

1884 Pty Limited Modern Slavery Statement 2021

1. Introduction

The Modern Slavery Act

In 2018, the Australian Government passed the Modern Slavery Act 2018 (Cth) (**'the Act'**). The Act requires large corporations in Australia with an annual revenue of more than \$100 million, to annually report on the risks of modern slavery in their operations and supply chain, and actions taken to address those risks.

1884 Pty Limited

1884 Pty Limited (**'1884 Pty Limited'**), ABN 83 114 980 880 is a private company limited by shares and was registered in Australia in 2005. Our primary place of business is situated at 1-3 Smail Street, Ultimo, New South Wales. 1884 Pty Limited does not employ any people. 1884 Pty Limited is a Reporting Entity for purposes of the Act.

Our 1st Modern Slavery Statement

1884 Pty Limited submitted our 1st Modern Slavery Statement for the period January 2020 to December 2020, on 30 June 2021. This reporting date was in accordance the Australian Government's decision to extend the 1st reporting deadlines for 3 months, as it recognised that the coronavirus pandemic was causing significant and unprecedented disruption for Australian businesses and global supply chains.

This statement covers the period January 2021 to December 2021.

2. 1884 Pty Limited's structure, operations and supply chains

1884 Pty Limited is the holding company for a number of Australia and New Zealand registered companies.

This Statement, which is intended to meet the requirements of the Act, describes the steps taken by 1184 Pty Limited and the following entities that it owns or controls, in minimising the risk of modern slavery occurring in our business and supply chain:

- 1) Stuart Alexander & Co Pty Ltd (**'SACO'**), ABN 43 000 058 677.
- 2) Stuart Alexander (Australia) Pty Limited, ABN 89 086 731 731.
- 3) Diffords Guide Australia Pty Limited, ABN 35 641 642 686.
- 4) The Discerning Drinks Company Pty Limited, ABN 67 632 546 082.
- 5) Bon Ami Petfoods Pty Limited, ABN 38 614 934 575.
- 6) Brand and Marks Pty Ltd, ABN 87 614 931 976.

SACO is the only operating entity controlled by 1884 Pty Limited with an annual revenue of more than \$100 million and is therefore also a Reporting Entity. 1884 Pty Ltd and SACO have the same Board and the day-to-day activities of SACO are managed by SACO management.

For purposes of the Act, this is a Joint Statement as provided for in Section 14 of the Act, submitted by 1884 Pty Limited (ABN 83 114 980 880), on behalf of 1884 Pty Limited and SACO (ABN 43 000 058 677). For purposes of this Statement we refer to SACO as the operating company of the Reporting Entities.

We understand that modern slavery happens at the most extreme end of the working spectrum, and it involves the gravest abuses of human rights and serious crimes, having severe and often lifelong consequences for its victims. The term modern slavery is used to describe situations where there is coercion, threats or deception.

Overview of our business and operations

SACO established in 1884 and registered in Australia in 1946, employs 108 people. SACO is one of Australia's largest privately-owned companies that imports, markets and distributes premium global brands including: Chupa Chups, Fisherman's Friend, Mentos, TABASCO and MONIN throughout Australia.

We provide more detail about each of the other owned or controlled entities of 1884 Pty Limited below.

- 1) Stuart Alexander (Australia) Pty Limited was registered in Australia in 1999 and has a Distribution Agreement for the distribution of Ocean Spray products in Australia. Ocean Spray, established in 1930, is a grower owned co-operative of 700 Cranberry Growers and 50 Grapefruit growers sourcing crops from USA, Canada and Chile. Sold in four different formats around the world - as a drink, sauce, whole berries and dried fruit – Ocean Spray is the number 1 Cranberry Juice and Dried Cranberry brand in Australia
- 2) Diffords Guide Australia Pty Limited was registered in Australia 2020 and operates one of the world's largest and most visited drinks related websites in Australia. It is aimed at providing discerning drinkers with factual and impartial information on what to drink and where to drink it, along with an opinion on what's good, bad or indifferent.
- 3) The Discerning Drinks Company Pty Limited was registered in Australia in 2019 and distributes: bottled cocktails; cocktail packs; and bar and pantry products, kits, tools and accessories. The majority of the products are sourced from the USA and Europe, as well as in Australia.
- 4) Bon Ami Petfoods Pty Limited was registered in Australia in 2016 and distributes Monge pet food products, for cats and dogs, which is manufactured in Italy. Monge was established in 1963.
- 5) Brand and Marks Pty Ltd was registered in Australia in 2016 and assists companies distribute and market their brands into the Australian market. The majority of the products are sourced from the USA, Germany, Italy and India.

