

## MODERN SLAVERY STATEMENT

This statement is made pursuant to *Modern Slavery Act 2018 (Cth) (the Act)* and relates to the first reporting period for Frucor Suntory under the Act, 1 January 2020 to 31 December 2020. This statement sets out the steps that Frucor Suntory has taken and is continuing to take to seek to ensure that modern slavery is not taking place within our operations or our supply chains.

### **Criteria 1 and 2: *Our business, structure, operations and supply chains***

Suntory Holdings is the parent company in our corporate structure, which is a non-listed holdings company. It owns 59.48% of Suntory Beverage and Food Limited (**SBF**), which is a company incorporated in Japan and listed in the first section of the Tokyo Stock Exchange. Suntory Holdings and SBF together with their subsidiaries produce and distribute various popular brands of beverages. SBF has 100% ownership of both Frucor Suntory New Zealand Limited (**Frucor NZ**) and Frucor Suntory Australia Pty Limited ABN 73 060 091 536 (**Frucor AU**) (together, the **Frucor Group**).

Frucor NZ manufactures products which are acquired by Frucor AU. Frucor AU carries on the entirety of the business in Australia, including contracting, property management and all other operations. Frucor AU and Frucor NZ share management and employees but otherwise Frucor NZ does not carry on business in Australia. Frucor AU is the reporting entity for the purpose of this statement under section 13 of the Act. Frucor AU does not own or control any other entities. Frucor AU does not have any investment holdings. Frucor AU's operations take place in Australia, New Zealand, Japan and the USA.

Frucor AU manufactures and distributes non-alcoholic beverages. Frucor AU's key brands are V Energy, Boss Coffee, H2go, Maximus, True Water, Ribena, Lucozade and Up & Go. Customers include local wholesalers and consumers. We also manufacture and distribute a range of third-party drinks including Pepsi, Gatorade and Rockstar.

Frucor AU's products are primarily manufactured by Frucor NZ at our Wiri site in Manukau, Auckland, New Zealand, and our Simply Squeezed site in the Hawkes Bay, New Zealand. Around 90% of our manufacturing is made at these in-house facilities. For the remaining 10% we work with third parties who produce a quantity of our products in Australia, New Zealand, Japan and the USA. Our products are distributed through a mix of internally operated and outsourced models which vary by country/channel.

Frucor AU sources materials from various regions around the world and acknowledges that many different people

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are impacted by what we do. Frucor AU's supply chain includes Frucor NZ, which supplies the finished product, a few small distribution companies located in Australia who supply logistics services, and marketing companies. Frucor AU endeavours to continue to learn more about our suppliers including those beyond tier 1 level in future reporting periods. We have a range of relationships with our suppliers depending on spend and the risk profile. Contract duration can vary from one to five years.

### **Criteria 3: *The Risks of Modern Slavery***

Frucor AU acknowledges that every entity has modern slavery risks in its operations and supply chains. We are aware of the risks of modern slavery within the beverage industry and we are committed to implementing and enforcing effective systems and controls to ensure that it is not taking place anywhere in our own business or in any of our supply chains. We are in the process of building the knowledge base that we have as to where our own risks may lie, so that we can better assess and address those risks.

Frucor AU believes the risk that its operations directly *cause* modern slavery are low to moderate. Our products are primarily manufactured in New Zealand which is a low-risk location. Transport occurs partially through internally operated models which is relatively low risk, but also through outsourced models depending on the country/channel which we understand heightens the risk of modern slavery. We also work with third parties who produce a quantity of our products in Australia, New Zealand, Japan and the USA, and we acknowledge that this reduces our oversight to a degree, heightening the risks of modern slavery.

We have also carefully considered the various ways in which we may contribute or become linked to modern slavery in our operations and supply chains.

We utilise many raw materials in our operations. The price of raw materials can be affected by weather patterns, crop failures, epidemics, strikes, manufacturing problems, transportation issues and other events that are difficult to predict. These events can create undue cost, performance and time pressures on our suppliers. We acknowledge that the presence of these pressures can increase the risk of modern slavery occurring. We acknowledge that for these reasons and in accordance with the existing research, raw materials are a high-risk product in regard to modern slavery and that the Frucor Group's use of these materials may mean that we are linked to modern slavery through the activities of our suppliers.

The beverage and food industries are also highly susceptible to changes in consumer preferences. This means the Frucor Group at times must be reactive and nimble when it comes to changing appeal. This may require rapid response through the introduction of new products, reduction of prices or increasing promotional activities rapidly. Once again, these activities place both performance and cost pressures on our operations and supply chains, providing an environment where modern slavery may be more likely to prosper. We consider that there is a risk that the Frucor Group may inadvertently contribute to modern slavery practises by placing pressures on our suppliers that may facilitate or incentivise modern slavery.

