

# Summary of Supplier CSR Questionnaire Results (2018)

In cooperation with its suppliers, the Asahi Group engages in procurement to preserve the global environment and local communities, in accordance with the [Asahi Group Sustainable Procurement Principles](#). In 2018, continuing on from 2015 and 2016, we conducted a Supplier CSR Questionnaire to gain an understanding of all suppliers' ESG (Environment/Social/Government) initiatives, to assess their risks and to resolve potential issues.

The Asahi Group does not immediately suspend or cancel transactions with suppliers if issues are discovered through the Supplier CSR Questionnaire, but we are convinced that working together with you to resolve those issues will contribute to resolving challenges in society on a fundamental level. The Supplier CSR Questionnaire and other such activities have the aim of further solidifying strong trust and long-term cooperation with all suppliers.

## Survey Overview

### Participants

Asahi Breweries, Asahi Soft Drinks, Asahi Group Foods, Asahi International, Asahi Breweries Europe, Asahi Beverages, Etika Beverages (7 companies)

\*Company names are as of 2018, when the survey was implemented.

### Participating suppliers in numbers

	Requests	Responses from primary suppliers	Responses from secondary suppliers	Total responses
Japan	385	361	76	437
Overseas	47	33	-	33
Total	432	394	76	470

### Questionnaire contents

The survey this time used the self-assessment questionnaire (SAQ) by the UN Global Compact Network Japan (GCNJ) in 2017. This questionnaire was chosen for the following 4 reasons.

- 1) It has high affinity with the CSR Principles for Asahi Group Suppliers (It was revised to the Asahi Group Supplier Code of Conduct in January 2020)
- 2) It conforms to the GC10 Principles, ISO26000, GRI, and other international standards
- 3) It becomes easier for suppliers to respond if we use a common format for all industries and industry types
- 4) It is easy to understand as it has a radar chart feedback format and a word list

The survey this time asked questions about the following nine items, which are included in the SAQ created by the GCNJ. Each item had sub-items, and questions were asked about "legal perception," "objectives," "system and responsibilities," "verifying initiative outcomes," and "corrections," and initiatives were scored.

Survey items: 9 items

- (1) Corporate governance, (2) Human rights, (3) Labor, (4) Environment, (5) Fair business practices, (6) Quality, (7) Information security, (8) Supply chain, (9) Community

