

Asahi Group Modern Slavery Risk Analysis (Theoretical Analysis)

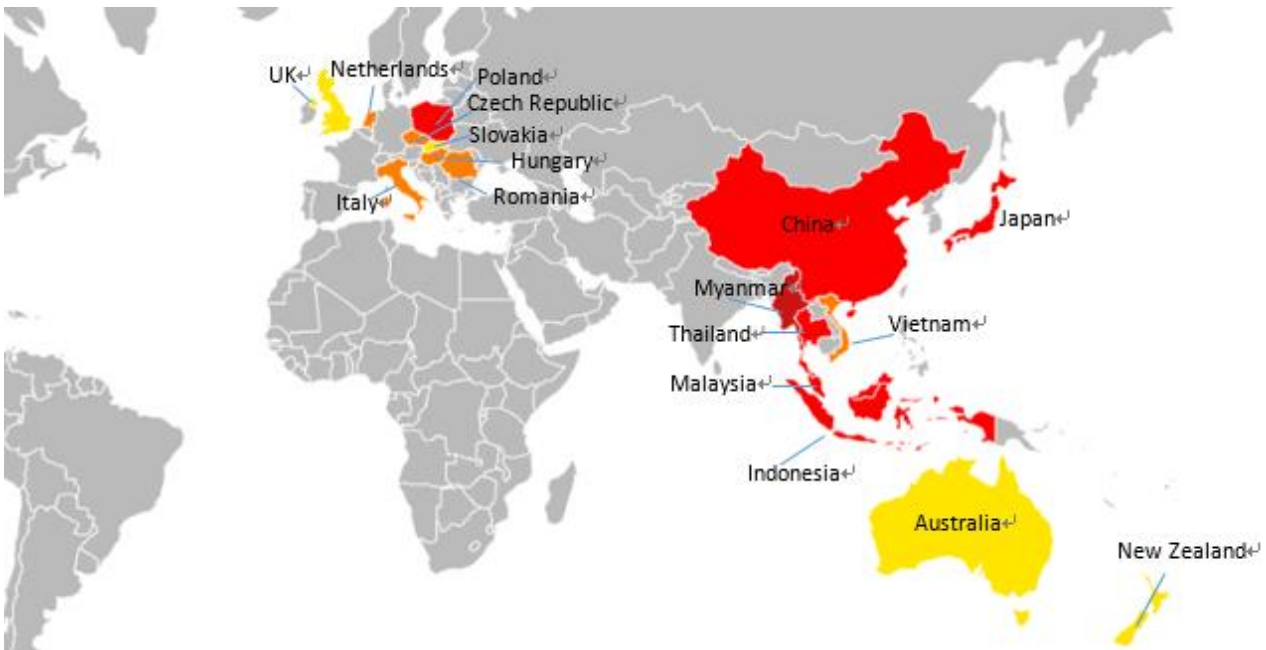
In 2017, the Asahi Group, in conjunction with its commitment to the UK Modern Slavery Act 2015, conducted a theoretical analysis and assessment of risk focusing on modern slavery from two perspectives: the 17 countries in which the Asahi Group’s production bases are located, and the 11 major items procured by the Asahi Group.

I . Modern slavery risk analysis of the 17 countries in which the Asahi Group’s production bases are located

The Asahi Group conducted a theoretical analysis of modern slavery risk of the 17 countries in which its production bases are located, as an aid to understanding modern slavery risk at the Asahi Group’s own production bases. Results of the analysis indicated that modern slavery risk was “Very high” and “High” at seven of the countries.

Results of the theoretical analysis of modern slavery risk at the countries in which the Asahi Group production bases are located

	Country	Assessment by country
Asahi Group production bases	Myanmar	Very high
	Malaysia, China, Thailand, Japan, Indonesia, Poland	High
	Czech Republic, Romania, Vietnam, Italy, Netherlands, Hungary	Medium
	Slovakia, New Zealand, UK, Australia	Low



* Countries in the production bases: Based on the information stated in “Number of Production Bases in Overseas Subsidiaries” on page 8 of Fact Book for the Second Quarter of 2017 (Updated August 4, 2017). As of the time of writing, there were 36 domestic factories for liqueurs, beverages and foods.

(Fact Book) https://www.asahigroup-holdings.com/en/ir/pdf/2017_2q_factbook.pdf

II. Assessment of modern slavery risk of the 11 major items procured as major raw materials

From the major items procured as raw materials, 11 items were selected for assessment based on the level of assumed risk and procurement volume, and a theoretical analysis and assessment of modern slavery risk were conducted.

For six of the items, an analysis of modern slavery risk was conducted in the countries in which the items were procured by the Asahi Group.

[Six items] hops, malt, coffee, dairy products, orange juice and corn

For five of the items, the variety was narrowed down based on their levels of assumed risk and procurement volumes, and risk analysis was conducted of the countries in which they are currently being produced. (The status of the Asahi Group's current procurement were not considered.)

[Five items] palm oil, sugar, tea, cacao and rice

11 major items procured by the Asahi Group
Results of theoretical analysis of modern slavery risk



Even when growing the same crops, the level of modern slavery risk differed according to the country or region.

**Top ranking items and supplying countries in the results of modern slavery risk
by major procurement item**

Items	Country	Assessment by country
Coffee/Growing crops	Ethiopia, Tanzania	Very high
	Guatemala, Colombia	High
Sugar/Growing crops	Tanzania, Egypt	Very high
	China, South Africa	High
Rice/Growing crops	Pakistan	Very high
	India, Thailand	High
Tea/Growing crops	Tanzania	Very high
	Kenya, China, India	High
Cacao/Growing crops	Ghana, Papua New Guinea	High
Palm oil/Growing crops	Malaysia, Thailand, Papua New Guinea	High

Additionally, analysis indicated that “growing crops” held the highest level of modern slavery risk in the value chain.

Results of modern slavery risk in the value chain*

Value chain category	Assessment results
A. Growing crops	High
B. Manufacturing/Processing	Medium
C. Warehousing and support activities for transportation	Medium
D. Wholesale	Low

*The analysis categorized economic activities according to the EU: The EU classification of Economic Activity (Rev2. 2008) and reflected the results of social risks of the EBRD Environmental and Social Risk Categorisation.

■ **Assessment method**

Assessments of both I and II used the number of people in modern slavery, the proportion ratio living in modern slavery, vulnerability to modern slavery and government response rating of The Global Slavery Index (The Global Slavery Index 2016, <https://www.globallslaveryindex.org/>) of the Walk Free Foundation.

Going forward, the Asahi Group will utilize the results of the theoretical analysis to identify risks related to modern slavery.

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