

## **Modern Slavery Statement**

**Universal Music Australia Pty Ltd (ABN 21 000 158 592)**

**Reporting period: 1 January 2021 – 31 December 2021**

**Reporting year: 2**

## Introduction, Approval and Signing

At Universal Music Australia Pty Ltd (ABN 21 000 158 592) (**UMA**), our passion for music and creativity unites our company.

We aim to act in an ethical manner in the conduct of our business.

The introduction of the Modern Slavery Act in Australia is an important step in addressing the problem of modern slavery.


Our second modern slavery statement covers the mandatory criteria of the Modern Slavery Act and the key steps we have taken during our Second Reporting Period.

Pleasingly a number of steps and key performance indicators we set out to monitor and achieve were executed during our Second Reporting Period. This includes the adoption and implementation of our UMA Anti-Modern Slavery Policy, publishing 'frequently asked questions' on our UMA website to clearly communicate what we are doing in this space and rolling out specific modern slavery training and education to key staff.

We look forward to reporting on the steps we are taking in future years, in accordance with the Modern Slavery Act.

### Board Approval and Signing

In accordance with section 13 of the *Modern Slavery Act 2018* (Cth), this Statement was approved by the board of Universal Music Australia Pty Ltd ACN 000 158 592 on 29 June 2022.

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George Ash

Director and President

29 June 2022

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## 1. Who we are

- 1.1.1 This modern slavery statement (**Modern Slavery Statement**) is made by Universal Music Australia Pty Ltd (ABN 21 000 158 592) (referred to as **we, us, our** or **Universal Music Australia** in this Modern Slavery Statement).
- 1.1.2 Universal Music Australia is a reporting entity under the Commonwealth *Modern Slavery Act 2018* (Cth) (**Modern Slavery Act**) and this Modern Slavery Statement covers the reporting period from 1 January 2021 and ending on 31 December 2021 (**Second Reporting Period**).

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## 2. Our structure, operations and supply chains

### 2.1 Our Structure

- 2.1.1 Universal Music Australia is an Australian proprietary limited company, incorporated in New South Wales, Australia.
- 2.1.2 Universal Music Australia is part of the global Universal Music Group (**UMG**). The corporate headquarters of Universal Music Group is located in the Netherlands.
- 2.1.3 For the purposes of the Modern Slavery Act, Universal Music Australia owns or controls Neon Records Pty Ltd (**Neon Records**), which is one of our music labels.

### 2.2 Our operations

- 2.2.1 Our key activities are identifying and developing recording artists. We produce, distribute and promote sound recordings (digitally and on physical formats such as CDs and vinyl), audio visual content (including on DVDs) and merchandise (such as T-shirts and keyrings).
- 2.2.2 Through our digital business, the Universal Music Group creates commercial opportunities for our artists and new experiences for fans with the development of services, platforms and business models.
- 2.2.3 We operate out of our head office in Sydney which focuses on providing recorded music, merchandise and audio-visual content in the Australian market.
- 2.2.4 Universal Music Australia's labels in Australia include EMI Australia and Island Records Australia.
- 2.2.5 Universal Music Australia employs approximately 160 people across our various labels and operations.

## 2.3 Our supply chains

What do we do?	Where from?
Produce marketing materials	We produce our marketing materials in Australia and New Zealand.
Contract with studios and producers to deliver content for our artists	We contract with studios and producers in Australia, the United States, the European Union and Asia.
Procure products such as CDs, DVDs, vinyl and Blu-ray discs	<p>We generally procure items through the Universal Group supply chain but our key suppliers for these goods are in Australia and the Czech Republic.</p> <p>Our CDs, DVDs and Blu-ray discs are assembled in Australia but we obtain the CD and DVD cases from China.</p>
Design, source and sell a range of merchandise	<p><b>Clothing</b> – We also procure our clothing merchandise items from various suppliers located in Australia, the United Kingdom, the United States, China and Bangladesh via Bravado Asia Pacific. Those suppliers manufacture their clothing products in China, Bangladesh, Turkey, India and Australia.</p> <p><b>Accessories</b> – As part of our merchandising, we have mugs, eskies and keyrings, which we obtain from a supplier based in Australia - the majority of these goods are made in China.</p> <p><b>Printed materials</b> – We obtain posters and printed materials from suppliers based in Australia. Our printing supplies come from Australian paper mills and the Czech Republic.</p>
Shipping and freight to support our operations	Universal Music Australia uses shipping and freight services to transport our products to Australia. Some of these providers are based in Australia and China, and one provider has global operations.
Support services	<p>We procure legal, recruitment and learning and development services from providers in Australia.</p> <p>We buy our IT equipment from suppliers in Australia but mostly under the Universal Music Group global procurement processes.</p>