3. Risks of modern slavery practices in our operations and supply chains

At SACO we are guided by **our values**:

Be Brave:

We're a small business so we can be agile and bold. We are trusted and empowered to try, to risk, to question, challenge, discuss and decide.

Own it:

We work together to do the right thing, we take responsibility for our actions and outcomes, we own our decisions, and we learn from mistakes

Share it:

We share our knowledge, information and experience, our friendship, our time, the company's history and our key learnings.

Say it simply:

We communicate clearly, honestly, respectfully and simply.

Care:

We care about ourselves, our colleagues, our careers, our brands and the community.

These values are the foundation of how we behave and interact with each other, our principals, customers, suppliers, shareholders and other stakeholders. When viewed together, our values are intended to reflect the priorities of the business and to provide guidance in decision making.

Our Code of Conduct and other policies have been developed to align with our values to ensure that we observe the highest standards of fair dealing, honesty and integrity in our business. Our Whistleblower policy further ensures all employees can raise concerns of any illegal conduct or serious wrongdoing, without being subject to victimization, harassment or discriminatory treatment.

As we understand it and for purposes of this Statement, the risks of modern slavery practices *'means the potential for the reporting entity to cause, contribute to or be directly linked to modern slavery*

through its operations and supply chain'. We consider the risk of causing, contributing to or being directly linked to modern slavery within our immediate business operations to be low risk. Our human capital operates in an industry that is covered by relevant pay awards, which provides for minimum pay rates and conditions of employment, including entitlements and leave.

We understand and appreciate the potential risk of modern slavery within our suppliers and their respective suppliers, particularly our overseas suppliers, and hence the most significant risk is being potentially *directly linked* to modern slavery. This may occur in:

- Countries and Regions which are known to be at high risk of modern slavery or reported to have high prevalence of modern slavery by international organisations or NGO's;
- Sectors and Industries that may have high modern slavery risks, because of the characteristics, products and processes;
- Products and Services may be at high risk of modern slavery because of the way they are produced, provided or used; and
- Entities that may have higher risks of modern slavery because they have poor governance, weak rule of law, internal conflict, migration flows or a track record of human rights violations.

We have identified our primary risk of modern slavery in our supply chain for our overseas suppliers, rests in the provision of coffee, cocoa and the associated ingredients present in chocolate products. We have limited knowledge of suppliers to our own suppliers and hence the risks of modern slavery within their own suppliers operations. However, our relationships with our suppliers is based on trust and confidence built up over a considerable number of years, that they conduct their business with honesty and integrity, and in an ethical manner.

We have approximately 120 Vendors across our business and the associated entities, the majority of whom rest with SACO and Brand and Marks Pty Limited in terms of spend and the number of vendors. However, our top twelve Vendors make up approximately 81% of our annual supplier spend.

The said top vendors (suppliers) primary source of business with us includes the manufacturing, marketing, distribution and selling of food and beverage products, alcohol products and pet foods. This has remained consistent during the 2nd reporting period January 2021 to December 2021, for purposes of preparing and submitting our 2nd Modern Slavery statement.