Being a beverage and food manufacturer, the safety of our products is crucial, and we are subject to stringent regulations and laws that must be complied with. This again can place inflexible time and performance pressures on our operations and supply chains. We realise that if these pressures are not appropriately managed, they may manifest in poor practices and therefore pose a risk that the Frucor Group may contribute to modern slavery practises. For this reason, we also have our own strict standards and controls in our operations.

In relation to our supply chains, we acknowledge that we procure some higher risk products such as raw materials. We are confident that procurement of our beverages from Frucor NZ itself is very low risk, however we understand

that Frucor NZ has its own suppliers whose products and services contribute to the creation of those beverages, which are also part of Frucor AU's supply chain (beyond tier 1). We are still in the process of investigating beyond tier 1 of our supply chain and properly understanding any risks posed further along, together with how such risks can best be avoided or otherwise managed.

The Frucor Group understands that the COVID-19 pandemic has had a substantial impact on society and business around the world. We are aware that factory shut down, repeated business closures, wavering demand from customers and cancellations of agreements and orders have placed unprecedented, unanticipated pressures on businesses. We understand that the trickledown effect of businesses suffering is the increase in the vulnerability of the workers in those businesses. We are aware that in desperate times some businesses may negligently or intentionally forgo any focus on upholding workers' human rights. As such, we understand modern slavery risks in all forms are heightened in the current climate and are mindful of this.

The Frucor Group endeavours to continue to build our knowledge base in relation to the risks of modern slavery in our operations and supply chain. We see great utility in identifying these risks as doing so allows us to more accurately build and strengthen our approach to modern slavery.

#### **Criteria 4: Actions Taken**

Frucor AU is committed to helping lead positive change in the Australian beverage market. Frucor AU is committed to ensuring that there is transparency in our own business and in our approach to tackling modern slavery throughout our operations and supply chains. We have taken the following steps with a view to strengthening our due diligence in this area and also reforming our remediation processes:

- The Frucor Group has a Code of Business Conduct (the **Code**) which outlines the principles, policies and laws that govern the activities of SBF and its subsidiaries. Employees and others who work with or represent SBF directly or indirectly must adhere to the Code. The Code is distributed to all employees and others associated with the business of SBF, both at the time of commencing their involvement with the company and also through periodic updates. The Frucor Group acknowledges that its employees play a crucial role in its ability to promptly identify and respond to risks of modern slavery in its business and supply chain.

The Code has always required adherence to local laws and stringent ethical standards including around bribery and corruption, privacy and appropriate use of employee information, auditing and expectations of suppliers, safety in the workplace, whistleblowing, corporate social responsibility and many other topics.

More recently the Frucor Group has added in a substantial section specifically regarding modern slavery. This section defines modern slavery and provides examples of same to assist with our employees' understanding of this area so that they may effectively carry out our due diligence processes. It provides the Frucor Group's commitment to ensuring there is transparency in its operations and approach to tackling modern slavery and to preventing, detecting and reporting on the risks of modern slavery in its operations and supply chains. This section specifically references various legislation and related materials including the United Nations Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework, the United Nations Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, and the ILO Convention (No. 182) concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour and states that all employees must comply with the Frucor Group's modern slavery and human rights commitments including being cognisant of same during third party selection, on-boarding and review. It provides for the maintenance of modern slavery risk related information, a whistleblowing service for reporting (detailed below) and disciplinary consequences of breaching the Code.

- If an employee has concerns with wrongdoings at work, including any concerns regarding modern slavery or other human rights issues in Frucor AU's operations or supply chain, we encourage them to voice these concerns through a confidential, independent whistleblowing system, which is available to employees via email or a telephone hotline 24 hours a day, 7 days a week. Frucor AU acknowledges that identifying risks of modern slavery can be a sensitive exercise for employees and encourages open reporting through this retaliation free hotline.
- In further acknowledgment of the crucial role each our employees play in upholding our modern slavery approach, we have provided training to employees on identifying modern slavery risks in operations and supply chains, proper due diligence, and on our obligations under the *Modern Slavery Act 2018 (Cth)*. This training will be provided on an ongoing basis.
- The importance of ensuring the prevention, detection, and combatting of modern slavery has been discussed and agreed at a senior level within Frucor AU, including the Frucor Group's Executive Leadership Team, and Supply Chain Leadership, Internal Risk and Compliance, the members of each of which have confirmed their commitment.
- Frucor AU is also eager to identify, assess, and address risks of modern slavery within its supply chain. As such, it has in place Supplier Guidelines (the **Guidelines**) that set the principles for the network of suppliers to SBF. These Guidelines are accessible on our website and contain our commitment to act with integrity. The first step of the approval process before any commitment with SBF is to commit to follow these Guidelines. To comply with these requirements, suppliers are expected to engage with their own partners, supply chain and subsidiaries and to require compliance with the Guidelines. For many years now these Guidelines have used the terminology 'continuous improvement approach', encouraging suppliers to strive to push their approach beyond one of legal compliance.

