



United Malt Group



Modern Slavery Statement FY20



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Introduction

This is United Malt Group Limited's ('United Malt') first Modern Slavery Statement provided under the *Modern Slavery Act 2018* (Cth) ('the Act') in respect of its financial year ended 30 September 2020 (the 'reporting period'). The Statement outlines the steps we have taken to identify, manage and mitigate risks of modern slavery (as defined in the Act) in our operations and supply chains during the reporting period.

United Malt has respect for human rights as one of our core values; this means that we will conduct our business in a way that recognises and respects the rights of our employees, customers, suppliers and contractors to be free from practices of modern slavery. These actions are not only the moral and ethical thing to do, but central to the ongoing growth and success of our business.

We believe we have a responsibility to our employees, customers, suppliers, contractors and the broader community to better understand, manage and minimise instances of modern slavery within our operations and supply chains. The steps we have taken during the reporting period are the beginning of an ongoing process to be carried out over the next several years to fulfil this responsibility.

United Malt separated from GrainCorp Limited and became a standalone business on 1 April 2020, 6 months before the end of the reporting period. During those 6 months as a standalone business, we were primarily focused on establishing the fundamental processes, policies, and operations necessary to effectively run the business independently from GrainCorp. This meant that a substantial amount of the progress we have made towards implementing a program to identify, manage and mitigate modern slavery risks in our operations and supply chains occurred after the end of the reporting period.

This Statement provides information on the actions taken by United Malt during the relevant reporting period as required by the Act. However, we would also like to take this opportunity to provide readers

with an update on the actions we have taken, and intend to take, after the end of the reporting period.

In summary, during the reporting period we developed a Modern Slavery Risk Program to better enable us to assess and address modern slavery risks in our operations and supply chain. We also undertook an internal due diligence exercise across all our business units to identify potential modern slavery risks in our operations and supply chains, which has helped us to identify key focus areas for the next year.

After the end of the reporting period, we have been, and will continue to be, focused on implementing the Program as follows:

- Our Board adopted a Modern Slavery Policy which builds on our existing Code of Conduct. The Policy is designed to ensure that the United Malt Group:
 - is compliant with local, national and other applicable laws and regulations in the areas in which the businesses operate;
 - sources products and services in accordance with legal obligations and community expectations while working with suppliers to improve their social and environmental practices; and
 - acts to prevent, mitigate and where appropriate, remedy modern slavery in its operations and supply chains.
 - We have updated our existing Whistleblower Policy to make it clear that the Policy applies to reports of modern slavery incidents and risks. United Malt's officers, employees, contractors and suppliers also have access to the external ethics portal that has been established through Navex Global (EthicsPoint) to provide a safe and confidential environment for reporting various concerns, including those relating to modern slavery.
- We are in the process of rolling out a modern slavery risk assessment process as part of the due diligence we undertake on direct suppliers during their onboarding process.
 - We will train our management and procurement staff to identify the specific modern slavery risks associated with the different types of products, source countries and sectors of our suppliers.
 - As part of a broader global contract review initiative, new standard supplier terms and conditions will contain provisions requiring suppliers to comply with relevant laws prohibiting modern slavery practices and request that they notify us of any modern slavery risks or practices in their business or supply chains that they become aware of.

We look forward to providing you with a more detailed overview of the actions we have taken during the period to 30 September 2021 ('FY21') in our next Modern Slavery Statement.

This Statement has been approved by the Board of Directors of United Malt.



Graham Bradley AM
Chairman and Non-Executive Director



Mark Palmquist
Managing Director and CEO

United Malt Structure, Operations and Supply Chains

United Malt Overview

United Malt is the fourth largest commercial maltster internationally, producing ingredients for the brewing, distilling and food markets. United Malt is a public company and is listed on the Australian Securities Exchange (ASX:UMG). The United Malt Group is comprised of United Malt and its subsidiaries which operate globally across North America, the United Kingdom, Australia and New Zealand.