4. Actions taken to assess and address modern slavery risks, including due diligence and remediation processes

SACO has entered into documented Distribution Agreements with our major suppliers/top spend vendors and signed by both parties to the Agreement. Our recent Distribution Agreements that have been drafted by SACO now includes a Modern Slavery Clause:

- The Supplier acknowledges that SACO is obligated to comply with the Act.
- The Supplier must ensure that it takes reasonable steps to comply with the Act and must not do anything or omit to do anything that would cause Sturt Alexander to contravene the Act.
- The Supplier agrees to provide SACO with any information that it reasonably requires in order to assist it to comply with its obligations under the Act, as and when reasonably requested by SACO including details of:
 - The structure, operations and supply chains of the Supplier;
 - The risks of modern slavery practices in the operations and supply chain of the Supplier and any entity that the Supplier owns or controls;
 - The actions taken by the Supplier and any entity that the Supplier owns or controls, to assess and address those risks, including due diligence and remediation processes;

- How the Supplier assesses the effectiveness of such actions; and
- The Supplier process of consultation with any entities that it owns or controls.
- The Supplier acknowledges that all information provided under the Modern Slavery clause will be complete and accurate. The Supplier must immediately notify SACO if any of the information ceases to be accurate at any time during the term of the Agreement.
- The Supplier agrees to allow SACO upon written request to audit any of the Suppliers documentation at its premises, during business hours, to the extent reasonably necessary to ensure compliance with the Act and the clause of the Agreement.

Where the contents and form of the Distribution Agreements are driven by the supplier, from 1 July 2021, we ensured that any new agreements included a Modern Slavery clause.

In 2021, SACO engaged a consulting services firm, to assist in performing a modern slavery risk assessment of our operations and supply chain, and creating a modern slavery risk assessment framework. This framework provides a reliable and prescriptive approach to assessing the risks presented by suppliers and informing of the actions we have taken as recorded in this Statement.

The assessment comprised the following steps, which is on-going:

- Data gathering and conducted a gap analysis between existing processes and Modern Slavery requirements.
- Supplier profiling, determining risk criteria and evaluation methodology. This included a review and consideration of existing knowledge of suppliers from SACO's supplier vetting process.
- Conducted a targeted Supplier Risk Assessment.
- Development of a Modern Slavery Framework in line with our corporate and risk strategies.
- Development of an implementation roadmap.
- Drafting of our first Modern Slavery Statement

The following actions have been completed:

- Conducted a risk assessment over our current Suppliers in terms of our payment data, for the 12 month period January to December 2020.
- Identified existing risk management policies and procedures within SACO and determined whether this can be broadened to include the risks of modern slavery, through ethical sourcing, quality standards or other compliance reporting.
- Drafted a Modern Slavery Questionnaire for consideration by SACO, for distribution to and completion by our Suppliers.

In conducting a risk assessment of existing risk management policies and procedures, we reviewed all relevant policies for SACO including: Code of Conduct for Employees; Whistleblower policy; and Distribution Agreements with Suppliers.

In performing the risk assessment of our Suppliers, we conducted a desk top review of 50 of our top spend vendors (out of approximately 120 Suppliers), that comprised 99% of our total spend in 2020. Within the 50 top spend vendors are 8 vendors that are deemed to be internal group payments or payments to Australian Government entities, which we excluded from our risk assessment. We therefore performed our risk assessment for 42 top spend vendors.

We considered risks that may potentially cause, contribute to or be directly participating in modern slavery practices, consistent with the Act and the *Commonwealth Modern Slavery Act 2018, Guidance for Reporting Entities*. These risks areas included: Financial; Industry; Country (geographic location); Good and Services; the use of Sub-Contractors; and evidence that the Supplier has submitted a modern slavery statement if applicable.

These Suppliers were then given a risk rating of either low, medium or high based on their score across the four key risk areas.

The results of our desktop review identified that 42 of our 42 top spend Suppliers scored an overall modern slavery risk rating of low risk to modern slavery. This assessment is based on a desktop review and what was determined by us using public available records and information we had previously obtained from our Suppliers. Our review further identified that 12 of our 42 top spend vendors have submitted a Modern Slavery Statement in Australia or abroad (international companies). This provides us with added assurance that SACO is doing business with companies who uphold the principles of modern slavery compliance.

