

Asahi
BEVERAGES

Be



**20
19**

Contents

Welcome	3
Who we are and what we do	4
Asahi Group Holdings	6
Across our value chain	8
Asahi Be	9
Safety. Health. Wellbeing.	10
Inclusion. Respect. Belonging.	12
Perform. Grow. Lead.	13
Responsible drinking	16
Sugar reduction	18
Environment	20
Climate	22
Water	25
Sustainable water sourcing	27
Waste	28
Packaging	29
Responsible sourcing & partnerships	33
Community partnerships	34
Ethics & governance	36



Page 18 Sugar reduction



Page 25 Water



Page 13 Perform. Grow. Lead.



Welcome

Asahi Beverages prides itself on producing high quality, refreshing and enjoyable beverages.

As a large beverage company we provide a range of alcohol and non-alcohol beverages for a variety of occasions meeting different consumer needs – from everyday hydration to occasional celebrations, from breakfast beverages to relaxing after dinner drinks.

We use ingredients from nature in our products – water, hops, sugar amongst them – and we know how precious these resources are.

We understand how important it is for us to be responsible – to be mindful of the resources we consume, of the messages we send, and to work with others to ensure that we make a valuable contribution to society.

This is all part of our Asahi Beverages 'Be' program – a program that brings together our commitments to consumers, the environment, our people and the communities in which we operate.

In this inaugural report for Asahi Beverages, we provide insight into some of the great work that we have already started. We know we have more to do – this is the beginning of a way of working; a philosophy that sets us up for the future.

We're not about big bold claims or over-reaching promises. We are developing commitments that we can own, be accountable for, and show real progress in timeframes that our people can influence.



Peter Margin
Chairman



138million

Cases produced
yearly

Asahi
BEVERAGES

Asahi
BEVERAGES



2,300

Employees across
Australia and
New Zealand

10

Distribution
centres



11

Manufacturing
sites

4

72,000

Customers across
Australia and New
Zealand

including supermarkets, liquor
outlets, venues, pubs, petrol and
convenience, national retailers



\$1.8billion

Revenue 2018



Who we are and what we do

Asahi Beverages is one of the leading beverage companies in Australia and New Zealand. We're proud of our high quality, great tasting beverages, and strong performing brands.

Asahi Group Holdings made its first acquisition in Australia in 2009, and as various companies have joined the group, they have brought a wealth of history and experience, of great ingenuity and entrepreneurship, as well as success and achievements and are now part of Asahi Beverages.

Today, Asahi Beverages is the corporate regional hub for our business divisions across Australia and New Zealand, with a strong Japanese heritage.

Our parent company, Asahi Group Holdings has expanded in recent years, with operations in the UK, Europe, Asia, Oceania and Japan.

Across Australia and New Zealand we employ about 2,300 people, in functions such as manufacturing, distribution, sales, marketing, science and innovation, finance and HR. We export many of our products to 28 countries, including Cambodia, Vietnam, Canada, USA and Fiji.

Many of our iconic brands are household names, and well loved by consumers in Australia and New Zealand.

“We’re passionate about what we do – making great products that people love.”

Some of our key brands:

Lifestyle beverage brands



Alcohol beverage brands



Pepsi and Gatorade manufactured and distributed under licence.

Asahi Group Holdings

Asahi Group Holdings (AGH) is the parent company of Asahi Beverages, and is listed on the Tokyo Stock Exchange. Asahi Group Holdings produces a group integrated report annually which is available on the website: www.asahigroup-holdings.com/en/

The AGH sustainability report is prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option.

Group Environment, Social and Governance (ESG) initiatives align to the following focus areas:



Environment

- Responding to climate change
- Sustainable use of resources
 - Raw materials
 - Water
 - Packaging



Human rights & human resource management

- Developing human resources across the globe
- Enhancing diversity
- Upholding respect for human rights



Responsible business practices

- Promoting responsible drinking
- Expanding no and low alcohol product portfolio

Our vision is to be the first choice in beverages.

