



## **Australia Modern Slavery Act Statement 2020**

Guided by integrity, respect, trust, teamwork, and excellence, Brown-Forman is committed to ethical behaviour in our operations. We apply our high ethical standards and core values to our commitment to human rights, including the prevention of modern slavery in our business and our supply chains.

This statement is made pursuant to section 14 of the Commonwealth of Australia's *Modern Slavery Act 2018*.

### ***DEFINITION AND SCOPE***

Modern slavery is a violation of fundamental human rights. In this statement we use this term to refer to situations in which coercion, threats or deception are used to exploit victims and undermine their freedom. Modern slavery takes various forms, including slavery, servitude, forced labour, debt bondage, deceptive recruitment, human trafficking, the worst forms of child labour and forced marriage.

We are committed to acting ethically and with integrity in all our business dealings and relationships and to implementing effective systems and controls to ensure modern slavery is not taking place anywhere in our own businesses or in our supply chains.

We expect the same high standards from all of our third-party contractors, suppliers, and other business partners, and we include specific prohibitions in our [Supplier Guiding Principles with respect to Human Rights](#). We expect that our suppliers will in turn hold their own suppliers to the same high standards. All of our suppliers undergo an initial screening through a rigorous "Know Your third-party" survey, which includes flags for compliance risks such as anti-corruption and modern slavery compliance. The screening results are continuously monitored by our Corporate Compliance team.

### ***REPORTING ENTITIES***

This statement is made jointly by Brown-Forman Australia Pty Ltd (ACN 000 064 086) and Brown-Forman Corporation (ARBN 629 020 720).

### ***REPORTING PERIOD***

This statement covers the financial year 1 May 2019 to 30 April 2020.

### ***OUR BUSINESS***

Brown-Forman Australia Pty Ltd (**Brown-Forman Australia**) is ultimately owned by Brown-Forman Corporation and is the entity through which the Brown-Forman business is conducted in Australia.

Brown-Forman Australia is a proprietary company and one of a number of subsidiaries of Brown-Forman Corporation, one of the largest American-owned spirits and wine companies, whose portfolio of more than 30 brands is sold across the globe. Brown-Forman Australia directly employs 151 people in Australia in its operations which include the importation, distribution, marketing and sale of alcohol beverages across Australia and the management of third-party suppliers of manufacturing services to produce ready to drink alcohol beverages in Australia.

Brown-Forman Corporation is one of the largest American-owned spirits and wine companies, whose portfolio of more than 30 brands is sold in approximately 160 countries across the globe. Brown-Forman Corporation is the importer of bulk whisky for the production of a wide portfolio of Jack Daniel's brand ready-to-drink alcohol

beverages (RTD), for which Brown-Forman has licensed to a third-party packager in Australia. Brown-Forman Corporation sells the RTDs to Brown-Forman Australia for distribution in Australia as well as to customers outside of Australia.

## ***SUPPLY CHAINS***

The Brown-Forman supply chain is a complex business process that incorporates the system-wide flows of material, information, and cash across the globe. It includes various operations such as stave mills, cooperages, distilleries, warehouses, bottling plants, etc., as well as over 5,000 external business partners (suppliers, distributors, agency partners, etc.). We strive to continuously improve how we plan, source, make, and deliver products, which are the primary activities.

In Australia, Brown-Forman Corporation licenses the production of its RTD products to a third-party producer, who sources most of the principal raw materials used to make the RTD products, which include water, flavourings, neutral spirits, as well as the main packaging materials, which include glass, aluminium cans, labels and cartons. Brown-Forman Corporation imports its Jack Daniel's bulk whisky from the U.S. which is a primary ingredient in the RTDs. Our licensed producer undergoes a rigorous screening and risk assessment and we continue to monitor their operations through our red flag system and ongoing monitoring. We work with our licensed producer constantly and receive regular reporting on their operations. We understand that our licensed producer is subject to the same modern slavery compliance requirements as we are.

Brown-Forman Australia's supply chain manages the importation of goods, warehousing and distribution activities for both imported and locally produced products. Brown-Forman Australia distributes its imported and locally-produced products through a third-party logistics (3PL) provider's network and five under-bond warehouses. The 3PL provider complies with Customs and Excise requirements, safety, security and Quarantine guidelines. Brown-Forman Australia operates a weekly settlement with Customs and the ATO with Duty and Excise payment made every Monday for the previous week's sales.

Distribution to customers (both wholesalers and retailers) is also managed by the 3PL provider and outsourced to 4PL providers as required.

Brown-Forman Australia's business operations are primarily in sales, marketing and distribution of alcohol beverages domestically. We lease office spaces in five (5) states which are sourced and managed through a third-party commercial leasing company, and we also engage third-party vendors to provide cleaning, maintenance and security services. Brown-Forman Australia also utilises third-party suppliers for office peripherals, furniture fittings, telecommunications and IT-related needs for its business operations and employees. We also engage third-party vendors for business catering, travel-related needs and professional services such as accounting firms, law firms, insurance agents and certain consultants. Our marketing teams engage advertising agencies to assist with brand development and activation both above and below the line.

Globally (including Australia), we systematically review our business partners through our Red Flag screening and ongoing monitoring system by our Corporate Compliance team, to look for alignment with our core values, and appropriately address any gaps that are identified. We expect our partners to adhere to the same high standards of business conduct that we follow and these expectations are set out in the [Supplier Guiding Principles with respect to Human Rights](#), with which all Brown Forman suppliers are expected to comply. We develop and implement best-fit partner strategies for various categories regularly, to ensure we align with the best partners in the market.