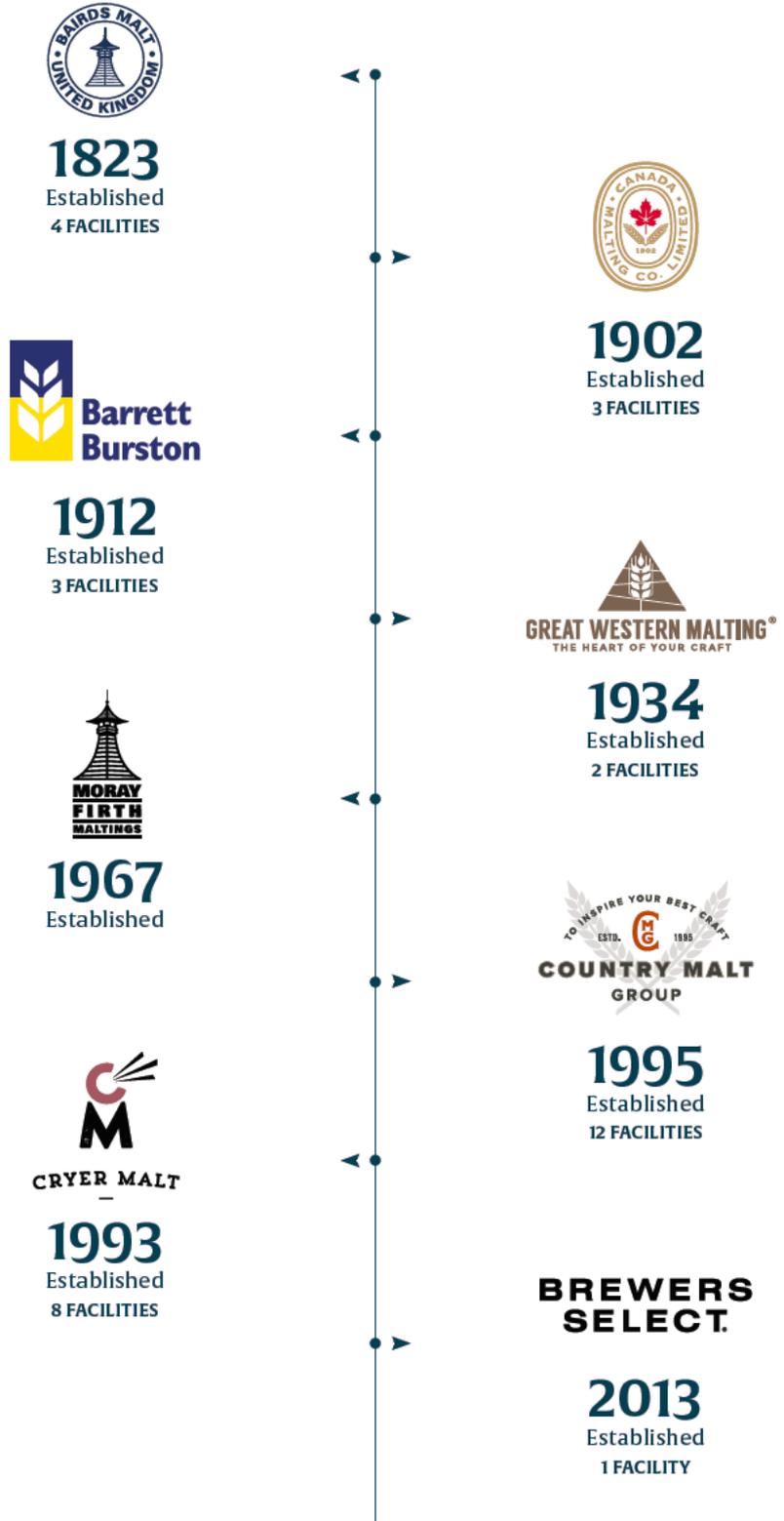
Identity of Reporting Entities and Consultation Process

This Statement is submitted as a joint statement on behalf of United Malt (ABN 61 140 174 189) and its Australian subsidiaries Australia Malt HoldCo Pty Ltd (ABN 18 121 418 899), Australia Malt Finco Pty Ltd (ABN 35 121 418 906) and Barrett Burston Malting Co Pty Limited (ABN 39 050 142 526), which are also reporting entities under the Act. Each reporting entity is incorporated in Australia.

Given United Malt and its subsidiaries (the 'Group') use substantially similar policies and processes, and operate in the same sectors, we have provided a consolidated description of the Group's actions to assess and address modern slavery risks in its operations and supply chains. The presidents of each Group business were consulted on the content and implementation of the Group's Modern Slavery Risk Program and the preparation of this Statement.

Our Brands

In each of our operating geographies we have local brands that represent United Malt.





Our Operations

United Malt has approximately 1.25Mtpa of capacity across 12 processing plants in Canada, United States of America, Australia and the United Kingdom. United Malt also operates an international warehouse and distribution business, which provides a full service offering for craft brewers and distillers, including malt, hops, yeast, adjuncts and related products. As at the end of the reporting period, the Group employed ~1,000 employees globally.

We are one of the leading malt suppliers to the craft brewing sector, supported by a distribution network comprising 21 warehouses (both Company-operated and through third party logistics providers) and international craft distribution partnerships throughout North America, South America, Europe, Asia and Australia.