These Guidelines speak to business integrity, bribery, corruption, retaliation-free reporting mechanisms, wages and benefits, working hours, anti-discrimination, freedom of association, health and safety and many other topics. The Guidelines specifically require the prevention of all child labour, involuntary labour, and any form of human trafficking as well as compliance with applicable child labour laws. The threat or use of physical, verbal, psychological and sexual abuse and discipline is prohibited, and suppliers' employees must be provided with a right to remedy through an accessible and fair grievance process.

Our Guidelines also allow us the right to access our suppliers' factories/premises to check human rights and ethical compliance assisting in due diligence and remediation. The Guidelines require that suppliers are open and provide all information related to their business with SBF.

We have recently added in an appendix to the Guidelines that provides further details and requirements relating to modern slavery specifically. This appendix provides a definition and examples of modern slavery so that we may educate our suppliers and increase their awareness. It also provides for our commitment to ensuring there is transparency in our operations and approach to tackling modern slavery and to preventing, detecting and reporting on the risk of modern slavery in our operations and supply chains.

The Appendix requires that suppliers comply with applicable modern slavery laws which include, but are not limited to:

- a) *Fair Work Act 2009 (Cth)*;
- b) *Modern Slavery Act 2018 (Cth)*;
- c) *Modern Slavery Act 2018 (NSW)*;

- d) *Criminal Code Act 1995 (Cth)*, specifically, Division 270 or 271 of the Criminal Code, extending to conduct in and outside of Australia;
- e) Guiding Principles on Business and Human Rights: Implementing the United Nations ‘Protect, Respect and Remedy’ Framework;
- f) Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children; and
- g) ILO Convention (No. 182) concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour.

We also require that our suppliers take steps to prevent, mitigate and remediate the risk of modern slavery occurring in their operations and supply chain and further that they comply with any reasonable requests we may make for assistance and information to aid in the review of their compliance. We provide for reporting mechanisms and notification of any breaches.

The Guidelines ensure that all suppliers on boarded ethically align with Frucor AU and its approach to Modern Slavery. The Guidelines set clear expectations and therefore encourage the building of meaningful relationships with our suppliers so we can work collaboratively on our modern slavery approaches now and into the future.

- The Frucor Group also monitors and conducts due diligence on its supply chain through a Supplier Evaluation Framework involving six key performance criteria. This Framework is utilised approximately once a year for each supplier. One of the six criteria is consideration of the supplier’s Corporate Social Responsibilities. There are multiple aspects of this criterion, including whether the supplier is a registered Sedex member. Sedex is an organisation that provides an online platform for companies to manage and improve working conditions in global supply chains including in the area of supply chain transparency, risk assessment and ethical data exchange. The Frucor Group is working with Sedex to continuously assess risks existing in its global supply chain and conducting appropriate measures to mitigate those risks. The majority of the Frucor Group’s suppliers are already registered Sedex Members.

This criterion also includes considering whether a supplier has an ethical supply chain, including whether it sources from high risk countries, whether it has signed up to any code of conduct, whether it has publicly available ethical supply chain goals, and whether it is an active contributor and partner to ethical supply chain practices.

- The Frucor Group further strengthens its approach to identifying, assessing and addressing modern slavery within its supply chains via its Supply Agreement, which our procurements team has implemented with several key suppliers. The Supply Agreement requires suppliers to adhere to basic principles, which more or less mimic those within the Guidelines described above. The Supply Agreement requires that Suppliers shall comply with the Guidelines and as such enact the Guidelines in a more mandatory format, providing the Frucor Group with contractual rights in the event of noncompliance.
- Only 10% of the Frucor Group’s manufacturing is outsourced. Where we engage with external third parties to manufacture for us, we conduct thorough commercial and quality assessments upfront, as well as ongoing reviews of their performance against the agreed standards and expectations. We utilise some outsourced models for transportation of our goods but we regularly review these models to ensure any outsourced arrangements meet our stringent selection and performance criteria, which includes ethical considerations.