Following the risk assessment we considered providing selected Suppliers with a modern slavery questionnaire to determine their exposure to modern slavery and to ensure that they comply with our obligations and commitments regarding modern slavery. This now forms part of our new vendor process and further supplements our updated Distribution Agreement with our Suppliers, which makes provision for the Act and the requirements to comply.

Our modern slavery questionnaire provides for a number of enquiring modern slavery related questions, including supporting documents where applicable and deemed necessary. The questions include a risk rating for ten relevant modern slavery questions. We deemed this to be a significant process in identifying and where applicable, eradicating human trafficking and modern slavery, where there is any suggestion or suspicion that this may be occurring. However, we had no reason to believe this was occurring in the operations and supply chain of any of our Suppliers.

In our 2nd reporting period, we have taken the following steps to steadily review and improve our modern slavery internal controls and procedures, in order to monitor their effectiveness, and respond to areas that are not, including how we engage with our Suppliers, policy updates and reviewing of our procedures where required.

Modern Slavery Questionnaire

We distributed our modern slavery questionnaire to a number of selected Suppliers across numerous geographical locations and countries. The majority of our Suppliers are located and conduct business in countries at low risk of modern slavery, including: the Netherlands; United Kingdom; Belgium; Switzerland; USA; Germany; France; Italy; and Malaysia. We received the completed modern slavery questionnaires from our Suppliers and provided these to our external consulting services firm for further examination and a modern slavery risk ratings. We determined the following:

- 1) Overall our Suppliers are at medium to low risk of modern slavery. None are rated at high risk to modern slavery.
- 2) Where applicable Suppliers have submitted either a UK or Australian modern slavery statement to the relevant regulators/ authority.
- 3) Our Suppliers have a number of policies and procedures in place, many are publically available documents, that positively address the risks associated with modern slavery, including: Ethical Trading Policy; Supplier Code of Conduct; Quality Management System and Supplier Audit Procedures; Policy that includes Child Labour, Forced Labour & Freedom of Association; Position Statement on Human Rights, that includes staff Code of Conduct; On-Site audits as part of the supplier assessment prior to engagement; and a member of the Sedex Members Ethical Trade Audit, that provides for an ethical audit methodology report.
- 4) Where suppliers of our Suppliers operate in high risk countries or high risk industries, which occurs in a low percentage of instances, our Suppliers have addressed this within their own quality Management System and Supplier Audit Procedures, and their Supplier Code of Conduct, where applicable.
- 5) We have identified areas of focus, in particular considering our Suppliers provide us with additional documents in support of the information provided including: updating their Code of Conduct policy; Managing & Mitigating risks of modern slavery; Staff Handbook; and UN Global Compact, Communication on Progress annual report. We have to date not requested any additional information from our Suppliers, as the results indicate our Suppliers are taking reasonable steps within their control to minimize their exposure to modern slavery.
- 6) The results are consistent with our initial desk top review conducted in our 1st reporting period, which provides further information confirming our Suppliers are taking positive and

meaningful steps to address modern slavery risks, and that we are monitoring and taking further action where deemed necessary.

We have not engaged with any new suppliers, particularly Suppliers with whom we have had a relatively high spend in the reporting period that required completion of our modern slavery questionnaire.

We have not provided modern slavery training to date. However, our team has become more aware of the importance of modern slavery by reviewing the responses to the questionnaires as recorded above. Training is an action that we intend auctioning when transitioning over a new brand.

5. Assessing the effectiveness of our actions

The actions taken by us to date in the 1st and 2nd reporting periods, has allowed us to consider and plan essential parts of operations and supply chains to improve our understanding of potential modern slavery risks. This included changes to our Distribution Agreement, Policy review and updates, the drafting of a modern slavery questionnaire; distribution and receipt of completed modern slavery questionnaires; and detailed review and examination of same.

While assessing our high spend Suppliers is an effective mechanism to determine our exposure to modern slavery, the supplier questionnaire and continual assessment and due diligence where required, of our supply chain is necessary to ensure that we are meeting our obligations with regards to modern slavery compliance. All existing Suppliers will be requested to complete the modern slavery questionnaire, where deemed necessary, and it is a requirement moving forward that all new Suppliers also complete the questionnaire.