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### 3. Risks we have identified

#### 3.1 No specific instances of 'modern slavery' reported

During the Second Reporting Period, we confirm that we did not identify any specific instance of 'modern slavery' in our operations or supply chains and no specific instance of 'modern slavery' was reported to either Universal Music Australia or to UMG.

#### 3.2 Our approach to identifying potential areas of risk

3.2.1 Universal Music Australia has previously taken a targeted risk based approach to determine where the greatest potential areas of risks of modern slavery exist within our operations and supply chains.

3.2.2 In order to identify risks in our first reporting year we:

- (a) reviewed in detail the guidance and mapped our operations and supply chains against the specific known risks factors relating to geographic locations, sectors and industries, products and services, and entities;
- (b) used the Global Slavery Index 2018 by the Minderoo Foundation (**Global Slavery Index**) to increase our understanding of the risk areas in our operations and supply chains;
- (c) undertook a high level thematic review and scoping exercise of our operations and supply chains to identify general areas of modern slavery risks; and
- (d) undertook a targeted modern slavery risk survey.

3.2.3 This initial risk mapping exercise we undertook has informed our approach during our Second Reporting Period, as we have continued to focus on our key priority areas of potential risk.

#### 3.3 What risks we identified – our areas of focus

##### 3.3.1 Operational risks

- (a) As the key operational functions of Universal Music Australia involve the employment or engagement of staff in relation to music activities in Australia we have assessed the risk of modern slavery in our operations as relatively low.
- (b) This risk assessment was made on the basis that the legal framework and our own policies and procedures which regulate conditions of employment or engagement of our staff provide a significant barrier to modern slavery. Examples of policies we have include not accepting unpaid internships or work experience, unless such internship or work experience is tied to studies.

##### 3.3.2 Supply Chain

3.3.3 **Sector and industry risks:** We understand that certain sectors and their industries may have high modern slavery risks because of their characteristics, products and processes.

- (a) **textiles and fashion** - Through our internal processes, we have identified that our merchandise business, Bravado, may carry higher modern slavery

risk because textiles is recognised as a high risk industry globally. This includes the manufacturing and supply of our Artist and label merchandise; and

- (b) **cleaning** – it is well recognised that the cleaning industry is one which poses a higher risk of modern slavery. We use cleaning services to assist us in cleaning our offices in Sydney, New South Wales and Melbourne, Victoria.

3.3.4 **Product and services risks:** Certain products and services may have high modern slavery risks because of the way they are produced. We know that cotton for example, which is a core input into our merchandise range, is recognised as a high risk product globally. Metals are also used for merchandise like key rings and magnets. Metals such as tin and tungsten are recognised as high risk products.

3.3.5 **Geographic risks:** Some countries are known to have high risks of modern slavery, which can be caused by or attributed in part to poor governance, weak rule of law, conflict, migration flows and socio economic factors like poverty.

We have suppliers or manufacturers located in the following locations, which have been recognised to have medium to higher risks:

- (a) Bangladesh;
- (b) China;
- (c) Czech Republic;
- (d) India; and
- (e) Turkey.

3.3.6 **Entity risks:** Some entities may have higher risks of modern slavery because they have poor governance structures, a record of treating workers poorly or a track record of human rights violations.

3.3.7 We recognise that there are third party suppliers and sub-suppliers within our supply chain where Universal Music Australia has less visibility. For example sub-suppliers who supply inputs for our merchandise or third party suppliers for transport or clothing who may use sub-contractors or labour recruiters in the supply chain, can make it more difficult for us to identify the modern slavery risks.

3.3.8 Based on the well-known risk factors above, Universal Music Australia identified supply chains in relation to its merchandise and core physical products such as vinyl as key potential areas of risk.

3.3.9 Having considered the risk factors, Universal Music Australia developed a supplier survey to better identify specific modern slavery and human trafficking risks at the level of individual suppliers (the **UMA Supplier Survey**).

