



Modern Slavery Joint Statement FY20

Asahi Holdings (Australia) Pty Ltd

Asahi Holdings (Australia) Pty Ltd (ACN 135 315 767) (**Asahi**) is pleased to submit this modern slavery joint statement pursuant to the *Modern Slavery Act 2018 (Cth)* in respect of its financial year 1 January 2020 to 31 December 2020 (**FY20 Reporting Period**).

This is Asahi's first modern slavery statement and it outlines the steps taken during the FY20 Reporting Period and continuing into 2021 to identify and mitigate the risk of modern slavery occurring in its business operations and supply chain.

Reporting Entities

This modern slavery joint statement is made by Asahi on behalf of itself and the following wholly-owned subsidiaries:

- Asahi Beverages Pty Ltd (ACN 004 243 994)
- Asahi Premium Beverages Pty Ltd (ACN 077 568 480)
- Asahi Beverages Australia Pty Ltd (ACN 011 059 939)
- CUB Australia Holding Pty Ltd (ACN 615 290 849)
- CUB Pty Ltd (ACN 004 056 106)
- Asahi Beverages (NZ) Limited (Co# 354989)

In this modern slavery statement, Asahi and the aforementioned subsidiaries are referred to as the "**Asahi Group - Australia**". References to "we", "us" and "our" refer to the Asahi Group - Australia.

As the operations of the Asahi Group - Australia are closely aligned, with senior management, corporate support, sourcing and supply chain functions all managed centrally in the Asahi Regional Hub and all group entities having the same Executive Chairman, Chief Executive Officer and Executive Management and substantially similar board composition, the Asahi Group - Australia has been able to implement one due diligence process across all group entities and engage with the one senior management team.

In addition, there are many shared suppliers across the group and all group entities follow policies and processes set by the Board and the senior management team.

For these reasons, the Asahi Group - Australia is providing a single, consolidated modern slavery statement.

The process of consultation in preparing this Statement, as between the subsidiaries listed above, involved consultation with the Executive Management of each entity and the Asahi Group – Australia. The content of this Statement was tabled for review with the Chief Executive Officer of the Asahi Group – Australia and with the Procurement Leadership Team, Group Head of Sustainability, members of the human resources and legal teams, all of which service and support each entity in the Asahi Group – Australia.

Structure, Operations, People and Supply Chains

1. Structure

Asahi Holdings (Australia) Pty Ltd is the private parent company of the Asahi Group – Australia which comprises privately incorporated wholly-owned subsidiaries. All entities are incorporated in Australia except for Asahi Beverages NZ Limited which is incorporated in New Zealand.

The registered office for all Australian group entities is located at 58 Queensbridge Street, Southbank VIC 3006.

Asahi is a wholly owned subsidiary of Asahi Group Holdings Ltd (**AGH**), a Japanese public company listed on the Japan Stock Exchange.

AGH prohibits all forms of modern slavery in its organisation and supply chain. AGH has a longstanding commitment to human rights, including labour rights and the fight against modern slavery and human trafficking, and these principles are set out in its global codes and policies.

Further details of AGH's approach to human rights are set out in:

Asahi Group Holdings - Code of Conduct ([link](#))

Asahi Group Holdings - Human Rights Principles ([link](#))

Asahi Group Holdings - Supplier Code of Conduct ([link](#))

Asahi Group Holdings - Code of Business Conduct and Ethics ([link](#)).

2. Operations

The Asahi Group - Australia is proud to be Australia's leading beverages company. The Asahi Group - Australia has a total of 17 manufacturing plants, breweries and distribution centres across Australia, where it produces some of Australia's most iconic and loved alcohol and non-alcohol beverage brands.

Carlton & United Breweries (CUB), a wholly owned subsidiary of Asahi since June 2020, is Australia's oldest continually operating manufacturing business, tracing its origins to the Cascade Brewery, which commenced brewing in Tasmania in 1832. During the Reporting Period, the Asahi Group - Australia employed approximately 3,200 people across Australia, in our head office in Melbourne, its ten breweries, other manufacturing sites and state sales offices. The Asahi Group - Australia has approximately 19 collective industrial instruments and 5 major unions, however, our employees are free to associate with any union of their choosing.