Product procurement

We maintain long term relationships with a diverse range of barley growers, over multiple growing regions. We contract directly with growers for production acres and planting of specific barley varieties, as well as through grain traders.

We source other products such as hops, yeast, flavours and adjuncts from carefully selected suppliers.



Processing Conversion to Malt

In our 12 processing facilities we convert the barley into malt via a process of steeping, germination, kilning and roasting. Through these processes we create our range of base and speciality malts for applications in the brewing, distilling and food markets.



Distribution

Our Processing division distributes our malt products in a bulk format via rail, car, road and containers to major food and beverage producers.

Our Warehouse and Distribution division distributes our malts in a smaller format to meet the needs of our customers. We complement our malt ingredient offering with the provision of the full range of other brewing and distilling ingredients including hops, yeast, adjuncts, flavours and packaging materials.

Our Supply Chains

Our supply chains can be broadly grouped into the following categories:

1. **Grains** – supplied to the Processing division which are ultimately converted into malt for sale to customers. We source our barley from growers in local regions near our processing facilities.
2. **Other products for resale to customers** – products supplied to the Warehouse and Distribution division for resale to customers, such as malt and malt adjacent products (hops, yeast, adjuncts and flavours), agrichemicals and fertilisers, and animal feed products.

3. **Warehousing & Transport Logistics** – in locations where we do not own warehouses, we outsource the storage of our barley and other products to third party warehousing providers. We engage freight carriers to transport our products to domestic and international customers.

4. **Goods not for resale** – goods or services supplied to United Malt which are not intended for sale to customers. These include goods such as equipment used in our facilities, packaging materials, merchandise, office stationery, and services such as cleaning, IT services and professional services.

5. **Indirect suppliers** – suppliers of goods and services to our direct suppliers. Indirect suppliers do not have a direct trading relationship with United Malt.

Risks of Modern Slavery Practices in Our Operations and Supply Chains

We recognise that modern slavery risks can occur in our operations and supply chains across a range of jurisdictions. While we are not aware of United Malt directly causing or contributing to modern slavery practices, we also recognise there are parts of our operations and supply chains which may be directly linked to modern slavery through the goods and/or services procured.

We have undertaken an initial internal due diligence exercise across all our business units to identify potential modern slavery risks in our operations and supply chains, which has helped us to identify key focus areas.

Below is an overview of the key findings of this initial due diligence exercise. Over the coming years, we intend to focus on deepening our understanding of our supply chains so we are better able to identify, address and remediate any modern slavery risks identified therein.

Operations

We are pleased to report that we have not identified any instances of modern slavery in our operations.

As at the end of the reporting period, our global workforce was comprised of 955 permanent, 3 fixed term, and 37 casual/temporary employees. Although the number of casual / temporary workers we employ is relatively small, we recognise there are increased modern slavery risks associated with the employment of casual / temporary workers. These risks are mitigated by the regulatory frameworks in the geographies where these workers are employed, which are in turn supported by our internal policies and practices. In particular, our Code of Conduct, which outlines how we expect directors, employees and contractors to behave and conduct themselves towards each other, requires compliance with the spirit and the letter of the laws of every country in which we operate, including relating to labour standards.

We occasionally use labour hire firms to fill temporary positions or for additional resourcing, for example when an employee

takes leave. We understand the use of labour hire firms can increase the risks of modern slavery practices because we have less visibility over recruitment practices. A key focus area for us over the next reporting period will be to better understand the policies and practices of the labour hire firms we use.

Supply chains

The majority of the agricultural raw materials used in our business are sourced from farms in North America, United Kingdom and Australia, and range from large, highly mechanised farms to smaller, family-owned operations. Barley is the main raw material used in our business and is usually harvested by our suppliers via largely mechanised processes which do not involve high levels of labour or seasonal workers (compared to horticultural activities). However, barley is not the only raw material we use, and we recognise that different farm types and locations pose different risks in terms of modern slavery. For example, our Warehouse and Distribution division procures hops from farms where it is common for harvesting to occur using manual labour. We have visited the farms of our major hops supplier to review their operations and found no cause for concern in the labour conditions and practices. We will continue to monitor the operations of our agricultural raw material suppliers in this regard, with a particular focus on suppliers who provide us with raw materials that involve a high degree of manual labour in harvesting.

We engage freight providers to transport our products to customers domestically and internationally. The majority of freight providers we engage operate out of North America, the United Kingdom and Australia, and are subject to safety regulations and reporting requirements (including in relation to number of hours worked and industry standard hiring practices) which help minimise the risk of modern slavery being present in their operations.

The other goods and services we regularly source include packaging materials, equipment and business services.

