



Asahi Global Procurement

Asahi Group Responsible Procurement Policy



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Issuing Function /Author

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Target audience

This Group Responsible Procurement Policy applies to all Suppliers, their officers, employees, representatives, subsidiaries, agents, contractors, or upstream suppliers (“Associated Parties”) providing goods or services to Asahi Group, its subsidiaries, or other companies it directly or indirectly owns or manages. Suppliers include any individual or corporate entity associated with Asahi Group, or who performs functions in relation to, or on behalf of, Asahi Group.

Approver

Asahi Group Holdings, Ltd. Group CFO

Date of publication

August 08/2024

Order of precedence

This Group Responsible Procurement Policy takes precedence at any time over any local or regional policy, and in case of any differences between any Asahi regional entity and local entity Procurement policies, the Asahi Group Responsible Procurement Policy shall take precedence.

Disclaimer

This Asahi Group Responsible Procurement Policy provides general guidelines / rules / instructions for all suppliers of Asahi Group worldwide. While comprehensive, it may not cover all legal requirements in every jurisdiction. Suppliers must comply with this Responsible Procurement Policy alongside local laws and regulations. In case of conflict, local laws take precedence. This Responsible Procurement Policy is reviewed periodically and may be updated.

1. Introduction

At the Asahi Group (also ‘Asahi’, ‘we’, ‘our’), we source products and services from across the world. Due to the nature and scale of our business, we have significant potential to drive positive social and environmental outcomes through our procurement activity. We expect strong social and environmental standards from our suppliers and aim to support our suppliers to implement more sustainable practices.

The Asahi Group Responsible Procurement Policy (the ‘Policy’) outlines our expectations of all our suppliers. Our expectations are guided by our commitment and approach to implementing and maintaining responsible procurement practices that protect the human rights of workers and communities in our supply chains and safeguard the natural world.

This Policy should be read alongside our [Asahi Group Human Rights Principles](#) and our [Asahi Group Environmental Principles](#). Our Asahi Group Human Rights Principles set out our commitment to respecting human rights in our own operations and supply chain.

This Policy, alongside the Asahi Group Supplier Code of Conduct (the ‘Supplier Code of Conduct’) and the Asahi Group Responsible Procurement - Supplier Guidelines (the ‘Guidelines’) sets out the requirements of our suppliers as part of our broader Responsible Procurement Program (the ‘Program’).

2. Statement of intent

Statement	We strive to responsibly source our products and services to deliver on our vision to create inspiring and empowering supply chains that protect the human rights of workers and communities and safeguard nature. Essential to achieving this is partnering with our suppliers who share our commitment and agree to abide by the requirements set out in the Policy, and who encourage their own suppliers to embed the requirements throughout the value chain.
Values-driven sourcing	Ensuring that our suppliers embrace similar values-driven sourcing practices is essential to realizing our vision. We strive to invest sufficient resources in order to fulfil our responsible procurement commitments.
Responsible purchasing practices	<p>We recognize that our purchasing practices may have significant potential to enable or impede our suppliers’ ability to meet the expectations of this Policy. Asahi strives to use responsible purchasing practices to support our suppliers, including:</p> <ul style="list-style-type: none"> ▶ Agreed-upon order quantities; ▶ Fair payment terms; ▶ Fair purchasing terms and conditions; and ▶ Lead time and technical details for suppliers to create or deliver our purchased product or service.
Capacity building	We acknowledge that the adoption of values-driven sourcing and responsible purchasing practices will require increased capacity and expertise for our suppliers. We have the capabilities to provide appropriate guidance, tools and training to assist our suppliers in adopting and abiding by the requirements set out in the Policy, as feasible and within our resources.

3. Scope and applicability	
Scope and applicability of the Policy	<p>The Policy applies to all Asahi suppliers, specifically:</p> <ul style="list-style-type: none"> ▶ All suppliers of the Asahi Group; and ▶ All direct and indirect suppliers across all commodity categories. <p>All suppliers are expected to abide by and adhere to the expectations set out in the Policy at all times whilst supplying goods and/or services to Asahi or its subsidiaries. The Policy defines minimum expectations but does not prevent our suppliers from exceeding these expectations.</p>