On the alcohol beverage side our brands include Asahi Super Dry, Carlton Draught, Great Northern, Victoria Bitter, Cascade, Mountain Goat, Pure Blonde, Corona, Peroni, 4 Pines, Balter as well as Somersby cider and Vodka Cruiser.

On the non-alcohol beverage side our brands include Schweppes, Solo, Cottee's, Spring Valley juices, and Cool Ridge and Frantelle water. We also produce and/or distribute under license a number of leading beverages, including Pepsi, Gatorade, Voss and Red Bull.

3. People

Asahi Group – Australia holds itself and our business partners to the highest standards of integrity. We are committed to creating a positive and rewarding workplace and ask all of our employees to commit to contributing towards helping us make a positive contribution to the societies in which we operate, including respecting human rights and working with our suppliers to ensure the protection of human rights.

4. Supply Chains

The Asahi Group - Australia sources a broad range of goods and services from Australia and internationally from countries including United Arab Emirates, Italy, China, Japan, Vietnam,

Philippines, Belgium, Denmark, Switzerland, USA, India, England and Singapore and works with several thousand suppliers and service providers.

The majority of the Asahi Group - Australia's annual \$3 billion supplier spend occurs with our significant partner suppliers located in Australia (86%) sourcing significant quantities of raw ingredients including hops, barley, malt and sugar, packaging materials, and transport and logistics services. Another significant portion of our annual supplier spend emanates from the import of finished goods such as Peroni and Asahi Super Dry manufactured by related Asahi entities internationally in Japan, China and Italy.

Less than 14% of our significant partner suppliers are in other locations.

The key goods and services which contribute to our products include:

- Packaged finished alcoholic and non-alcoholic beverages;
- Packaging;
- Ingredients including agricultural produce, carbon dioxide, concentrates and flavours;
- Freight and logistics;
- Facilities and office-based support and equipment, including information technology systems and support; and
- Machinery, equipment and consumables for our manufacturing sites.

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

Following our review of the Asahi Group - Australia's supply chain and operations, we consider there to be more of a risk of the Asahi Group - Australia '*contributing to or being linked with*' modern slavery rather than *directly causing* modern slavery within our own operations. This is because over 35% of our staff operate under collective bargaining agreements and the Asahi Group – Australia predominantly conducts its own recruitment.

We have assessed that the most salient risk of modern slavery practices occurring within our supply chains is within the agriculture and food production sectors, in particular those suppliers that employ temporary, seasonal and migrant workers with limited ability to read or write in English. The Global Slavery Index states that "In Australia, forced labour of migrant workers from the Pacific islands has been identified in the agricultural industry." Modern slavery risks are heightened in industries that are reliant on low-skilled migrant workers, such as in the agriculture, construction, security and cleaning industries.

In addition, the following areas have also been identified as having potential risks of modern slavery practices in the Asahi Group - Australia's operations and supply chain. These risks represent possible gaps in our alignment with suppliers that we will investigate during the course of 2021.

- **Commodity Risk:** We have identified a small number of commodities or services in our supply chain which may potentially represent higher risk of modern slavery practices due to the nature of the commodity or service. Such commodities or services include citrus products, grain products, sugar, glass, packaging and ocean freight. However, the risk assessment has found that most of our direct suppliers in all of the abovementioned chains present, overall, a low risk of modern slavery due to the location and origin of these products and suppliers (substantially sourced in Australia) and/or the supplier has adequate processes and policies in place to protect human rights and address modern slavery risks, particularly where there is an inherent commodity risk (for example agriculture). Like all businesses, we also appreciate the inherent risk of modern slavery in the IT hardware and software we use to operate our business.
- **Country Risk:** The Asahi Group - Australia procures a smaller volume of goods from China, Vietnam, Indonesia, Thailand, Philippines, Mexico, the United Arab Emirates and India, some of which are considered higher risk for modern slavery. The Asahi Group - Australia understands that operating or maintaining relationships with suppliers with operations in countries with higher modern slavery risks exposes our own supply chain to incidences of human rights impacts and potentially modern slavery practices.