3.3.10 11 suppliers completed the UMA Supplier Survey during the First Reporting Period and in the Second Reporting Period we have further considered the results from the UMA Supplier Survey.

3.3.11 The UMA Supplier Survey covers a range of issues and is aimed at collecting data on topics such as:

- (a) the nature of the goods or services provided to Universal Music Australia, including the locations where those goods or services are provided;

- (b) the composition of the suppliers' workforces, including the extent to which the suppliers rely on temporary employees, agency workers, or consultants;
  - (c) the extent to which the suppliers are transparent with their workers about the terms and conditions of their employment, including their remuneration;
  - (d) the extent to which suppliers take steps to mitigate risks of child labour, forced labour, or bonded labour within their own operations;
  - (e) the suppliers' approach to recognising labour unions or similar collective representative bodies;
  - (f) the adequacy of the suppliers' policies and procedures relating to modern slavery, human trafficking and related workers' rights issues, including the extent to which the suppliers have in place management systems and controls for their own suppliers (i.e. sub-suppliers); and
  - (g) whether any of the suppliers have previously been subject to investigations, allegations or enforcement actions concerning child labour, forced labour, bonded labour, physical abuse or discipline, threats of abuse, verbal abuse, harassment, other forms of intimidation, discrimination, violation of employment standards, or similar issues.
- 3.3.12 While no actual instances of 'modern slavery' as defined under the Modern Slavery Act were reported, we did identify potential issues which required further clarification and follow-up. We subsequently determined the best approach to following up these potential issues with these suppliers.
- 3.3.13 Conducting the UMA Supplier Survey also made clear there is scope for Universal Music Australia to provide more education and awareness to our suppliers about our expectations and requirements in this space. Acknowledging the importance of supplier engagement, moving forward we intend to communicate with all of the 11 suppliers who completed the UMA Supplier Survey regarding UMA's expectations.

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## 4. Our present and future actions to address risks

- 4.1.1 Universal Music Australia is taking a local approach to addressing modern slavery risks while following global policies as part of the Universal Music Group.

### 4.2 At the global level

- 4.2.1 UMA is also subject to the following global policies that support our efforts to identify and address modern slavery risks:

- (a) **Our supplier expectations:** The Universal Music Group has the UMG Supplier Social Responsibility Policy, which has been implemented by some Universal Music Group members. The policy sets out Universal Music Group's expectations that no forced, bonded or involuntary labour will be used and for our suppliers to share our commitment to ethical behaviour. During the Second Reporting Period the Supplier Corporate Social Responsibility Policy has been incorporated into Bravado's manufacturing agreements to ensure the obligations contained in the UMG Supplier Social Responsibility Policy are enforceable for manufacturing suppliers (one area identified by UMA as potentially higher risk). If a supplier is subject to the policy and is found to be in breach of this policy, the relevant Universal Music Group member will request the supplier to implement corrective action.

- (b) **Our supplier audits:** The Bravado team has been working to set-up suppliers on the SEDEX platform for audit visibility and monitors audit results for those that are registered. Discussion of audit results, including corrective actions where needed, into monthly and quarterly supplier business reviews.
- (c) **Our people and our Code of Conduct:** Our staff, officers, directors and third party contractors and advisors must adhere to the **Universal Music Group Code of Conduct**. This Code of Conduct makes it clear that we do not tolerate human rights abuses like modern slavery or unsafe work practices; are committed to working with partners, suppliers and customers who share our commitment to human rights and do not tolerate bribery and corruption. We have a process for individuals to report concerns and promptly investigate each report of suspected violation. Breaches of the Code of Conduct will result in disciplinary action. Staff members certify agreement to the Code annually and participate in a Code of Conduct Training course every other year or at the interval deemed necessary by UMG Global Compliance.

#### 4.3 At the Australian level

In addition to the global approach taken by the Universal Music Group, UMA has taken the following steps to assess and address potential modern slavery risks in our operations and supply chains and in order to be able to address the criteria under the Modern Slavery Act.