People

We contribute to enhancing communities, helping to address social issues through our partnerships.

We create a better place to work for our employees, promoting safety, health and wellbeing. We help our people realise their potential and provide opportunities for them to flourish both personally and professionally.

Purpose

**Enrich and refresh
our people, our
consumers, our
customers and
our world.**

Products

Our products contribute positively to people's lifestyle and sociability. We provide a range of high quality beverages to meet a range of needs for consumers. We continually evolve our portfolio, offering innovative 'better for you' options. We promote responsible consumption of our products.



Planet

We endeavour to reduce our burden on the environment, creating a positive impact where we can. We focus on areas where we can make a difference including climate, waste, water and packaging, with a priority placed on plastic packaging.



Asahi
BEVERAGES



Across our value chain

Our responsibilities extend across our value chain.



Sourcing

- Sustainable water sourcing
- Responsible procurement of raw ingredients and packaging
- Complying with human rights obligations



Manufacturing

- Improving our water and climate impact
- Reducing our waste to landfill
- Reducing our environmental impacts through investment in manufacturing



Warehousing & distribution

- Reducing our carbon emissions through efficient fleet and refrigeration management



Our people at work

- Protecting the safety, health and wellbeing of our people
- Ensuring our people feel included and engaged
- Supporting our people in their professional and personal development



Purchase & consumption

- Encouraging responsible consumption
- Promoting and encouraging recycling of packaging

Marketing & sales

- Providing a variety of products to suit most occasions
- Providing Better for You options such as reduced sugar and no sugar; low and no alcohol beer
- Promoting and marketing our products responsibly





Asahi Be

To help raise awareness of our Environment, Social & Governance (ESG) ambitions we have created a framework which works across our various programs: product responsibility, environmental sustainability, the social contribution we make to the communities in which we work and live, and the health, safety, wellness and professional development of our employees.

Asahi Beverages Well

Be Well focuses on our belief that a safe, healthy and happy workforce is a positive and productive one. With our safety, health and well-being programs we're committed to protecting, supporting and educating our people so that everyone has the opportunity to be and feel their best, both at work and at home.

Asahi Beverages Yourself

Be Yourself is the name of our inclusion pillar. We believe that which makes us different, makes us stronger, more innovative and more successful. Our uniqueness, and the manner in which that is celebrated and encouraged, is the mark of our inclusiveness.

Asahi Beverages Your Best

Be Your Best encapsulates our commitment to enable our people to reach their full potential and be their best. We provide opportunities for personal and professional development. We encourage open and honest communication between employees and their managers to develop career goals and plans.

Asahi Beverages Responsible

Be Responsible describes our responsibility to our consumers and to the environment. Whether that be responsible alcohol consumption, sugar reduction or helping to find solutions to sustainable packaging, we're committed to being responsible and having a positive impact where we can.

Asahi Beverages Involved

Be Involved speaks to our community involvement and commitment to making a positive impact on the communities in which we work and live by being passionately and personally involved.

Safety. Health. Wellbeing.

Our most important priority is ensuring that all our people are safe at work. A safe workplace is fundamental to what we do and preventing harm is critical to a successful and sustainable business.

Our business focuses on improving the health and safety capability of our people, providing and maintaining safe plant and equipment, promoting behaviours that prevent harm, and improving the health and wellbeing of employees.

We are committed to providing a healthy and safe working environment and conducting our business in accordance with all applicable health and safety laws, regulations and requirements.

We have implemented a behavioural-based safety program which promotes leadership discussions about Environment, Health and Safety (EHS) with team members, through our WALKS program. In 2018, almost 7,500 walks were completed.

Improvement of:
46% in our TRIFR
results from
2015 to 2018.

(Total Recordable Injury Frequency Rates)

Our safety programs are supported and implemented through active health and safety committees at all major sites. This allows for input from and consultation with employees on matters that affect the safety of their workplace. For example, we actively involve operational personnel in the identification, assessment and control of hazards and risks in the workplace.