- **Temporary, seasonal and migrant labour:** The utilisation of vulnerable workers such as low-skilled, temporary and seasonal labour in areas of high labour intensity and low oversight is also a source of modern slavery risk. This risk is compounded where workers are sourced via labour hire companies which we understand to be a risk in the agricultural and cleaning sectors.

We also appreciate that each of our suppliers also have their own suppliers, which may expose us to the risk of modern slavery beyond the first tier of our supply chain. Where we are aware of this risk, it is described in this Statement. For example, we have noted the possible risk of modern slavery in our ocean freight suppliers, although this risk is unlikely to sit within our direct suppliers' operations.

Actions taken by the Asahi Group - Australia to assess and address these risks, including due diligence and remediation processes

In an effort to mitigate the risks outlined above, the Asahi Group - Australia manages its relationships with domestic agricultural suppliers and also with key international product suppliers through quality and site audits, regular site visits and monitoring compliance with agreements. The Asahi Group - Australia, including CUB, benefits from long term commercial relationships with a number of our suppliers and service providers, which has helped the business build trust and co-operative working relationships which improves transparency and our understanding of their modern slavery risks. Notwithstanding these mitigation measures, we recognize that it does not guarantee the elimination of these risks altogether. Accordingly, we have implemented the following framework to strengthen our ability to assess and address modern slavery risks on an ongoing basis:

1. Asahi Group - Australia's Policies and Principles

In the FY20 Reporting Period Asahi unveiled a new human rights policy across all our Australian operations and our value chain, including our employees, suppliers and contractors which makes it clear that the Asahi Group - Australia is opposed to and will oppose all forms of slavery, forced or compulsory labour and child labour, both within our activities and undertakings, and within our supply chain. The Human Rights Policy demonstrates our commitment to human rights and minimizing the risk of human rights impacts by our business and our stakeholders, including our suppliers and other business partners. It also states that the Asahi Group - Australia will endeavour to remediate the human rights impacts.

The Human Rights Policy is available to all staff, customers and suppliers.

In addition, during the FY20 Reporting Period and finalized in mid-2021, the Asahi Group - Australia invested significant resources into developing a new and robust Supplier Code of Conduct and Responsible Sourcing Policy which includes modern slavery and human rights commitments. The Asahi Group - Australia - holds itself to the highest ethical standards when it comes to our supply chain and the Supplier Code of Conduct sets out to our employees and suppliers what is acceptable behavior as an employee or a supplier to the business. The minimum standards set out in this document will continue to be enforced contractually moving forward into 2021, and we expect our suppliers and our employees to familiarize themselves with the principles in the Code of Conduct and continue to monitor their own compliance with the Supplier Code of Conduct and Responsible Sourcing Policy.

2. Modern Slavery Working Group

The Asahi Group - Australia convened an internal working group in the FY20 Reporting Period to examine and respond to the requirements under the *Modern Slavery Act 2018 (Cth)*. The Modern Slavery Working Group consists of a cross-divisional team including representatives from procurement, legal and human resources. Together with an independent consultant, the Modern Slavery Working Group conducted an assessment of modern slavery risks in our operations and

supply chain and reviewed internal policies and processes to address gaps and identify improvements.

3. Risk Mapping and Due Diligence

In order to assess the risks of modern slavery within our Australian operations and supply chains, the Modern Slavery Working Group undertook an extensive review of existing major direct suppliers to our Australian business during the FY20 Reporting Period on the data available to it. In performing our "Supply Chain Review" we:

- prepared a comprehensive questionnaire for our suppliers with a series of questions based on the indicators of modern slavery practices designed to capture and alert the Asahi Group - Australia of any modern slavery indicators or human rights 'red flags';
- issued the questionnaire to representatives of more than 900 direct suppliers and contractors; and
- issued follow-up questions directly to certain respondents where we sought additional information.

The Asahi Group - Australia intends to conduct further mapping in FY21 of its suppliers for both the Australian and New Zealand businesses.