4. Our expectations	
Summary of expectations	<p>The Policy, together with our Supplier Code of Conduct and Guidelines sets out our expectations of our suppliers in areas of business integrity, human rights and labor standards, nature, and grievance mechanisms.</p> <p>As a condition of doing business with Asahi, suppliers must be able to provide evidence that they meet our expectations contained in the Supplier Code of Conduct, including policies, management systems, procedures and resourcing appropriate to their capacity and risk level.</p>
Alignment of the Supplier Code of Conduct to international frameworks	<p>The Supplier Code of Conduct reflects Asahi's commitment and alignment to internationally recognized frameworks, guidelines, and standards, including:</p> <ul style="list-style-type: none"> ▶ <u>International Bill of Human Rights</u> which consists of the <u>Universal Declaration of Human Rights (UDHR)</u>, <u>International Covenant on Economic, Social and Cultural Rights (ICESCR)</u> and the <u>International Covenant on Civil and Political Rights (ICCPR)</u>; ▶ <u>The United Nations (UN) Guiding Principles on Business and Human Rights</u>; ▶ <u>The International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work</u>; ▶ <u>The UN Global Compact</u>; ▶ <u>The Children's Rights and Business Principles</u>; ▶ <u>The Convention on the Elimination of All Forms of Discrimination against Women</u>; ▶ <u>The International Convention on the Protection of All Migrant Workers and Members of Their Families</u>; ▶ <u>OECD Guidelines for Multinational Enterprises on Responsible Business Conduct</u>; ▶ <u>The UN Women's Empowerment Principles</u>; ▶ <u>The United Nations Convention on the Rights of the Child</u>; and ▶ <u>The ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy</u>.
Non-conformances and response	<p>We expect our suppliers to be honest and transparent in their dealings with us and to commit to making continual improvements in their operations and supply chains.</p>

	<p>Where Asahi determines a supplier is not in conformance with any requirements of the Program, we will work with the supplier to ensure the issue is appropriately remediated for affected parties. We will work collaboratively with the supplier to develop and implement a Supplier Management Plan (SMP) to close out any identified Non-Conformances (NCs) which will then be monitored by Asahi as part of the Program's ongoing verification and monitoring activities.</p> <p>Suppliers must demonstrate genuine progress in the implementation of the SMP in accordance with the required timeframes. Following internal processes for the responsible exit of a supplier relationship, Asahi reserves the right to discontinue our relationship with the supplier. This may occur in the rare instance that the supplier is both unwilling and unable to close out their SMP within the specified timeframes.</p>
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<h2 style="color: #0056b3;">5. Responsible Procurement Program</h2>	
<p>About the Program</p>	<p>Our Responsible Procurement Program outlines Asahi's process for monitoring and managing supplier performance and verifying supplier compliance with the requirements of the Supplier Code of Conduct, Policy and supporting Guidelines. This approach is also designed to support continuous improvement processes through SMPs and broader stakeholder feedback into the Program.</p> <p>The Program adopts a risk-based approach and focuses on suppliers with a higher risk of NC with any requirements of the Program, and with whom we have greater leverage to influence performance improvement.</p>
<p>Active management suppliers</p>	<p>Suppliers are subject to active management based on an assigned risk level, which is determined through various stages of the Program. Supplier risk is regularly re-assessed.</p> <p>Suppliers are notified whether they are subject to active management via our supplier management system.</p> <p>Details of Program requirements for all prospective suppliers and active management suppliers are outlined in the following sections.</p> <p>For additional information and guidance on our Program, please refer to the Guidelines. Please reach out to your Asahi contact or purchasing contact, if you have any questions on the Program.</p>
<p>Ongoing supplier monitoring and verification of compliance</p>	<p>Supply chain traceability and transparency are critical to enable improvements with our suppliers. We use a range of due diligence tools via the Program to monitor compliance with the Supplier Code of Conduct, including the following:</p> <p><u>All prospective suppliers will:</u></p> <ul style="list-style-type: none"> ▶ Accept the Policy and the Supplier Code of Conduct by attestation during supplier registration on our supplier management system; ▶ Receive a copy of the Guidelines during supplier registration; and ▶ Participate in training and development programs (as required). <p><u>Active management suppliers will also:</u></p> <ul style="list-style-type: none"> ▶ Complete a pre-screening questionnaire based on the assigned risk level;