Safety Targets and Results

We measure and set safety targets to assess and continually improve our performance. This includes looking at the frequency at which recordable injuries are occurring for every one million hours worked, also known as TRIFR (Total Recordable Injury Frequency Rates).

From 2015 to 2018 we have seen a 46% improvement in our TRIFR results. Following the integration of our New Zealand businesses, further deployment of the Asahi Beverages' safety programs took place in 2018, which included improving EHS incident reporting.

The deployment of the EHS strategy continues in 2019 delivering improved results across both Australia and New Zealand.



Safe Work Month

In October 2018 we ran our inaugural Safe Work Month Campaign across Australia and New Zealand.

We chose to take part in Safe Work Australia's National Safe Work Month initiative ahead of our peak season, to refocus on what really matters most: going home in the same condition as we arrived.

The theme of Safe Work Month was "A moment is all it takes". Each week a different topic was discussed during toolbox talks and safety meetings including incident and injury causes, near miss and hazard reporting, safety when nobody's watching and Home Safe.

Employees at our main sites owned the campaign locally, running discussions and safety videos on topics such as manual handling, office safety and driver safety. They held BBQs, morning teas and competitions to get everyone involved, ensuring the message reached all employees and contractors. The campaign was also used to launch a new online health and safety induction for all employees.

Health and Wellbeing

Our health and wellbeing program, Be Well, follows the promote, prevent, support framework:

- promote a positive culture to build more engaging, cohesive and effective workplaces,
- prevent harm and increase awareness and capacity, and
- support and provide access to mental health and return to work services.

The roll-out of Be Well has included the offer of health assessments (with follow-up support) and flu vaccinations to all personnel. In addition, we launched the Race Around Asahi exercise challenge, where teams make their way around a map of our sites through exercise and step conversion.

The mental health focus in 2019 has included the Mental Health Matters training for our people leaders.

The 2019 Safe Work Month campaign focused on safety and wellbeing including addressing mental health challenges.

Mental Health Matters

Recognising the importance of good mental health to a productive work environment, in 2019 we introduced a one day, face-to-face and interactive program to increase mental health awareness and management.

Run in conjunction with Australian Red Cross, we have made this program compulsory for people managers in our head office and some other sites. It addresses mental health for wellbeing, promoting important methods for managers to take care of themselves and others, recognising when further support may be required and details what services and opportunities are available within the business and externally.

“Be Well focuses on promotion, prevention, and support.”

Throughout 2019:

>250

employees attended mental health training.



Inclusion. Respect. Belonging.

At Asahi Beverages we believe that which makes us different, makes us stronger, more innovative and a more successful organisation. Our uniqueness, and the manner in which that is celebrated and encouraged is the mark of our inclusiveness.

Across our senior leadership team, we have about 45% women and our overall gender balance is in line with our industry norms. Externally, we report annually to the Workplace Gender Equality Agency (WGEA) and internally we have a thorough understanding of the opportunities our business has to further our inclusion agenda.

We recognise the importance of flexibility in retaining and attracting a diverse and adaptable workforce, so our recent focus has been on formalising our Flexible Work initiatives which include Flex Hours guidelines and consideration of Flex Location arrangements. As part of our focus in this area we also recently

introduced the ability for eligible employees to purchase an additional one or two weeks annual leave each year.

We are committed to creating an inclusive culture that addresses the needs of employees to balance their work responsibilities with their life and family needs. To this end we have committed to reviewing and evolving our parental leave policies to ensure they are equitable for males and females alike.

Our Inclusion Committee is led by a member of our Executive Leadership team under the direct sponsorship of our Chairman.



Perform. Grow. Lead.

We believe in enabling our people to reach their full potential.

We know that some of our employees will have careers outside of Asahi and we want to help them be great leaders while they are with us, and to set them up for their future careers, wherever that may take them. For us, the best accolade we can receive is when a former employee returns to our business.

Engaging our employees

We take employee engagement very seriously. It is one of the key targets for our business. We monitor and measure engagement through engagement surveys, including pulse checks along the way.

