basis. The role of the committee is to review, reassess and further develop our modern slavery action plan and ensure any risks are identified, addressed and remediated, and reported to the management team. We have developed processes for investigating supplier modern slavery compliance which is being rolled out to the rest of the business.
- We have introduced an annual performance review process for all employees to provide a more formal forum for employees to note any areas of concern with their working arrangements. At today's date, no concerns have been noted. The process also serves as a remuneration review to ensure all employees are fairly and appropriately remunerated.
- Subsequent to the end of the reporting period (and therefore to be covered in our FY23 statement), we have rolled out an Employee Assistance Program and an Engagement Survey. We also plan to review our recruitment agencies to ensure we are using the most reputable in the market. We currently prohibit any worker fees for recruitment.

Our Supply Chains

As detailed in our first modern slavery statement (FY20), our initial scoping exercise included mapping out our supply chain and assessing the potential risk of modern slavery by reviewing country and industry risk indicators provided by expert organisations such as the Ethical Trade Initiative. Via this process, we identified that some of our overseas suppliers operate in a high-risk sector and/or high-risk location. We also initiated a Modern Slavery Questionnaire to send to all suppliers to assess the risk of modern slavery.

Ensuring that the agricultural materials for our products and procurement of high-risk products, such as seafood and coffee, are responsibly produced is a challenge given that we may not always have direct contact with the farmers or the secondary tier suppliers themselves.

In this reporting period, we have taken the following steps to ensure we mitigate any risk of modern slavery incidences occurring in our supply chains:

- We continue to review and develop the Modern Slavery Questionnaire as part of our New Product Development Process to ensure that every time a new product is set up, the supplier has to complete the questionnaire to allow us to assess their risk in terms of modern slavery. A product cannot be set up without a response from the supplier. In addition, we conduct VACCP (Vulnerability Assessment Critical Control Points) assessments on our main suppliers on an annual basis.
- We continue to build on, and keep up to date, our Approved Suppliers Spreadsheet, whereby we can see at any point in time who our suppliers are and the level of risk they pose. On the spreadsheet we have included whether the supplier is a member of SEDEX, a link to their modern slavery statement, their questionnaire responses and

the level of risk of their country/industry. Based on the answers, we can decide as to whether we require any form of remediation to lower the risk, and detail what that remediation is.

- We continue to review our costs targets and/or delivery timeframes to ensure that they do not require worker exploitation to be achieved.
- We continue to build on our communications and efforts to educate and raise awareness of the existence of modern slavery and modern slavery risks with suppliers across the board.
- We remain a member of SEDEX (ZC414760880). No modern slavery risks were identified as a result of this audit.

Going forward, we plan to audit our supplier spreadsheet on a quarterly basis to track our performance and, in circumstances where we identify areas which might have a high level of modern slavery risk, we will increase our level of due diligence, reduce the potential of engaging with supply chains which are not aligned with our modern slavery policy, and encourage all levels of operations and supply chains to be proactive in reducing modern slavery practices.

As stressed, we like to build long-standing relationships with our suppliers and, pending the ability to travel, we aim to visit them, to understand more about their sites, their practices and their cultures. Now that travel restrictions have been lifted, we are able to physically visit more suppliers and connect with various levels of employment, not just the management team.

Remediation

In terms of remediation processes, in the event that we identify a potential occurrence of modern slavery in our supply chain, we are prepared to work with urgency and carry out or enforce corrective measures. We will engage with the relevant supplier to ensure they rectify any issues within a specified time period and set clear targets to monitor the effectiveness of the step taken to ensure that no further incidences occur. If a supplier is not willing or able to address a breach/non-compliance, we will take steps to remove them from our supply chains, either temporarily or cease business dealings altogether. We have had one occurrence where a supplier of cleaning materials refused to complete the Modern Slavery Questionnaire, despite several requests to do so, and as a result, we ceased to trade with them and sourced a more ethical and collaborative supplier.

Assessing the Effectiveness of Actions Being Taken

The success of FMI and AFMA's modern slavery management is dependent on maintaining, reviewing and developing current systems, policies and procedures. Over the FY22 reporting period, we continued to assess ways in which risks of modern slavery practices could be further reduced.

We maintain transparency in employment conditions and ensure workers are educated with regards to their rights. We encourage a culture of feedback and communication and evaluate feedback so that we can work towards addressing any identified risks and maintaining a culture of compliance across operations and supply chains.

We are committed to respecting human rights and continue working closely with our suppliers, customers and other stakeholders to continually manage and enhance our approach to mitigating modern slavery risks. We continue to have conversations with our suppliers who we believe can further their processes and policies to address modern slavery concerns and increase their understanding of potential issues.

We believe there can only be a positive impact in continuing to educate our employees and our suppliers and we have received feedback from a number of suppliers that they have improved their modern slavery/human rights policies as a result.

At the time of this report, based on the processes we have in place, we have not identified any incidence of modern slavery nor any risks requiring additional remediation steps beyond the risk assessment and audit program described in this statement.

Other Relevant Information

Whilst the initial impact of COVID-19 has subsided, we are still experiencing a number of residual issues relating to workforce issues, supply chain pressures, and supply/demand for certain products.

We are particularly concerned for the wellbeing of our staff and very conscious of employee “burn-out” affecting the workforce nationally. We have continued to maintain regular communication with the entire workforce, including issuing regular newsletters and ensuring transparency in communication of business decisions. In terms of employee wellbeing, we planned a number of initiatives which were rolled in out in the FY22 reporting period (virtual cooking classes and online mental health training) and will continue to prioritise the health and wellbeing of our staff in difficult times.

The invasion of Ukraine by Russia, coupled with the worldwide labour shortages as a result of COVID-19 isolation requirements, has had a significant impact on supply chain logistics, product procurement timelines, and food prices. We continue to work closely with our suppliers to absorb as many of these pressures as possible, whilst trying to satisfy our customers’ understandable demands for limited price increases.

Approval

This statement has been made on behalf of FMI and AFMA. A process of consultation with the senior management team, Boards of Directors and HR was carried out in the drafting of this statement.

Signed on behalf of F Mayer (Imports) Pty Ltd


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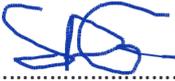
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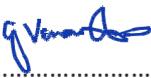
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Signed on behalf of Arla Foods Mayers Australia Pty Ltd

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Meeting the Requirements of the Act

Modern Slavery Act mandatory reporting criteria	Page
Identify the reporting entity	1
Describe the reporting entity's structure, operations and supply chain	1-2
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls to assess and address these risks	2-6
Describe the reporting entity's remediation processes and how the reporting entity assesses the effectiveness of these actions	6
Any other information that the reporting entity, or the entity giving the statement, considers relevant	7
Describe the process of consultation on the development of the statement with any entities the reporting entity owns or controls	1, 7