	<ul style="list-style-type: none"> ▶ Provide details of any third-party product certifications (where relevant); ▶ Complete a Self-Assessment Questionnaires (SAQ) when requested by Asahi; ▶ Undertake a third-party audit, where requested by Asahi; ▶ Develop and implement an SMP depending on the outcome of the SAQ or third-party audit; and ▶ Allow an Asahi site visit when requested by Asahi. <p>Asahi reserves the right to require a third-party audit or conduct a site visit of any supplier at its discretion. Asahi also reserves the right to recognize certain third-party product certification schemes in lieu of third-party audits (see section <u>Third-party product certification schemes</u>).</p>
<p>Third-party product certification schemes</p>	<p>Asahi views third-party product certification schemes as a risk management tool to supplement our own due diligence processes, especially for products with the potential for high social and environmental impact.</p> <p>Asahi places priority on procuring third-party certified products for the following categories and recognizes the verification processes under these schemes in lieu of our third-party audit requirements.</p> <p>Paper products for packaging and office use</p> <p>Paper certified by the Forest Stewardship Council (FSC) or Program for the Endorsement of Forest Certification (PEFC).</p> <p>Coffee</p> <p>Coffee product suppliers who are able to provide evidence of coffee production that generates positive and mitigates negative social and environmental outcomes from farm to Asahi. Asahi may accept Fairtrade or Rainforest Alliance certified products.</p> <p>Palm Oil</p> <p>Roundtable on Sustainable Palm Oil (RSPO) independently certified palm oil products, derivatives, and fractions.</p> <p>Tea</p> <p>Fairtrade and Rainforest Alliance independently certified tea products.</p> <p>Cocoa</p> <p>Fairtrade and Rainforest Alliance independently certified cocoa products.</p> <p>Sugarcane</p> <p>Bonsucro and Fairtrade independently certified sugarcane products.</p> <p>Barley/Malt</p> <p>Recognized farm-level assessments include SAI Platform’s Farm Sustainability Assessment (FSA) Gold and Silver performance level sites under the FSA self-assessed strategy.</p> <p>Asahi may accept alternative certification schemes at its discretion.</p>
<p>Driving improvements for workers and</p>	<p>We recognize the challenges of local contexts and that many social and environmental issues can take time and effort to resolve. As a minimum, we require our suppliers to commit to implementing our Supplier Code of</p>

<p>communities</p>	<p>Conduct and the local law – whichever provision affords the greater protection to workers.</p> <p>We will work collaboratively with our suppliers who demonstrate a commitment to continuous improvement in their performance and address and remediate issues when they arise to deliver positive outcomes for our suppliers, their workers and broader communities in which they operate.</p> <p>In the longer-term, we will work with suppliers and workers to develop best practice on responsible procurement and positive examples which secure workers’ rights alongside benefiting our suppliers’ businesses and our own.</p>
<p>Building partnerships with our suppliers and the industry to advocate for change</p>	<p>Systemic issues such as forced labor and discrimination can only be addressed through multi-stakeholder collaborations. We aim to collaborate with our suppliers, non-governmental organizations, third-party product certification schemes, membership organizations, governments, other consumer goods manufacturers and the wider industry to find and implement solutions.</p> <p>As part of the process of evaluating the Program, Asahi will engage with affected stakeholders including suppliers, certification schemes, multi-stakeholder membership organizations and NGOs as required.</p>

<h2 style="text-align: center;">6. Grievance handling and remediation mechanisms</h2>	
<p>We aim to prevent any human rights infringement, whether caused directly by our operations, or indirectly through the actions of our suppliers. If we identify that we have caused or contributed to such infringement, we will take appropriate corrective actions to remediate harm in cooperation with our suppliers.</p>	
<p>Grievance Mechanism</p>	<p>As required in the Supplier Code of Conduct, we expect our suppliers to have a formal grievance mechanism in place that should be made available to all workers in its operations (including contractors and workers not covered by a formal contract of employment).</p> <p>The grievance mechanism must be accessible, easy to understand, legitimate and safe, equitable and rights-compatible, predictable, transparent, confidential and improvement-based.</p> <p>If any person becomes aware of a breach of this Supplier Code of Conduct, either in its own organization or Asahi’s supply chain, reports can be made to Asahi’s Speak Up channel. This channel is independently operated by an external party and is available 24/7, 365 days a year, in various local languages of the countries/regions which we operate in. The Speak Up channel can be used anonymously and is intended to be confidential. Users may access the Speak Up channel through one of the following methods:</p> <ul style="list-style-type: none"> • Web browser form: asahigroup.ethicspoint.com • Mobile form: asahigroupmobile.ethicspoint.com • Free of charge telephone hotline in designated countries/regions (see Asahi Speak Up Policy – Annex 1 for hotline numbers) <p>Further details on Asahi’s Speak Up channel are set out in the Asahi Speak Up Policy.</p>



Remediation	Where a substantiated adverse impact is identified, we expect our suppliers to provide remediation to all impacted workers in their operations and supply chains. Adverse impacts may be substantiated by evidence that is identified and verified by investigation through avenues such as, but not limited to, Asahi or the supplier's grievance mechanism .
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7. Related Asahi Responsible Procurement frameworks, policies, and guidance material
<ul style="list-style-type: none"> ▶ Asahi Group Global Supplier Code of Conduct ▶ Asahi Group Responsible Procurement - Supplier Guidelines ▶ Asahi Speak Up Policy ▶ Asahi Group Human Rights Principles