In our most recent survey in 2018, 82% of employees participated in the survey, and the results showed an engagement score of 81%, which exceeds the Australian norm by 7% and is 3% above the global norm for FMCG companies.

A strong engagement score is important to us because a highly engaged workforce is linked directly to improved company performance, fewer days lost to sickness and injury, and a lower risk of talent leaving the business.

It means that generally people are happier and more productive at work.

We use the information we collect and the feedback provided by our people to focus on the areas in which we need to make improvements and to prioritise our activities.

As part of a growing global organisation, it is important for us to develop our leaders, and provide them with an opportunity to take on more challenging roles within the Group.

We believe that exposure to diverse learning experiences will provide a greater depth of learning and development. We are committed to investing in our people and provide opportunities to build capability, support growth and career development and increase performance.

We encourage employees to participate in a variety of learning opportunities to meet their individual development needs. We do this with a focus on experience, exposure and education.



Developing our senior leaders

Our parent company operates a Global Leadership Development Program (GLDP), in which selected Australian and New Zealand senior leaders are presented with an opportunity to attend a week long development program in Japan, along with peers from other countries. Participants in the GLDP continue to work cross-functionally on business-related challenges upon their return to their home country.

The Global Challenge Program provides young Japanese employees with the opportunity to live abroad and work in one of the overseas businesses. We have been delighted to host these trainees in Australia and New Zealand in the Marketing, Supply Chain, Science and Innovation, and Finance functions.

Our senior executives have the opportunity to participate in international business schools. We are proud that in the past 12 months, we have:

- promoted a senior executive to a global role with our parent company,
- promoted from within to fill our role of Chief Supply Chain Officer, and
- promoted from within to fill the role of Chief Executive Officer.



Development Framework

Our development framework outlines a number of options for our people to grow their skills and knowledge, and includes:

Developing specialist capability

Focused programs for development of specialist expertise in areas such as Marketing and Sales, Lean skills for manufacturing managers, and enhancing Commercial Acumen for non-finance employees.

Career planning



Our people have the opportunity to create a career path focused on growth, leadership and challenging development experiences using our career platform, IGNITE.

Ignite is a digital tool to create and capture career plans and development actions to drive continuous learning. It also provides support for our leaders to have engaging career conversations with their teams.

Learning

An online library of development courses and 'Coaching Bites', quick interactive sessions on key topics relevant to our people, are made available for developing skills and knowledge.



Building strong leaders

We are focused on building leadership capabilities across all our leaders. From our executive team to our front-line managers, about 300 employees have participated in our United Leadership program.



Recognising excellence

In 2019, we launched the Asahi Beverages Excellence Awards. These Awards are designed to recognise and reward outstanding achievements in our organisation across 11 categories. Nominations were submitted from all functions, at all levels of the business.

The presentation of Awards took place at a gala event, with finalists in each category attending. Category Award Winners each received a trophy, certificate and financial reward to assist with their professional development, with the overall winner receiving the prestigious Chairman's Award and \$10,000 to spend on a professional development initiative of their choosing.

Chairman's Award:

\$10,000

to spend on a professional development initiative.



Innovation

Award categories



Collaboration



Drives Results - Productivity



Courage



Brand Excellence



Community Service



Customer Focus



Operational Excellence



Sustainability



Health & Safety



People First



Responsible drinking

Promote responsible and sociable drinking, which brings enjoyment and celebration to life.

As a company that manufactures and sells alcohol beverages, we have an obligation to ensure that we act responsibly and encourage responsible drinking by consumers.

We believe that alcohol can be enjoyed by adults as part of a healthy, sociable lifestyle, and we make the following commitments:

Provide consumers with great tasting, high quality beverages

We are proud of our brands and strive to always provide high quality, great tasting beverages that meet consumers' various needs.

