



# PROXIMO

## PROXIMO APAC

(ABN 15 619 807 448)

### **MODERN SLAVERY STATEMENT: 2021**

(Reporting Period: January 2021 to December 2021)

Proximo APAC Pty Ltd (ABN 15 619 807 448) of Level 10, 65 Berry Street, North Sydney NSW 2060, has continued business in Australia during the reporting period with a consolidated revenue greater than AU\$100 million and publishes this Modern Slavery Statement as the appropriate reporting entity for the purposes of the Modern Slavery Act 2018.

This statement is made pursuant to the Modern Slavery Act 2018 (Modern Slavery Act) and sets out the steps Proximo APAC has taken during its financial year ending 31 December 2021 to ensure that slavery, servitude, forced or compulsory labour, and human trafficking (collectively, "Modern Slavery") is not taking place in any part of its business or in its supply chain.

Modern slavery is a crime and a violation of fundamental human rights. It takes various forms, such as slavery, servitude, forced and compulsory labour and human trafficking, all of which have in common the deprivation of a person's liberty by another to exploit them for personal or commercial gain.

Proximo APAC recognises that it has a responsibility under the Modern Slavery Act to take an approach that rejects any forms of modern slavery and human trafficking. We are committed to promoting ethical business practices and policies that protect workers from being abused and exploited, both in our own business and our supply chain.

Proximo APAC is committed to limiting the risk of modern slavery occurring in our business, ensuring there is transparency in our business and in our approach to tackling modern slavery throughout our supply chain.

We expect our employees and our suppliers to share our commitment to help ensure modern slavery does not exist in our business and our supply chain.

#### ***Who is the reporting entity?***

Proximo APAC (ABN 15 619 807 448) is the reporting entity and owns 100% of Proximo Australia (ABN 64 125 895 561). The ultimate controlling entity of Proximo APAC is BECLE,

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S.A.B. de C.V.

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## ***What is Proximo APAC's structure, operations, and supply chain?***

Proximo APAC is in North Sydney and is part of the Distilled Spirits distribution industry. The entity has forty employees across Australia. The ultimate controlling entity of Proximo APAC is BECLE, S.A.B. de C.V. The BECLE Group operates as a producer, marketer and distributor of internationally well-known branded spirits, ready-to-drink cocktails, and non-alcoholic beverages. Within the spirits sector, the Group is the leading producer of tequila globally by sales volume and the third largest producer of Irish whiskey in the world by volume and retail sales according to IWSR in 2019. Most of the sales and profits are generated in the U.S., which has been so far the most profitable and dynamic market in the spirits industry. In addition, Mexico, the Group's domestic market, is also the second most relevant market in terms of sales.

The Group portfolio covers over thirty spirits brands, some with the ownership and distribution worldwide, and others distributed for third parties in Mexico. The brand portfolio relies on the profound heritage of the developed iconic brands such as the Jose Cuervo family of brands, combined with complementary acquisitions such as Three Olives, Hangar 1, Stranahan's, Bushmills and Boodles, as well as their focus on innovation, which over the course of the years allow the develop of the globally recognized brands such as 1800, Maestro Tequilero/Dobel, Centenario, Kraken and Jose Cuervo Margaritas among various brands, some of which are marketed and distributed in over 85 countries throughout the world.

In 2007, Proximo was founded as an independent distribution company in the U.S., and since 2008 Proximo has been distributing the 1800 brand among other brands in the Group portfolio around the U.S. Furthermore, distribution arrangements with Proximo took place during 2013 for the U.S. and Canadian distribution of the Jose Cuervo brand, including bottling arrangements for the bottling of Jose Cuervo Especial Tequila including other products for sale in the U.S. and Canada territories. In the U.S., Mexico, Canada, the U.K. Ireland, and Australia, the Group controls and retains a direct distribution model. In Mexico and the U.S., the Group owned the second and tenth largest distribution networks of premium spirits by sales value, respectively.

In Mexico, the Group distributes directly to supermarkets, price clubs, wholesalers, and convenience stores through their established salesforce, reaching a high percentage of stores that sell alcoholic beverages in the country. In 22 U.S. states, the Group distributes primarily through wholesalers associated with one of four major distribution companies (Republic National Distributing Company, Southern Glazer's Wine and Spirits, Young's Market Company, and Johnson Brothers Liquor Company), in 12 U.S. states, the Group

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distributes through independent distributors, and in the remaining 17 U.S. states, the relevant state controls all distribution of full-strength spirits. Our strategy is based on country-by-country distribution agreements that are exclusive for the relevant brand or

brands. Group constantly searches for complementing the tequila and Irish whiskey portfolio, introducing over the years innovations by the constant creation of unique brands, packaging, and line extensions.

The BECLE Group divides its operations in terms of three geographic regions and one operating segment. The geographic regions are Mexico, the U.S. and Canada, and Rest of World, and the operating segment is Global Travel Retail. The BECLE Group employed 8,080 people as of December 31, 2020. The Group has operations in more than eighty-five countries worldwide.