8. Glossary of terms	
Active management (suppliers)	Within scope of the Program's due diligence activities.
Due diligence	<p>Activities conducted to exercise reasonable care, investigate, verify and assess all potential risks of adverse impacts associated with a business' supply chain or a specific business transaction or decision.</p> <p><i>Due diligence may involve examination of financial records, legal documents, operational mechanisms, and other relevant factors. For human rights this could involve suppliers answering SAQs to identify risks. The standard and scope of due diligence may vary based on a business's size and nature of the business agreement.</i></p>
Grievance mechanism	Any routinized process through which grievances concerning business-related negative impacts can be raised and remedy can be sought ¹ .
Non-conformance (NC)	An instance where the supplier's practices do not meet any requirements of the Program.
Prospective supplier	Suppliers who have expressed interest in becoming an Asahi supplier but have yet to participate in the Program.
Remediation	The process of providing remedy for an adverse impact and the substantive outcomes that can counteract, or make good, the adverse impact. These outcomes may take a range of forms such as apologies, restitution, rehabilitation, financial or non-financial compensation, and punitive sanctions (whether criminal or administrative, such as fines) as well as the prevention of harm through, for example, injunctions or guarantees of non-repetition ² .
Self-Assessment Questionnaire (SAQ)	A series of questions to be completed by active management suppliers that assesses the existence of risk management controls.

Site visit	An in-person activity conducted by Asahi to verify, be examination and evaluation of objective evidence, that applicable elements of a supplier's management systems are approved, effective and conform with the requirements of the Program.
Supplier Management Plan (SMP)	A set of specific, timebound actions for suppliers to implement to raise their performance relating to the requirements of the Program. The SMP will be developed by Asahi in consultation with the supplier and is informed by a combination of inputs such as, but not limited to, the pre-screening questionnaire, self-assessment questionnaire, third-party audits and Asahi site visits.
Third-party audit	A means of evaluating sufficient evidential matter to assess performance relative to a set of standards set by a third-party program ³ .
Third-party product certification	A procedure by which a third-party scheme: <ul style="list-style-type: none"> • Establishes standards or similar tools focused on one or more sustainability issues; • Measures, monitors, or verifies performance or progress against these tools; and Allows for claims to be made by the organization with reference to these tools ⁴ .
Forest Stewardship Council (FSC)	FSC forest management certification confirms that the forest is being managed in a way that preserves biological diversity and benefits the lives of local people and workers, while ensuring it sustains economic viability ⁵ .
Program for the Endorsement of Forest Certification (PEFC)	PEFC, the Program for the Endorsement of Forest Certification, is a leading global alliance of national forest certification systems. As an international non-profit, non-governmental organization, we are dedicated to promoting sustainable forest management through independent third-party certification ⁶ .
Fairtrade	Fairtrade supports and challenges businesses and governments and connects farmers and workers with the people who buy their products ⁷ .
Rainforest Alliance	The Rainforest Alliance is an international non-profit organization building an alliance to protect forests, improve the livelihoods of farmers and forest communities, promote their human rights, and help them mitigate and adapt to the climate crisis ⁸ .
Roundtable on Sustainable Palm Oil (RSPO)	RSPO Certification assures individuals that RSPO Members who produce or physically handle RSPO Certified Sustainable Palm Oil (CSPO) have obtained RSPO Certification. It includes the assurance that the member has committed to and complied with sustainability requirements, and can make a claim on their certification status and communicate this throughout the supply chain ⁹ .
Bonsucro	Bonsucro offers a credible, metric certification process to demonstrate commitment to environmental and social sustainability in sugarcane ¹⁰ .
SAI Platform's Farm Sustainability	The Farm Sustainability Assessment (FSA) enables food and drink businesses to assess, improve, and validate on-farm sustainability in



Assessment (FSA)	their supply chains. Built around a simple set of questions to farmers, the FSA standardizes farm assessment ¹¹ .
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9. Policy review			
Owner:	Approver/Issued by:	Documentation Administrator:	Effective from:
Tomas Veit - CEO Asahi Global Procurement	Kaoru Sakita - Group CFO Asahi Group Holdings	Morgan Cleland – Global Sustainability Lead (Responsible Procurement)	AUG-08-2024
Revision			
No.	Date:	Description:	Revised by:
1.	AUG-08-2026		