As consumers demand more variety and choice, we provide a portfolio that includes:

- ready to drink beverages mixed with sugar-free mixers such as Vodka Cruiser Free, Woodstock Bourbon and Zero Sugar Cola,
- lower carb products such as Asahi Soukai, and low/no alcohol beverages such as Peroni Libera, and
- an extensive range of sophisticated mixers and soft drinks, which can be enjoyed straight up or mixed with spirits.

Market and advertise alcohol responsibly

We are a signatory to the Alcohol Beverages Advertising Code (in Australia) and Advertising Standards Authority



Keep our employees informed and safe

Our responsibility extends to our role as an employer, and we have implemented a drug and alcohol education and testing program to ensure that we can help any employees who may need support to manage issues with drugs or alcohol.

We promote a responsible drinking culture among our employees.

(in NZ) which govern how alcohol can be promoted and marketed.

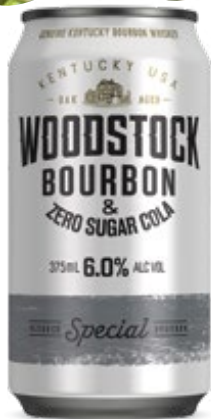
We ensure we:

- only target our products at consumers over the legal drinking age, and
- encourage responsible consumption of our products.

We are implementing safeguards on our social media sites in line with World Federation of Advertisers (WFA) Digital Guiding Principles.

We regularly educate and update our teams and our agency partners on our marketing code requirements.

We provide a range of different alcohol beverages to meet the differing preferences of consumers.



Woodstock Zero

Woodstock Zero is a rich full-flavoured bourbon with a zero sugar cola, that is smooth on the palate with a clean liquorice finish. We use sucralose as the sweetener to avoid a metallic aftertaste.



Vodka Cruiser Free

The Vodka Cruiser Free range has been designed to provide the same fruity taste as the core Vodka Cruiser range but without the sugar. Available in Mixed Berry, Mango Raspberry and Pineapple flavours.



Asahi Soukai

Asahi 'Soukai' (refreshing in Japanese), is a low-carb, premium international mid-strength beer, brewed using our quality Asahi yeast. At 3.5% alc/vol, Soukai has a crisp and refreshing taste, with a slight bitter note to provide a balanced flavour.



Peroni Libera

Peroni taps into the growing consumer trend to live a more balanced lifestyle by launching the world's most stylish zero alcohol beer – Peroni Libera. Brewed using a customised fermentation process and dedicated yeast strain as well as Nostrano Peroni maize, it is triple hopped to produce a citrusy, hoppy, fruity and fast ending beer, with a crisp and refreshing finish, consistent with the Peroni range.



Sugar reduction

We are committed to reducing sugar across our non-alcohol portfolio and providing consumers with options of no sugar, reduced sugar and regular sugar sweetened beverages.

As a major manufacturer of beverages, including sugar-sweetened beverages, we have a role to play in providing a range of beverage choices to meet consumers' varying needs. We are guided by what our consumers want - great tasting beverages with a range of options to suit different needs and occasions.

We are committed to reducing sugar in our soft drink portfolio and helping consumers address their concerns around high sugar content by providing innovative no sugar and reduced sugar beverages and providing adequate information for consumers to make informed choices about the beverages they consume.

Furthermore, as a member of the Australian Beverages Council we have committed to the industry pledge to reduce sugar across the industry by 20 per cent by 2025.

Our commitment is:

20% reduction in sugar
across our non-alcohol
portfolio by 2025.



We provide a variety of zero and low sugar alcohol-free beverages to meet the evolving needs of consumers.



Schweppes Flavoured Mineral Waters

We have reduced the sugar content across the Schweppes Flavoured Mineral Water range to between 3.4 grams and 3.8 grams per 100mL, an average reduction of 24%.

We have kept the 5% real fruit juice content and reformulated the range to deliver a lighter, more refreshing beverage.



G Active Zero Sugar

G Active Zero Sugar offers an electrolyte water with zero sugar targeted at fitness exercisers. Offering the same level of electrolytes as Gatorade Core, G Active is an alternative for those looking for a zero sugar option.

