



Suntory Coffee Australia Limited & Toby's Estate Coffee Pty Limited

Modern Slavery Statement for Full Year 2020

Foreword

The people who work in and with our organisation, who roast, farm, and develop our products have helped to make Suntory Coffee Australia Limited (Suntory Coffee) and Toby's Estate Coffee Pty Limited (Toby's Estate) recognised and trusted brands amongst consumers and customers alike.

People are at the heart of what we do, and we take seriously the responsibility for ensuring that modern slavery risks in our business and across our supply chain are assessed and mitigated where necessary. We are committed to respecting human rights as set out in the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. We are pleased to be able to report our first statement under the Modern Slavery Act 2018 (Cth) (Act).

This statement aims to present any risks of modern slavery across our supply chain along with our plans and actions to mitigate and our process and governance for future assessment and management.

This statement provides a benchmark for the 2020 full year period alongside our plans and procedures to further evolve responsible sourcing and human rights programmes in the future. We are fully committed to working collaboratively with our suppliers and our stakeholder network, learning from our experiences, and continually developing and improving our programmes to tackle the issue of modern slavery.

Finally, the COVID-19 pandemic was unprecedented during 2020 and continues to highlight additional unforeseen risk in operations and supply chains in 2021. In response, we increased our focus on worker health and safety with significant resources provided for safe work practices. We also worked seamlessly with coffee bean brokers to adjust orders accordingly and halted all farmer visits and conducted these assessments remotely.

Suntory Coffee and Toby's Estate make this statement in accordance with section 13 of the Act. This Modern Slavery Statement (MSS) was considered and approved by resolution of the Governing Board for Suntory Coffee and Toby's Estate on the date below, for the reporting year 1 January - 31 December 2020 and signed by:



Dean Divehall

Chairman - Suntory Coffee Australia

Dated: 28/6/2021

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1. Reporting Entity:

Suntory Holdings (SH) is the ultimate parent company in our corporate structure, it is a non-listed holding company. SH owns 59.48% of Suntory Beverage and Food Limited (SBF), which is a company incorporated in Japan and listed in the first section of the Tokyo Stock Exchange. SH and SBF together with their subsidiaries produce and distribute various popular brands of beverages. SBF has 100% ownership of both Suntory Coffee and in turn Toby's Estate.

This report covers both Suntory Coffee and Toby's Estate. Both businesses are actively involved in the roasting and sale of fresh coffee to leading retailers and café operators across Australia. Both businesses have completed an active end to end supply chain assessment with leaders from both entities comprising the steering committee tasked with the development of this MSS.

Incorporation for both Australian entities is in the state of New South Wales.

2. Structure, operations, and supply chain:

We are involved in the procurement and roasting of coffee beans for key accounts and café customers in both the food service and retail sectors. To support our coffee customers, we also sell and service coffee equipment. Our two Australian roasting sites are:

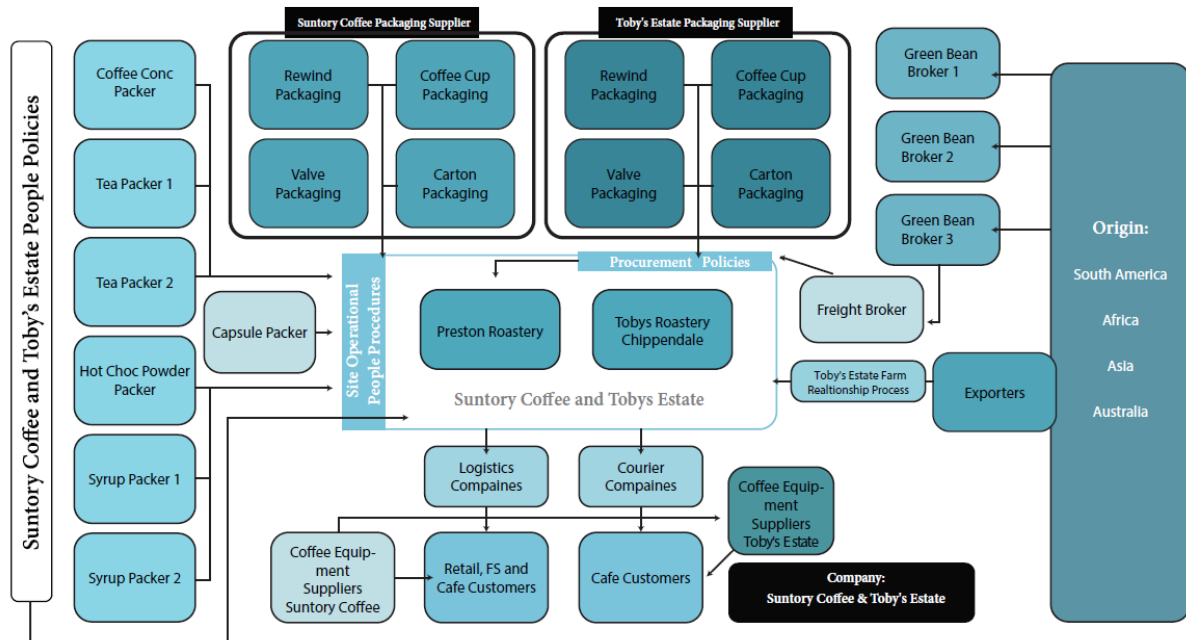
- a) Suntory Coffee – Roastery in Victoria
- b) Toby's Estate – Roastery in NSW

Our operations include green bean procurement, roasting, and logistics through to our customers supply chains. Our operations also include several contract packers used to offer a full portfolio of products in addition to coffee. In addition, our operation includes the import, sale, and servicing of coffee machine equipment.