- SBF is a signatory to the United Nations Global Compact which contains ten principles in the areas of human rights, labour, the environment and anti-corruption. The ten principles are available [here](#) and are derived from the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption. Our commitment to the UN Global Compact is detailed within the Suntory Supplier Guidelines.
- In 2020 in the midst of the COVID-19 Pandemic Frucor NZ was selected Winner of the Human Resources Director NZ Employer of Choice Awards for our overall employee experience. The cultures at Frucor NZ and Frucor AU are very similar. We believe the receipt of this award in such a difficult time reflects our unwavering commitment to our staff and their rights and working experience, despite the challenges of the COVID-19 pandemic. With this culture in the face of the pandemic we have continued to conduct our operations with a particular attentiveness towards the wellbeing of our employee base in a way that we believe lowers the risk of modern slavery occurring in our operations. We have put in place various health and safety mechanisms to protect our staff and those we work with during this time and have also ensured all staff have access to support services should they wish to seek same.

We are still adapting to the changes that the pandemic has brought, but we have endeavoured to maintain the open relationships we have with our suppliers so as to monitor their performance and culture during this time and mindfully review same in light of the heightened risks to vulnerable people that the pandemic has enlivened.

- In the Frucor Group's operations we strive to ensure that all employees have freely chosen their employment through the various mechanisms described above. We have a clear zero tolerance policy regarding any form of child, forced, bonded or involuntary labour. The Frucor Group utilises our employment contracts to try and ensure that all employees are able to leave their employment after reasonable notice and our compliance and human resources teams work to ensure we comply at all times with all applicable laws regarding wages and benefits for our workers.

#### **Criteria 5: Effectiveness**

Frucor AU is adopting a continuous improvement approach to modern slavery, aiming to build on and refine its current capabilities in the future. We acknowledge that we cannot improve if we do not review our progress along the way.

The Code of Business Conduct requires our employees to maintain modern slavery-risk related information. This will allow us to keep a record of any new incoming material pertaining to our risks providing a database for review at any time. We also, within legal requirements, keep a record of any reports made through our whistleblowing hotline which can also be reviewed and analysed. Our modern slavery related training for our employees is ongoing and as such we will be able to receive feedback and adjust the training and our broader approach accordingly in the future.

Our Supplier Guidelines require suppliers' compliance with any requests for information relating to modern slavery that we may make. This allows us the ability to review individual suppliers' compliance on an ongoing basis to understand whether they are following the Guidelines or whether the Guidelines are not as effective as intended.

We utilise our Supplier Evaluation Framework on an annual basis, meaning that we are live to any issues arising with our suppliers including whether our Guidelines are effective, and that we also become aware of any new risks of modern slavery arising that we may cause us to adapt our approach. Our Supply Agreements typically operate

for a term of one to five years. This means that at the end of that term, the contents and relationship are reviewed, and Frucor AU has the opportunity to consider whether any amendments are required to our expectations of suppliers.

We will continue to update our Code and Guidelines to ensure there is a clear and relevant articulation of our commitment to combatting modern slavery.

Frucor AU takes full responsibility for ensuring we meet the standards that we have set ourselves, with support of our Executive Leadership, Suntory Group and others across the business, and we encourage all of our people to engage with, and fulfil, our values.

As part of our commitment to tackling modern slavery and human trafficking, we will continue to look for ways to improve upon our existing policies, procedures, ways of working and in promoting awareness with our employees and our suppliers. We will continue to expect that our suppliers and our partners share our commitment to tackling modern slavery and human trafficking and that they will seek to ensure that their suppliers do the same.

#### **Criteria 6: Consultation**

As stated above, Frucor AU does not own or control any entities. Frucor AU has consulted with external counsel in order to build our understanding and capabilities surrounding modern slavery.

#### **Criteria 7: Other**

Frucor AU would like to take this opportunity to state that we believe in fairness, respect and diversity and we are committed to keeping this at the heart of our culture, both now and in the future. As a business, we are committed to having a positive impact on the lives of our employees and consumers. We are equally committed to fairness and respect across our work force and within our supply chain.

Our brands and our products are trusted everywhere we operate, and our business is built on this foundation of trust. Modern slavery is a crime and a violation of human rights. As a business committed to acting ethically, honestly and transparently, the Frucor Group has a zero-tolerance approach to modern slavery and human trafficking.

Frucor AU makes this statement in accordance with section 13 of the *Modern Slavery Act 2018* (Cth). Frucor AU considers that its Board of Directors are its principal governing body for the purpose of the Act. This modern slavery statement was considered and approved of by the Board of Directors of Frucor AU and signed by:



Darren Fullerton

CEO and responsible member of the Frucor Group's Board of Directors  
and Principle Governing Body

Frucor Suntory Australia Pty. Limited.

Date: 15 March 2021