Action taken	Description
<b>Existing processes, policies and procedures</b>	
<b>High level mapping of operations and supply chain to improve understanding</b>	<p>During our First Reporting Period we carried out an internal survey of our key stakeholders within UMA to identify modern slavery risks and existing procedures to address modern slavery risks.</p> <p>We also conducted the high level mapping exercise described in section 3.2. This process has helped identify our areas of focus and priorities which informed our approach during the Second Reporting Period.</p>
<b>UMA Supplier Survey</b>	<p>In our First Reporting Period we conducted the Universal Music Australia Supplier Survey targeting 11 suppliers identified as having potentially higher risks of modern slavery. For more information on the UMA Supplier Survey see section 3.3.2. During the Second Reporting Period we further considered the results of these surveys and intend to communicate with all suppliers who completed the UMA Supplier Survey in future reporting periods.</p>
<b>Legal staff training</b>	<p>In our First Reporting Period our legal staff completed modern slavery compliance training covering the requirements under the Modern</p>



	Slavery Act and the Australian Government's expectations and objectives as set out in regulatory guidance.
<b>New processes, policies and procedures implemented during the Second Reporting Period</b>	
<b>Implemented an Anti-Modern Slavery Policy</b>	In November 2021 we implemented an Anti-Modern Slavery Policy, which sets out our approach and expectations in relation modern slavery and human trafficking, includes information about the potential indicators of modern slavery and outlines the reporting expectations for all UMA staff. We communicated the Anti-Modern Slavery policy directly to staff and required all staff to acknowledge that they have read and understood the policy by December 2021.
<b>Further Modern Slavery training</b>	In December 2021 we engaged a specialist to present specific modern slavery training to 15 staff who are more likely to encounter modern slavery risks in their work to supplement testing required to be done as part of the Universal Music Group Code of Conduct procedures. Our legal staff attended this training to refresh and build on their understanding of modern slavery risks.
<b>Communicating what we are doing</b>	During our Second Reporting Period we published a plain English "frequently asked questions" document on the UMA website which publicly communicates what we are doing in this space. We also communicated this "frequently asked questions" document with our staff directly in November 2021 to further build internal education and awareness of modern slavery issues and what we are doing.
<b>Reviewed guidance materials published by the Australian Government</b>	During our Second Reporting Period we considered the Australian Government Guidance including the Government's own modern slavery statement, the procurement toolkit and the modern slavery clauses to benchmark our own efforts. This review has helped to inform our understanding of our goals and future approach to compliance
<b>Ensuring Australian suppliers have obligations to comply with the UMG Supplier Social Responsibility Policy</b>	At the Australian level, we have incorporated the UMG Supplier Social Responsibility Policy into Bravado's Australian manufacturer agreements to codify the expectations set out in the Policy.
<b>Conducted analysis of modern slavery obligations in our agreements</b>	Bravado Australia produces and distributes merchandise, which we have identified as potentially higher risk as they include higher risk materials such as cotton. During our Second Reporting Period we met with stakeholders to

	<p>better understand existing risk mitigation systems already in place.</p> <p>As a supplier to a number of high-profile local retailers such as Kmart, Target and Cotton On Group, Bravado is required to meet a number of modern slavery and ethical behaviour standards under contractual arrangements.</p> <p>This includes ensuring factories are subject to audit by third parties. These audits by third parties review compliance with Sedex Members Ethical Trade Audit standards and Business Social Compliance Initiative standards. Bravado requires that posters and notices about working conditions are installed in factories.</p>
<b>Reviewing supply chains of Neon Records</b>	<p>In our Second Reporting Period UMA completed its review of the operations and supply chains of Neon Records. It was identified that all modern slavery risks within Neon Records are managed at the UMA level and no specific policies or procedures are required for Neon Records.</p>

**5. Measuring our effectiveness**

5.1 The below table clearly tracks what we did and the outcome it had. Pleasingly, we executed a number of specific KPIs we set out to achieve in our First Reporting Period.

Area	What we did	What was the outcome
<b>Training, education and awareness activities</b>	Published 'frequently asked questions'	<p>This activity helped us to publicly communicate what we are doing and build building awareness of modern slavery risks and measures we have in place for both external stakeholders and our internal staff.</p> <p><b><i>KPI from First Reporting Period achieved</i></b></p>
	Modern slavery training for key staff and review of Government materials	<p>15 staff members who are most likely to come across modern slavery risks in their work e.g. procurement staff undertook specific training on modern slavery risks and</p>