Cool Ridge Flavoured Waters

Cool Ridge Flavoured Waters are available in Sparkling and Still varieties and provide refreshment with natural flavours and no sugar.



Frantelle Sparkling Water

Frantelle Sparkling Water cans contain Australian sourced water naturally flavoured with zero sugar.

Available in a variety of flavours, Frantelle is a refreshing alternative to full sugar soft drinks.

Pepsi Max

Pepsi Max is the leading non-sugar cola with exciting new variants, such as Vanilla, Raspberry and Creaming Soda proving popular.



Solo, Schweppes and Sunkist Zero Sugar

Solo, Schweppes Lemonade, Schweppes Raspberry and Sunkist Zero Sugar are now available in a variety of pack formats.

What we are doing to reduce sugar



Provide choice

- Broad portfolio
- Increase distribution of low/reduced sugar range
- Choice of no sugar, no added sugar, natural sweeteners, alternative sweeteners, sugar sweetened.



Reformulate

Reduce sugar levels across our full sugar portfolio.



Innovate

Introduce new no sugar and reduced sugar products to the portfolio in a variety of packs to meet all occasions.



Market responsibly

We do not target children (under 14 years of age) in our marketing and advertising of sugar sweetened beverages.

Environment

We endeavour to reduce our burden on the environment, creating a positive impact where we can.

At Asahi Beverages, we acknowledge the strong link between our raw materials and the environment from which they are sourced. Turning natural resources into high quality beverages for the enjoyment of our consumers is what we do, and in doing this, we are committed to minimising our impact on the environment.

As our business continues to grow and develop, our manufacturing footprint changes. We have a variety of manufacturing processes, which include water bottling, carbonated soft drink manufacturing, hot-fill bottling processes, a juicing facility, and brewing.

Manufacturing processes vary in their intensity in terms of energy use, water use, waste and carbon emissions. Some sites run simple, singular processes, and others are more complicated with multiple manufacturing processes, which means the environmental footprint for each site varies.

We are committed to improving the impact our business has on climate change. Over the past few years, we have made substantial changes to our manufacturing and warehousing footprint which have reduced our green house gas emissions.

By consolidating some of our warehouses, we have reduced the number of truck movements. We have also moved to a vertical integration of our supply chain:

- manufacturing caps for our water bottles,
- producing pre-forms for our PET bottles, and
- blow moulding PET bottles in our factories, thus eliminating the transportation of empty bottles around the country.

Our focus areas are:



Climate



Water



Waste



Packaging

In 2018, we completed the commissioning of an expanded brewery capability at our Laverton, Victoria plant. This local production has helped reduce the amount of product imported from overseas, reducing the overall carbon footprint. While it has led to an increase in water and energy usage at the site, we are continuously improving.

Our Environment Policy sets out our company commitments and strategies. Our environmental plans aim to improve performance in each of the areas identified in our policy, and we have developed environmental performance indicators and set targets to help drive continuous improvement.

Environmental Compliance and Management

Our first and most critical policy commitment is compliance with our environmental legal obligations. In 2018 Asahi Beverages had no prosecutions, fines or penalties related to breaches of environmental regulations.

We have implemented a formal Environmental Management System (EMS) to manage our impacts on the environment and drive continuous improvement in our environmental performance. We have committed to achieving external EMS certification (ISO14001) at our manufacturing sites. So far, seven of our manufacturing sites have achieved certification.

Our environmental commitments



Compliance

Meet our environmental legislation and other relevant obligations.



Accountability

Provide our people with the skills and knowledge to uphold our environmental responsibilities.



Management of systems

Implement and operate an effective environmental management system.



Improving environmental impact

Identify all points where we impact the environment and take action to eliminate, minimise or mitigate their impacts.



Continual improvement

Establish, measure and review objectives and targets to continually reduce our impact on the environment.





Climate

We are aligned to our parent company's ambition of being Carbon Zero by 2050.

We acknowledge that this is an ambitious target, and we are working on our local roadmap to be able to achieve this in time. Our focus for 2019/20 is on reducing our carbon intensity by 2% from previous year actuals.