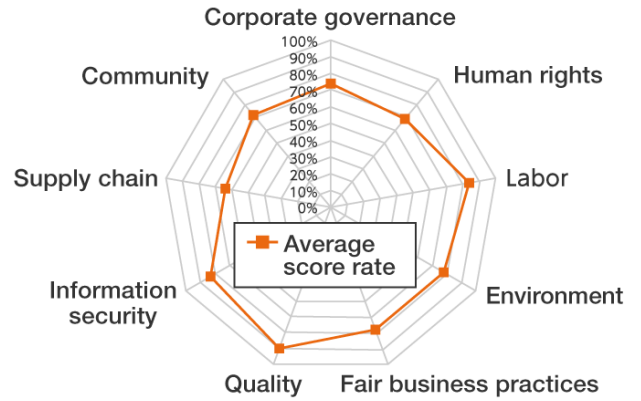
9 themes	47 topics
(1) Corporate governance	<ol style="list-style-type: none"> <li>1. Establishment of a CSR promotion system</li> <li>2. Establishment of internal controls</li> <li>3. Establishment of a business continuity planning (BCP) system</li> <li>4. Establishment of a whistle-blower system</li> <li>5. Dispatch of CSR-related information inside and outside the company</li> </ol>
(2) Human rights	<ol style="list-style-type: none"> <li>1. Basic attitude toward human rights</li> <li>2. Respect for human rights and prohibition of discrimination</li> <li>3. Avoidance of complicity in (or contribution to) human rights abuses</li> <li>4. Respect for indigenous peoples and local communities</li> </ol>
(3) Labor	<ol style="list-style-type: none"> <li>1. Basic attitude toward labor practices</li> <li>2. Prohibition of discrimination in the workplace</li> <li>3. Provision of equal opportunities to employees regarding human resources development and career advancement, etc.</li> <li>4. Prohibition of inhumane treatment</li> <li>5. Payment of fair wages</li> <li>6. Fair application of working hours, time off, and paid time off, etc.</li> <li>7. Prohibition of forced labor</li> <li>8. Prohibition of child labor</li> <li>9. Respect for the religious traditions and customs of the country of operation</li> <li>10. Recognition of and respect for freedom of association and the right to collective bargaining</li> <li>11. Proper management of employee safety and health</li> </ol>
(4) Environment	<ol style="list-style-type: none"> <li>1. Basic attitude toward environmental initiatives</li> <li>2. Management of chemical substances indicated in laws and regulations, etc., in production processes, products, and services</li> <li>3. Control and reduction of wastewater, sludge and air emissions</li> <li>4. Sustainable and efficient utilization of resources (energy, water, raw materials, etc.)</li> <li>5. Reduction of GHG (greenhouse gases)</li> <li>6. Identification, management, reduction, and responsible disposal or recycling of waste</li> <li>7. Initiatives related to biodiversity</li> </ol>
(5) Fair business practices	<ol style="list-style-type: none"> <li>1. Basic attitude toward fair business practices</li> <li>2. Establishment of appropriate relationships with local governments and public officials in and outside countries where business activities are conducted</li> <li>3. Prevention of the giving and receiving of improper advantages with customers and trade partners, etc., in sales and purchasing activities, etc.</li> <li>4. Prevention of competition law violations in sales activities, etc.</li> <li>5. Rejection of relationships with antisocial forces/organizations</li> <li>6. Prevention of unauthorized use of a third party's intellectual property and of illegal reproduction of copyrighted works</li> <li>7. Services for responding to complaints from outside the company and for consultations</li> <li>8. Prohibition of insider trading</li> <li>9. Prohibition of acts with conflicting interests</li> </ol>
(6) Quality	<ol style="list-style-type: none"> <li>1. Basic attitude toward product and service quality and safety</li> <li>2. Ensuring product and service quality and safety</li> <li>3. Appropriate response to product and service accidents and the circulation of defective goods</li> </ol>
(7) Information security	<ol style="list-style-type: none"> <li>1. Basic attitude toward information security</li> <li>2. Defense against attacks on computer networks</li> <li>3. Protection of personal data and privacy</li> <li>4. Prevention of misuse of confidential information</li> </ol>
(8) Supply chain	<ol style="list-style-type: none"> <li>1. Basic attitude toward the supply chain</li> <li>2. Use of raw materials not involved in conflict or crime (initiatives against conflict minerals)</li> </ol>
(9) Community	<ol style="list-style-type: none"> <li>1. Initiatives to reduce negative effects on local communities</li> <li>2. Initiatives with local communities towards sustainable development</li> </ol>

Moreover, in addition to the 9 items, we also surveyed specific initiatives to save energy and resources as well as certifications to provide products that are socially responsible.

# Questionnaire Aggregate Results

## Overview of questionnaire results

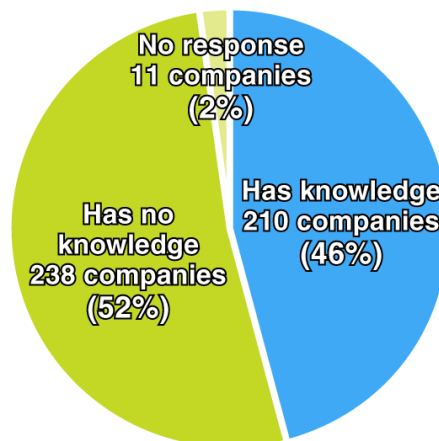
The overall average score when totaling the 9 items was 78%, with variation in the range of 64-90% for individual items. The items with the highest scores were (3) Labor, (6) Quality, and (7) Information security, while those with the lowest scores were (2) Human rights and (8) Supply chain.



Themes	Number of Questions	Highest Score Rate (%)	Lowest Score Rate (%)	Average Score Rate (%)	Standard Deviation
(1) Corporate governance	20	100	20	74	25
(2) Human rights	9	100	0	70	26
(3) Labor	23	100	0	84	19
(4) Environment	15	100	0	77	24
(5) Fair business practices	20	100	20	78	24
(6) Quality	7	100	0	90	19
(7) Information security	9	100	0	83	21
(8) Supply chain	7	100	0	64	29
(9) Community	4	100	0	72	27
Total	114	100	20	78	19