We typically source these goods and services from specialised suppliers with relatively sophisticated operations and processes. We recognise, however, that this does not automatically mean that there is no risk of modern slavery. For example, some of the packaging materials we use are manufactured in India, Indonesia, China and Vietnam. A key focus area for us is to gain a better understanding of the conditions under which the packaging materials are manufactured given the heightened risk of modern slavery in these countries and the textiles industry.

Many of our suppliers procure goods or services from third party suppliers which are ultimately used in our business. This reduces our visibility over the practices of those third parties who are our indirect suppliers, and in turn over whether modern slavery is occurring further down our supply chains.

The above information is based on feedback received from the internal due diligence exercise we undertook during the reporting period. We are in the process of implementing a more comprehensive supplier due diligence process which will allow us to gather more information about our supply chains. Over the coming years, we intend to gather more information about our indirect suppliers to better understand their operations and practices so we can create a more comprehensive map of our supply chains and the potential risks of modern slavery practices therein.

United Malt has respect for human rights as one of our core values



Actions to Assess and Address Risk

Actions taken during the reporting period

At United Malt we believe we have a responsibility to our employees, customers, suppliers and the broader community to better understand, manage and minimise instances of modern slavery within our operations and supply chains. The steps we have taken during the reporting period are the beginning of an ongoing process to be carried out over the next several years to fulfil this responsibility.

United Malt separated from GrainCorp Limited and became a standalone business on 1 April 2020, 6 months before the end of the reporting period. During those 6 months as a standalone business, we were primarily focused on establishing the fundamental processes, policies, and operations necessary to effectively manage the business independently from GrainCorp. This meant that a substantial amount of the progress we have made towards implementing our Modern Slavery Risk Program occurred after the end of the reporting period. We did, however, develop the content and objectives of our Modern Slavery Risk Program during the reporting period which, once implemented, will enable us to better assess, address and remediate the modern slavery risks in our operations and supply chains.

We also undertook an initial internal due diligence exercise during the reporting period which involved each business unit answering a questionnaire about the structure of the business unit's supply chain, the operations and supply chains of indirect suppliers, and the countries from which the business unit sources goods and services (among other matters). This allowed us to start mapping our supply chains and consider what we currently know about the modern slavery risks present in those supply chains, as well as gaps in our knowledge in this area. An overview of the preliminary findings of that exercise is on page 6.

Actions subsequent to the reporting period

While not strictly required under the Act, we wanted to take this opportunity to provide readers with an overview of some of the actions we have taken, or intend to take, after the end of the reporting period. We will provide a more detailed overview of these actions in our next Modern Slavery Statement which will report on actions taken during FY21.

Governance

Our Board has adopted a Modern Slavery Policy which builds on our existing Code of Conduct. The Policy is designed to ensure that the United Malt Group:

- is compliant with local, national and other applicable laws and regulations in the areas in which the businesses operate;
- sources products and services in accordance with legal obligations and community expectations while working with suppliers to improve their social and environmental practices; and
- acts to prevent, mitigate and where appropriate, remedy modern slavery in its operations and supply chains.

The Audit and Risk Committee is responsible for overseeing the development and implementation of the Modern Slavery Risk Program and monitoring of adherence to the Modern Slavery Policy. The Audit and Risk Committee monitors and reviews operational, strategic and economic risk at least bi-annually to assess the degree to which material risks are being effectively managed.

At a functional level, responsibility for development of the Modern Slavery Risk Program and compliance with the Modern Slavery Policy sits with Risk and Compliance which reports to the Group CFO. We have established a Modern Slavery Working Group comprised of the Group Risk and Insurance Manager, Company Secretary, General Counsel and key functional leads across the business to assess the Group's progress in implementing the Program and further

development of the Program to ensure it is effective. The Working Group will report material developments to the Group CFO and, where appropriate, the Audit and Risk Committee.

Managers are also responsible for compliance with risk management policies and processes and ensuring that key controls are in place and effective in each of the business units.

Due Diligence & Supplier Risk Assessment

We are in the process of updating our supplier onboarding process to include a modern slavery risk assessment. The modern slavery risk assessment will involve a two-tiered process:

1. All direct suppliers will be required to complete a general questionnaire requesting information about the supplier's business activities and geographical operating locations. Based on the response, our procurement team will assess the degree of modern slavery risk that may be present in the supplier's operations and supply chain having regard to various matters, including for example the industry and geography in which the supplier operates.
2. If a supplier is determined to have a moderate to high risk of modern slavery present in its operations or supply chains, the supplier will be required to complete a second more comprehensive questionnaire requesting information about the supplier's modern slavery policies, staff training, labour hire practices, and whether their suppliers operate in geographies or industries where modern slavery is prevalent. Engagement of the supplier will be escalated for approval by the President of the relevant business unit, in consultation with the Modern Slavery Working Group, having regard to various matters including identified modern slavery risks, mitigating actions taken by the supplier, or willingness of the supplier to take mitigating actions.