## ***What are the risks of modern slavery practices in the operations and supply chains of Proximo APAC?***

The risk of modern slavery is increased by the number of suppliers and their locations around the world. Most Proximo APAC's stock purchases are from related group entities and as such, there is lower risk of modern slavery occurring in the operations and supply chains. The broader BECLE Group engages with numerous well-known and year-by-year suppliers. Normally, the Group purchases raw materials with short term and mid-term arrangements and has an historical sequence of having at least three suppliers for each of the ingredients and raw materials. Throughout its history, the Group has defined its specific mission, to satisfy tequila's clients' needs and take competitive advantage of vertical integration from agriculture to final consumer. The Group is always looking for an achievable improvement in benefit of the group itself and the communities, hand in hand with its core values: continuous improvement, business sense, high quality of life, teamwork, respect, communication, and commitment.

## ***What actions have been taken by Proximo APAC to assess and address the risks, including due diligence and remediation processes?***

Proximo APAC has taken reasonable steps to deter the risk of modern slavery throughout our supply chain. The parent company, BECLE, issued a renewed Code of Conduct in 2021 with training provided to all staff. The code of conduct covers several areas including respect & collaboration, fair business practices, skilled professional judgement, honesty & transparency. Included in the code is a segment on Human rights and working conditions. It highlights that, as responsible corporate citizens, we only do business with partners who



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follow the law and always operate fairly and ethically. This includes

- Respecting human rights of those we work and interact with and encourage our business partners to follow similar standards.
- Supporting human rights and respecting fair labor laws, including prohibitions against child labour.
- Watching for and reporting any signs of human trafficking or forced labor.
- Properly compensating workers and respecting their right to collectively bargain.

In 2021, Proximo APAC employees were trained on the Modern Slavery Act and the role everyone can play in identifying and deterring its existence. The training will continue in 2022 to ensure the topic remains relevant for our employees.

A BECLE supplier code of conduct is provided to all new suppliers of Proximo APAC/Australia, to be signed and returned. All existing suppliers also received a copy of the supplier code of conduct. The supplier code of conduct highlights our requirements for business integrity, human rights and working conditions, health and safety, and the impact on the environment and supply chain sustainability. Importantly, an ethics hotline is provided for the communication and reporting of inappropriate conduct.

To better understand what our suppliers are doing, Proximo issued a questionnaire to all Suppliers with questions relating to the actions being taken against Modern Slavery. Most suppliers have provided a completed questionnaire highlighting their dedicated support to deter Modern Slavery and the important actions they are taking. Many of these suppliers have lodged Modern Slavery statements on the government portal, articulating the positive steps they are taking to help deter Modern Slavery. Proximo will continue to work with the small number of suppliers who failed to respond, to support their journey in supporting their requirements to help deter Modern Slavery.

Proximo became a member of TRACE in 2021. TRACE is a non-profit business association dedicated to anti-bribery, compliance, and good governance. TRACE is widely recognized for establishing compliance standards and advancing commercial transparency worldwide. Members include hundreds of multinational companies across all industry sectors

In addition, Proximo became a member of Sedex (Supplier Ethical Data Exchange) in 2021 which provides further evidence of its commitment to managing its supply chain responsibly and transparently. Sedex is the world's largest shared platform through which member users can report and share their commercial practices in the key areas of labour law, health and safety, environment, and business ethics.



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## ***How does Proximo APAC assess the effectiveness of these actions?***

Proximo has integrated modern slavery risk management into our existing processes where we monitor and measure the effectiveness of our actions by setting key performance indicators. This includes monitoring:

- the number and level of incidents identified through our risk mitigation process and
- the number of issues reported through our Ethical Standards and Whistleblowing process.
- Assessment of compliance with our supplier questionnaires.

Proximo maintains records to measure the effectiveness of our approach. This includes the following:

- Maintaining records of internal training sessions and the relevant attendees
- Maintaining signed Code of Conduct documents
- Maintaining records of online training courses. E.g., TRACE
- Reviewing and maintaining a register of annual questionnaire responses

Proximo has only recently commenced its journey to deter Modern Slavery. At this point in time there have been no recorded issues or instances. There have been no issues logged by Employees or Suppliers at the time of lodging this statement.

## ***What has been the process of consultation with any entities the reporting entity owns or controls?***

Proximo Australia is a 100% owned entity of Proximo APAC, sharing all systems, processes, and policies. Proximo APAC & Proximo Australia share an identical approach to deterring Modern Slavery.

## ***Is there any other relevant information?***

COVID-19 presented significant challenges in 2021 for all organisations, including Proximo. Whilst all staff who could work from home were requested to, many staff were deemed essential workers and continued to attend customer locations. Many of our supply chain partners were also deemed essential workers. Proximo APAC/Australia kept an open dialogue with staff and suppliers to ensure the wellbeing and safety of all was being maintained. Proximo tracked COVID cases in Australia and checked in on people with Covid. Proximo followed Federal & State health government requirements, provided regular comms to all employees, in addition to supplying sanitiser and masks.



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This Modern Slavery Statement has been approved by the Board of Directors of the principal governing body, Proximo APAC Pty Ltd (ABN 15 619 807 448, the reporting entity), on June 28<sup>th</sup>, 2022, and is signed below by Justin Casey, the Chairman of the Board, for and on behalf of Proximo APAC.

Justin Casey  
Chairman of the Board: Proximo APAC Pty Ltd  
28th June 2022