As part of our comprehensive review, we ensured that our key customers' own ethical requirements and standards were also considered as part of the review of mapping (and therefore the risk assessment) process.

Please see below the structural assessment of both businesses that was included in the full supply chain mapping process used in this MSS.

Company Structure and Supply Chain Overview



3. Risk Assessment process & categorization of risks

3a. Every entity involved in our supply chain mapping was contacted to be part of our MSS review. We sent detailed questionnaires (customised for each supplier type) relating to the core elements of the Act and then followed up with each as needed, using a consultative approach.

We then charted each response according to risk (low, medium and high), and then proceeded to conduct deeper discussions in a collaborative manner, with those that indicated risk profiles that required further clarification based on questionnaire responses, country of origin, and other coffee category risk factors (such as recognised third party certification).

In addition, we assessed our internal policies regarding ethical sourcing, our code of conduct, other associated policies and our two roaster site practices, including:

- Code of Business Ethics Policy
- Anti-corruption Policy
- Whistle-blower Policy
- Privacy Policy
- Responsible Sourcing Policy
- Sedex (SMETA) and Supplier Workplace Accountability (SWA) programs (roaster site specific)

We reviewed specifically two customer driven programs, notably the SMETA program and the SWA program. These were assessed in the context of current compliance to the programs, and cross referencing to the key elements related to MSS to drive harmonization across our business with existing programs, and the MSS.

Given the inherent risk of the coffee category and origins we specifically undertook an in-depth review of the Rainforest Alliance 2017 Sustainable Agriculture Standard and will look to adopt the forthcoming Rainforest Alliance 2020 Sustainable Agriculture Standard to strengthen our compliance to key elements of the Act. It was important to fully understand the changes in coffee bean certification, considering our ongoing commitment in this complex area. The 5 key principles of; Transparency, Continuous Improvement, Shared Responsibility, Integrated Farm & Supply Chain and Strengthened Assurance from the new certification program are critical, and we firmly believe they are the right areas to improve on moving forward with bean certification.



We also assessed common and emerging programs (Sedex) that could potentially be leveraged in the future to strengthen our position regarding modern slavery in our supply chains.

3b. The primary risk identified from the risk assessment and categorisation process relates to that portion of green beans purchased outside of globally recognised certification programs. We assessed this risk as medium and mitigated due to green bean broker self-managed ethical sourcing programs already in place across all non-certified beans.

We have also initiated a review of self-managed broker programs and we will continue to focus compliance efforts across these. Ultimately as we move forward, we will look to increase our overall volume of beans that are certified from globally recognised programs and reduce usage of, and dependence on, self-managed broker assessed supply.

4. Actions taken

As part of our risk assessment process and the resulting focus areas, we took the following action along with some future plans listed, to strengthen our business practices:

- a) Reviewed and updated key policies and procedures:
 - i. Responsible Sourcing Policy
 - ii. Code of Business Ethics
- b) Formally adopted and deployed the Sedex program more widely for use with key suppliers and for future suppliers as part of Supply Agreements.
- c) We became certified during 2020 for the SMETA pillar 4 audit program (Sedex) for our Preston roastery.
- d) Move to the Rainforest Alliance 2020 Sustainable Agriculture Standard program as per rollout timings.
- e) For non-certified bean procurement ensuring the brokers own ethical sourcing programs are validated by sample audits and evaluate the move to recognised certification programs.
- f) Developed annual governance and training routines of MSS outcomes.

5. Assessing effectiveness of the actions:

We consider several key areas of our proposed actions will also form the basis of key performance indicators (KPIs) for assessment in relation to MSS effectiveness:

- a) Procurement levels of beans that are certified by a recognised certification body.
We assess the improvement in percentage of beans procured that are certified.
 - I. We also consider that the certification process is a journey and we will continue to support evolution in the programs to ensure fairness in the total supply chain from bean to customer.
 - II. We will continue to work with brokers and farms directly that are not part of certification programs to provide oversight for continuous improvement as global and category supply changes impact risk levels.
- b) Implementation of Sedex platform with key suppliers.
- c) Certification Compliance to key customer ethical procurement requirements at our roasting facility, including on site audits and self-assessment questionnaires.

6. Process of consultation of entities

Multiple stakeholders both external and internal were consulted in the preparation of this statement:

- a) We formed a MSS steering committee of leaders and key stakeholders across Suntory Coffee and Toby's Estate.
- b) We consulted with all direct suppliers, co-packers and other partners and entities that are directly involved in our end to end supply chain.
- c) Engaged with Rainforest Alliance leadership regarding current and new certification programs.

7. Other information as relevant – Training & Communication

Our commitment to MSS reporting requires that we continue to assess our risk in our supply chain and increase the awareness across key stakeholders in our business to ensure that the MSS is understood and each and every associate plays a role.

To this end we have developed an annual training and communication process that covers:

- a) Ensuring that actions from the prior year are completed.
- b) Developing new targets for continuous improvement.
- c) Training for all relevant associates relating to the new Rainforest Alliance certification program (Rainforest Alliance 2020 Sustainable Agriculture Standard).
- d) Ensuring key functional associates are aware of their obligation for compliance and improvement to future reports.
- e) Ensuring sales and customer facing associates steward MSS actions to key customers.