## ***ACCOUNTABILITY***

We formally assigned human rights compliance, which includes modern slavery, to our Corporate Compliance team who has the responsibilities to:

- Perform a risk assessment and determine the level of risk
- Understand laws and regulations

- Obtain and/or establish policies for specific issues and areas
- Educate on the policies and procedures and communicate awareness
- Monitor compliance with laws, regulations, and policies

We subscribe to the United Nations Sustainable Development Goals. We are also a signatory to the United Nations Global Compact concerning human rights, labour practices, environmental stewardship, and anti-corruption. Our 2020 Annual and Corporate Responsibility Report contains our Communication on Progress, and we maintain a UNGC Index on our website: <https://static.brown-forman.com/wp-content/uploads/2020/08/10152609/Brown-Forman-Global-Compact-Index-2020.pdf>

### ***RISKS OF MODERN SLAVERY PRACTICES***

Our research over the internet does not indicate any higher risk for the alcohol beverage sector in Australia than enterprises in other industries. However, we expect a heightened compliance in the industry to the Commonwealth's Modern Slavery Act 2018 requirements and its links to human rights risks as time progresses.

The success of our business in Australia is premised on acting responsibly throughout all levels of our business operations. Our suppliers in Australia range from advertising and promotional agencies, co-packing, logistics, warehousing and merchandising, and we regard our suppliers as an extension of our business.

Merchandising materials remain one of our highest-risk categories as they are frequently sourced from higher-risk countries, and are purchased through intermediaries. We will continue to work with our key merchandising suppliers to develop their capability and processes to drive auditing and assurance further down their supply chains.

### ***RELEVANT POLICIES***

We support and believe in the rights of all people and we outline specific guidelines reflecting this commitment in our [Global Human Rights Statement](#).

All of our contracts with suppliers require our suppliers to comply with all applicable laws. Our suppliers are also required to adhere to the [Supplier Guiding Principles with respect to Human Rights](#), which states the requirement of compliance with laws and ethical business conduct, including those laws and principles prohibiting involvement in modern slavery. Brown-Forman's Supplier Guiding Principles with respect to Human Rights takes into consideration international labor standards set forth in the United Nations Universal Declaration of Human Rights as well as the eight fundamental International Labour Organization (ILO) conventions. In countries, or specific situations, where there is no law or regulation governing a particular activity or operation, Brown-Forman asks its business partners to conduct their operations consistent with the principles of the United Nations Universal Declaration of Human Rights.

### ***DUE DILIGENCE***

In order to identify and mitigate modern slavery risks, we continuously screen all of our third parties against The Red Flag Group's IntegraWatch system that captures human rights abuses in credible media sources globally, as well as The Red Flag Group's ongoing due diligence process. Our third parties that receive a "hit" based on screening are investigated and addressed.

In addition to this monitoring service, we included modern slavery in our Risk Registrar maintained by our Enterprise Risk Management team who constantly evaluates the likelihood and risk of violations and the magnitude thereof.

We offer an anonymous toll-free hotline to all employees and business partners which can be used to report suspected violations of human rights. The hotline is available in multiple languages and all reporters are protected from retaliation in any form. The prevention, detection and reporting of modern slavery in any part of our business or supply chains is the responsibility of all those working for us and our third parties. The ethical hotline is published on our corporate website, including our [Code of Ethics](#) and [Global Human Rights Statement](#) and is accessible to the public.

## ***SUPPORT AND TRAINING***

To ensure a high level of understanding of the risks of modern slavery and human trafficking in our business and supply chains, we provide training to relevant members of staff. Every year all Brown Forman employees globally must complete online Code of Conduct training and certification which contains components educating and testing employees on their knowledge of human rights and the ethical behaviours expected of Brown Forman employees. Each employee must, on completion of the training, certify their understanding of the training materials and Brown Forman's Code of Conduct.

Where appropriate, and with the welfare and safety of local workers as a priority, we will give support and guidance to our suppliers to help them address coercive, abusive, and exploitative work practices in their own business and supply chains.

## ***REMEDIATION***

We are committed to the protection and respect of human rights across our business and supply chain. As indicated in the Due Diligence section above, we have established reporting procedures and mechanisms where employees and third parties can report any concerns regarding unethical or illicit conduct, including in relation to modern slavery. Allegations of human rights violations will be investigated consistent with our investigation protocols, and if such allegations are substantiated we would refer to our contracts with the supplier in question to determine the appropriate course of action.

## ***EFFECTIVENESS AND TRACKING PERFORMANCE***

We communicate any reports of human rights violations through our Annual and Corporate Responsibility Report.

We will add any reports of modern slavery risk through our Red Flag monitoring service via future Modern Slavery Act statements and where appropriate, our Annual and Corporate Responsibility Report.

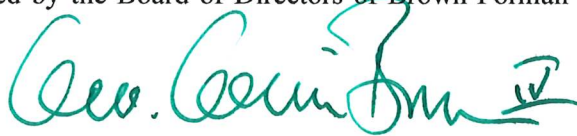
## ***CONSULTATION***

This consultation is effected by use of the shared internal resource referred to in the Accountability section above. The preparation of this statement has been effected by collaboration with the Management of Brown-Forman Australia and the Corporate Compliance team which have oversight of business operations. In addition, the Brown-Forman group of companies utilise the same systems, and similar processes and procedures in their business operations to ensure consistency.

## ***APPROVAL***

This statement was approved by the Board of Directors of Brown-Forman Corporation on the 21<sup>st</sup> of April, 2021.

Geo. Garvin Brown IV  
Chairman, Board of Directors  
Brown-Forman Corporation



This statement was approved by the Board of Directors of Brown-Forman Australia Pty Ltd on ~~[insert date]~~

Kylie Jane McPherson  
Director  
Brown-Forman Australia Pty Ltd



29<sup>th</sup> April 2021