## Results from supplemental questions

### Knowledge about raw and packaging material suppliers (secondary suppliers)



### Certifications to provide products that are socially responsible

FSC (forest certification)	56 companies
Roundtable on Sustainable Palm Oil (sustainable palm oil)	22 companies
Rainforest Alliance (rainforest preservation)	17 companies
Fair Trade (supporting production in developing countries)	12 companies
Good Agricultural Practice (agricultural production process management)	7 companies

## Certifications and assessments relating to the environment

<b>ISO14001</b>	Have acquired ISO14001 certification for main business location	42%
<b>CO<sub>2</sub> emissions</b>	Have calculated Scope 1 and 2	27%
	Have calculated Scope 3	14%
<b>Water risk</b>	Have done water risk assessments	33%

## Indicators and disclosure relating to the environment

	Reducing waste	Reducing CO <sub>2</sub> emissions	Water use	Emissions
Targets set	49%	46%	30%	22%
Targets made public	15%	20%	10%	5%
Grasp of results	82%	59%	79%	62%
Results made public	25%	27%	21%	16%

	Renewable energy	Recycling
Targets set	8%	42%
Targets made public	5%	15%

	Biodiversity
Policy set	24%
Policy made public	14%

## Environment-friendly initiatives for products delivered to the Asahi Group

<b>Making efforts to save resources in development, design, and manufacturing of raw and packaging materials</b>	70%
<b>Making efforts to reduce use of packaging materials</b>	61%
<b>Advancing recycling of packaging materials for raw and packaging materials</b>	57%

## Sharing of the Survey Results and Efforts to Make Improvements

### Feedback based on the results

We provide feedback about the results of the Supplier CSR Questionnaire to all supplier companies that responded, including the assessment results and comments from procurement managers.

We also share the aggregated and analyzed survey results at meetings for the suppliers. Our intention is for this to further promote CSR procurement and increase understanding of the Asahi Group Supplier Code of Conduct.

## On-site investigations

We visited five companies in 2018 and 12 companies in 2019 for on-site monitoring based on the 9-item Supplier CSR Questionnaire and supplementary questions. Monitoring confirmed that most items perceived as problem areas in the questionnaire were, in fact, being addressed in one way or another.

If interviews revealed that a particular issue was not being adequately addressed, we provided suppliers with examples of how other companies are dealing with the issues or suggested consulting a labor and social security attorney, legal advisor, or a Labor Standards Inspection Office about relevant laws and regulations. In such ways, we are working together with suppliers to develop action plans.

In 2019, the following issues were identified:

- Cases in which working environment measurements may not be compliant with the Ordinance on Industrial Safety and Health: 5 cases concerning noise and 3 cases concerning illumination.  
We suggested that the supplier consult a labor and social security attorney, legal advisor, or a Labor Standards Inspection Office.
- Employees' personal drinks stored in refrigerators in employee lounges and other locations were not marked with the owners' names: 6 cases.  
We suggested that the drink containers be marked with the owners' names for hygienic control purposes. In addition, we asked that the containers also be marked with the date they were opened and that the drinks be consumed within a certain number of days.

There were no violations in the areas of the environment or quality.

When deciding on where to conduct the interviews, we prioritize raw and packaging material makers and make selections based on four criteria: (1) CSR questionnaire score, (2) value of transactions with the Asahi Group, (3) whether the supplier attended an Asahi Group Procurement Policy Information Meeting, and (4) CSR risk.

We plan to visit 12 companies in 2020. We also plan to implement the Supplier CSR Self-Assessment Questionnaire for raw and packaging material suppliers of group companies.

We revised the CSR Principles for Asahi Group Suppliers, which was established in November 2015 to specify the rules we ask suppliers to observe, into the Asahi Group Supplier Code of Conduct in January 2020. This revision reflects the establishment and revision of the Asahi Group Philosophy, Asahi Group Code of Conduct, and other related policies in the context of an increase in the awareness of ESG in society. We have expanded the three items, respect for human rights, respect for the environment, and compliance with laws and regulations, to eight items, respect for human rights, improvement of working environment, environmental consciousness, fair business practices, quality assurance, information management, respect for local communities, and responsible drinking. We will reflect this revision in the questionnaire in 2020. We also plan to add the manufacturers that produce and/or process the agricultural commodities that will be used in the raw materials we procure as participants in the on-site investigations.

We believe that two-way dialogue on the basis of questionnaire responses can contribute to improved CSR activities for both the Asahi Group and suppliers, and accordingly, this is something we will continue to engage in.