Our Supply Chain Review process remains an ongoing process. As at April 2021, we identified a small sub-set of our suppliers requiring a deeper dive analysis due to their "*higher risk*" rating based on their responses, collecting information on country of operations risk, sector risk, utilisation of vulnerable workers and the checks and processes in place in their operations and supply chains. The initial results of the questionnaires has drawn to our attention the suppliers requiring further due diligence and patterns emerging in respect of the low levels of engagement that some of our suppliers have with their own contractors. This process has reinforced the need for our business to have greater visibility in relation to our supply chain and to communicate our expectations with our suppliers regarding their own supplier vetting processes.

We are aiming to be in a position to share further insights on the results of our Supply Chain Review in our FY21 statement.

4. Contracts

All Asahi Group - Australia standard form supplier contracts were updated in the FY20 Reporting Period to incorporate clauses which require our suppliers to:

- comply with Modern Slavery Laws;
- comply with Asahi Group - Australia's policies as applicable;
- have in place, and maintain in place at all times, adequate and reasonable policies, controls, procedures and training designed to prevent, detect, assess, manage and remedy modern slavery in its operations and supply chain;
- agree to being audited should there be any breach or suspected breach of the policies; and
- agree that in the event of a breach of the policy, Asahi has the right to terminate the contract.

5. Whistleblower Policy and Processes

Additionally, in the FY19 Reporting Period the Asahi Group - Australia updated its Whistleblower Policy and reporting process and conducted whistleblower training. Those within and outside of the Asahi Group - Australia, including suppliers and contractors, can report improper conduct, including any serious or systemic breaches of the Human Rights Policy and Supplier Code of Conduct to Designated Whistleblowing Officers, or if they wish to remain anonymous, they can report through our independent and confidential whistleblower hotline, "Ethics & Compliance Hotline" which is

operated by SMG Health 24 hours a day, 7 days a week. Every report is investigated with appropriate action taken as required.

6. Supplier On-Boarding Processes

At present, most prospective key suppliers go through our procurement processes and reviews via either a tendering process or direct sourcing exercises where due diligence is conducted on various aspects of the prospective supplier's business and practices, including adherence to Asahi's policies and values, including modern slavery and human rights.

In FY21 and future reporting periods, the Asahi Group - Australia will significantly enhance its due diligence of new suppliers with a new prequalification questionnaire administered during the prequalification and onboarding stage through the SEDEX platform. We anticipate that this will help us identify from the outset whether a potential supplier engages in employment or business practices that are potential indicators of modern slavery risks.

7. Training and Communication

In FY21 and future reporting periods, all Asahi Group - Australia head office employees will be provided with annual training in relation to human rights and modern slavery and the Human Rights Policy will be communicated to all shop and factory floor personnel.

Communications reminding staff of their obligations to adhere to these policies will also be sent out on annual basis.

8. Introduction of SEDEX

In FY21 and future reporting periods, all material suppliers to the Asahi Group - Australia will be requested to register with Supplier Ethical Data Exchange¹⁰ (SEDEX), a globally recognised, collaborative ethical trade information platform for sharing responsible sourcing data on supply chains. Suppliers that register will be required to complete the Supplier Assessment Questionnaire (SAQ) on this platform and the answers and scores registered on SEDEX will be used to determine the supplier's suitability as a supplier to the Asahi Group - Australia and if the supplier requires an audit.

The aim is to commence the SEDEX engagement and roll out in June 2021.

Assessing the effectiveness of our actions

The Asahi Group - Australia is committed to continually improving our approach to reduce slavery-related risks in our operations and supply chain. Ongoing due diligence is a critical component of our mitigation strategy.

In the next reporting period, the Asahi Group - Australia will continue to build internal capability to identify and remediate issues and the internal audit function will conduct a scheduled review of the implemented modern slavery controls to determine:

- how effectively the controls have been implemented;
- if the controls are meeting their objectives; and
- whether more controls are needed.

Statement Approval

This Statement was approved by the Board of directors of Asahi Holdings (Australia) Ltd at a meeting of directors on 28 April 2021.

Roland van Bommel, Kazutomo Tamesada, Neil Chatfield, Kenshi Horigome, Taemin Park, Atsushi Katsuki and Keizo Tanimura

Signed,

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.**Roland van Bommel**

Chairman

Asahi Holdings (Australia) Pty Ltd