Under the Group's Modern Slavery Policy, before engaging any supplier, company personnel must follow the supplier risk assessment processes and, if required by the supplier risk assessment process, escalate for approval by the person designated under the supplier risk assessment process.

Three key focus areas of our Modern Slavery Risk Program during the next reporting period will be to gain a better understanding of the operations, policies and practices of (i) the labour hire firms we occasionally use to fill temporary positions, (ii) offshore manufacturers of the packaging materials we use; and (iii) suppliers of raw agricultural materials that require a high degree of manual labour for harvesting. We intend to require the labour hire firms we engage and all our direct suppliers of these materials to complete the comprehensive modern slavery questionnaire during the next reporting period. The data will be reviewed by the Modern Slavery Working Group and any further actions that are required to address identified issues will be determined on a case by case basis.

Training

All management and procurement staff will be required to undergo training to deepen their understanding of the specific modern slavery risks associated with the different types of products, source countries and sectors in our supply chains. The training is designed to enable procurement staff who have direct dealings with our suppliers to identify and call out key indicators of modern slavery, which in turn will help us to address and remediate modern slavery risks present in our supply chains.

Staff will be required to complete the modern slavery training at least once every two years. Our target is to have all relevant staff complete this training by the end of FY21.

Contracting Terms

We are currently undertaking a global review of our contracting practices with a focus on risk management and enhancing our standard contractual terms. An outcome of this review is that new standard supplier terms and conditions will contain provisions requiring suppliers to comply with relevant laws prohibiting modern slavery practices. We will also request that suppliers notify us of any modern slavery risks or incidents in their business or supply chains that they become aware of.

Remediation

We have established an independent ethics portal through Navex Global (EthicsPoint) to provide a safe and confidential environment for reporting various concerns, including those relating to modern slavery.

United Malt also encourages third parties to utilise our ethics portal in good faith. Our customers, suppliers, stakeholders and members of the communities in which we operate may also report modern slavery incidents and risks.

Our Whistleblower Protection Policy provides that anyone wishing to report confidentially, and in good faith, concerns or complaints regarding suspected modern slavery incidents or risks will have their identity protected in accordance with the policy.

If we become aware of an incident or risk of modern slavery in our operations or supply chains, this will be escalated for review at the senior management level. An appropriate remedy will be determined on a case by case basis having regard to the goal of mitigating modern slavery risks and eradicating incidents of modern slavery.

We believe we have a responsibility to our employees, customers, suppliers, contractors and the broader community to better understand, manage and minimise instances of modern slavery within our operations and supply chains.



Assessing the Effectiveness of Our Actions

Actions taken during the reporting period

As noted above, United Malt became a standalone business on 1 April 2020, six months into the reporting period. During those six months we developed a Modern Slavery Risk Program, with a view to implementing the Program over the next reporting period. Given the Program was not yet up and running during the reporting period, United Malt did not undertake an assessment of the effectiveness of the Program during the period.

Actions subsequent to the reporting period

By way of update, we intend to take the following actions to assess the effectiveness of the Modern Slavery Risk Program once implemented:

- **Annual internal verification:**
 - We will conduct an annual internal verification of the number of staff that have completed modern slavery training and collect feedback from staff on whether they considered the training increased their awareness of modern slavery risks.
 - We will verify the number of suppliers that have been flagged as having a moderate to high risk of modern slavery present in their operations and/or supply chains, and whether the enhanced due diligence and approval processes have been complied with.

- **Effectiveness of Supplier Due Diligence:** Managers will also be required to complete an annual questionnaire about the business's suppliers which should better enable us to map indirect suppliers in our supply chains. The Modern Slavery Working Group will monitor the progress made in better understanding our supply chains, which will provide an indication as to whether our enhanced supplier risk assessment process is effective.
- **Internal reporting:** The Working Group will be provided with regular reports on (i) the usage of grievance mechanisms offered by the Group; and (ii) how the business is engaging with any medium to high risk suppliers, as well as the annual verification reports referred to above, so it can monitor how the Program is progressing and whether any changes are required to optimise its effectiveness. The Working Group will report any material developments or incidents to the Group CFO and, if appropriate, the Audit and Risk Committee.

We will provide further details in our Modern Slavery Statement for the FY21 period.

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Feedback and further information

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