		<p>indicators and the UMA and Universal Music Group approach in December 2021.</p> <p>We also completed our review of Government materials published on the topic.</p> <p>These activities have helped to build competency and awareness of key issues beyond foundational learning required of all staff.</p> <p><b><i>KPI from First Reporting Period achieved</i></b></p>
<p><b>Procurement and supplier engagement</b></p>	<p>Identify and understand measures in place to mitigate modern slavery risks across UMA</p>	<p>We continue to build our understanding of our supply chains, modern slavery risks and how to address these risks</p>
	<p>Identify and address gaps in our policies and procedures</p>	<p>During the Second Reporting Period we implemented our Anti-Modern Slavery Policy which clearly sets out our expectations and a processes for reporting issues internally.</p> <p><b><i>KPI from First Reporting Period achieved</i></b></p>
	<p>Identified the need for further engagement with higher risk suppliers</p>	<p>Having conducted the Universal Music Supplier Survey we now have a better understanding of specific risks with the 11 higher risk suppliers we surveyed. We can now engage with these suppliers in a meaningful way and leverage our influence as a customer. We intend to focus on educating these suppliers as well as part of the follow-up process. During the Second Reporting Period we considered the best approach to engaging with these suppliers.</p> <p><b><i>KPI from First Reporting Period progressed</i></b></p>

5.2 We know that specific 'key performance indicators' can be helpful to clearly track our progress.

5.3 We have set the following key performance indicators for what we are aiming to achieve during the next reporting period:

- (a) Communicating with all 11 suppliers who conducted the Universal Music Australia Supplier Survey and following up on any identified issues;
- (b) Communicating with all UMA staff to update them on the steps we are taking and to continue to build on their understanding of modern slavery issues;
- (c) Tracking any specific issues regarding modern slavery which have been reported to UMA; and
- (d) Commence drafting a Modern Slavery Response Guide for UMA which sets out agreed procedures for responding to modern slavery incidents; remediation guidance to refer to when considering remediation for a specific incident; and assignment of roles and responsibilities at UMA in respect of a modern slavery incident.

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## 6. Consultation criteria

We own or control one other entity, being Neon Records Pty Ltd, however all the risks and processes with Neon Records Pty Ltd are managed directly by UMA as we take an "Australia wide" approach to modern slavery (as well as taking a group wide approach as a member of the Universal Music Group).

During the process of preparing this Modern Slavery Statement, we have obtained input from our internal stakeholders, including our legal and procurement teams.

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## 7. Other relevant information

### 7.1 The Impacts of COVID-19

7.1.1 COVID-19 has had a significant impact on the music industry as a whole.

7.1.2 Due to travel restrictions, we were not able to conduct the site visits and audits we would normally conduct in relation to our merchandise supply chain. We intend to resume these visits as soon as we are able to and when it is safe and feasible to do so. We will also look at conducting audits virtually.

7.1.3 Otherwise, Covid-19 has not impacted our key compliance roadmap for our Second Reporting Period as we implemented or progressed all of the key performance indicators we set out to achieve in our First Reporting Period.

### 7.2 Sharing with other entities in the Universal Music Group

As Universal Music Australia is part of the Universal Music Group, we have worked with the Universal Music Group headquarters to develop this Modern Slavery Statement.

**MODERN SLAVERY ACT 2018 (CTH) – STATEMENT ANNEXURE****Principal Governing Body Approval**

This modern slavery statement was approved by the *principal governing body* of

Universal Music Australia Pty Ltd (ABN 21 000 158 592)

as defined by the *Modern Slavery Act 2018 (Cth)*<sup>1</sup> (“the Act”) on

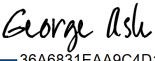
29 June 2022

**Signature of Responsible Member**

This modern slavery statement is signed by a *responsible member* of

Universal Music Australia Pty Ltd (ABN 21 000 158 592)

as defined by the Act<sup>2</sup>:

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George Ash

Director and President

**Mandatory criteria**

Please indicate the page number/s of your statement that addresses each of the mandatory criteria in section 16 of the Act:

<b>Mandatory criteria</b>	<b>Page number/s</b>
a) Identify the reporting entity.	3
b) Describe the reporting entity’s structure, operations and supply chains.	3 – 4
c) Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls.	5 – 7
d) Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes.	7 – 10
e) Describe how the reporting entity assesses the effectiveness of these actions.	10 – 12
f) Describe the process of consultation on the development of the statement with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity covered by the statement).*	12
g) Any other information that the reporting entity, or the entity giving the statement, considers relevant.**	12