SACO intends to continue use the information obtained from the above processes, to build transparent and collaborative relationships with our Suppliers. This will further safeguard our expectations of reporting of modern slavery risks within our Suppliers supply chain, that this has been clearly communicated to us, and that we have satisfied ourselves that modern slavery risks have been and are being effectively managed by our Suppliers.

We will steadily review and improve our modern slavery internal controls and procedures in order to monitor their effectiveness, and respond to areas that are not, including how we engage with our Suppliers, policy updates and reviewing of our procedures where required. Although we are not aware of any modern slavery having occurred within our operations and supply chain, and that of our Suppliers that has been determined by us as recorded in our Actions taken above, we understand our visibility is still in the development stages and needs to be further developed. As a result, the ability to assess the effectiveness of our response, is also in the development stage. We believe that the growth of stronger modern slavery assessment processes will occur, as our initiatives are further incorporated within our operations and supply chain, and more information becomes available for the actions we have taken and implemented to date.

6. The process of consultation with the entities owned or controlled by the reporting entities

The Board of 1884 Pty Limited oversees the operations of the Joint Reporting Entities and the entities it owns or controls through regular meetings. During the 1st reporting period the Board met 9 times. Included on the agenda for discussion in the March 2021 Board Meeting was modern slavery reporting requirements. This included planning an effective execution of the steps taken to address the risks of modern slavery in our operations and supply chain, and the preparation of our Joint Modern Slavery Statement. The Board have been updated on a monthly basis on the progress of our Modern Slavery reporting requirements.

Our approach and development of meeting modern slavery reporting requirements and actions taken and to be taken, has been headed by SACO's Head of Finance supported by our Management Consultant. This statement has been distributed to all stakeholders and agreement has been confirmed on the content and approved for submission.

7. Additional relevant information

The reporting entities intend to continue to proactively work towards reducing the risks of modern slavery within our operations and supply chain, and expect our Suppliers to adopt a similar approach.

To further develop and improve on the steps we have taken as recorded in this statement, we will be paying particular attention to the following areas, where practical to do so and reasonably achievable:

- Seek assurance from our Suppliers as to compliance with the modern slavery requirements as provided for in our Distribution Agreement.
- Requesting information from our Suppliers that we reasonably require in order to assist us in complying with our obligations in terms of the Act, as and when requested by us.
- Conduct audits of our Suppliers documentation at its premises, to ensure compliance with the Act, and performing social accountability audits on our Suppliers, within reason, by conducting random onsite inspections to evaluate their practices with respect to the treatment of their workers and identifying and determining any potential risks, including modern slavery and human trafficking. We note however, as provided for in our examination of the completed modern slavery questionnaires, that some of our Suppliers have amongst others: Quality Management System and Supplier Audit Procedures; Forced Labour & Freedom of Association; Position Statement on Human Rights; On-Site audits as part of the supplier assessment prior to engagement; membership of the Sedex Members Ethical Trade Audit, that provides for an ethical audit methodology report
- Continue where required, requesting selected current Suppliers and all new Suppliers complete our Modern Slavery Questionnaire.
- Continue to access the responses provided by Suppliers and conduct further due diligence and investigative processes where medium or high risks of modern slavery has been determined.
- Commence with modern slavery training for our relevant staff in the next reporting period, which may include the distribution of booklets, online courses, in-person meetings with management and/or other written resources.
- Consideration will be given to providing modern slavery literature to our vendors/suppliers, which may be dependent on the results achieved in the completion of our required Modern Slavery Questionnaire by our Suppliers and our assessment of same.
- Development of internal accountability standards and procedures, that will ensure our employees and contractors are accountable for non-compliance with our standards on modern slavery and human trafficking by: addressing any potential risks of modern slavery in a timely manner; establishing consequences for non-compliance and a process to remediate such breaches; and to encourage all Suppliers to meet modern slavery requirements and to promote best practice and continuous improvement.

The Board of 1884 Pty Ltd has approved this statement on 24 May 2022 (Date)

Signed by:

 (Name)

Chairman (Position)