Carbon emission targets and results

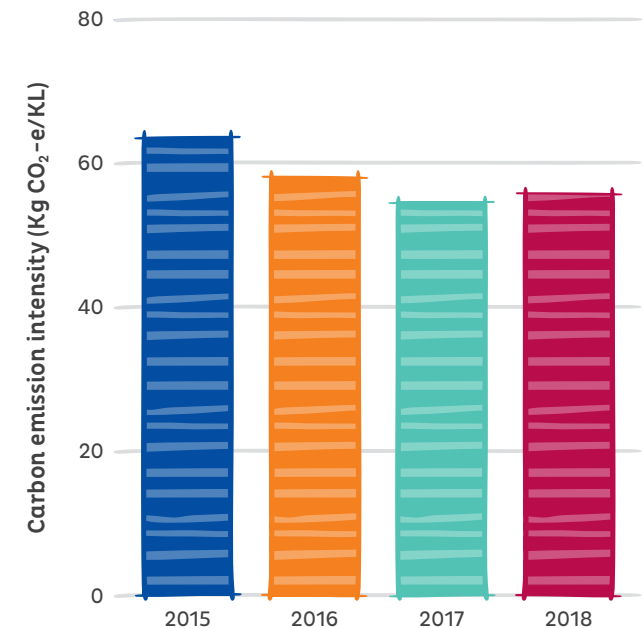
Our carbon emission targets (Scope 1 and 2) are intensity based. We report the kilograms of CO₂-e (carbon dioxide equivalent) emitted for every kilolitre of production, both as a total business and at a site level.

From an absolute carbon emission perspective, we have seen a 2% improvement in our Scope 1 emissions (direct) and 6% increase in our Scope 2 emissions (indirect) since 2016.

The introduction of plastic preforms and cap manufacturing to our supply chain in 2017/18, resulted in an increase in scope 2 emissions. We expect reductions in the carbon footprint of our value chain (scope 3) following the rollout of blow-fill technology and preform manufacturing, primarily through a reduction in truck movements.

From a carbon emission intensity perspective, we have seen an 11% improvement in our manufacturing results since 2014. 2018 results were influenced by the brewing capacity project at our Laverton site.

Total business carbon emission intensity



Total business CO₂-e emissions intensity, like for like (new plants removed from 2016-2018 results)

Definitions:

Scope 1 emissions are those that are created directly at our sites

Scope 2 emissions are indirect emissions, primarily created through our purchase or generation of electricity



Our pledge to TAKE2

The Victorian Government set ambitious targets for the State to reach net zero emissions by 2050 and help keep temperature rise to under two degrees.

To help achieve these goals, Sustainability Victoria is delivering the TAKE2 initiative – a world-leading climate change pledge program. In 2018 Asahi Beverages took the TAKE2 pledge as one way to show our commitment to tackling climate change. We are excited to be a part of the first State government led voluntary climate change pledging initiative in Australia, and one of the most comprehensive climate change pledging programs in the world.

An efficient commercial fleet

Fuel efficiency is a major consideration when selecting the car fleet for our sales team. We have been progressively rolling-out a more fuel-efficient fleet of commercial vehicles, including some hybrids.

Energy efficient fridges

We're helping our customers reduce energy and costs with improved energy efficiency of our fridge fleet. Prior to 2009 a two-door fridge consumed approximately 14kWh/day. Through improvements in fridge technology this has been reduced to approximately 4.8 kWh/day. This represents a 65% reduction in the energy requirements of customer fridges.

Energy efficient lighting

Our manufacturing and distribution sites have progressively implemented energy efficient lighting solutions, each running with a slightly different approach to suit site requirements. More recently upgrades have been completed at our Laverton, Tullamarine and Albury sites:

- replacing more than 1,200 high-bay lights,
- reducing carbon emissions by 2,600 tonnes, and
- saving approximately \$250,000 in electricity costs.

Sustainable buildings

In August 2018 a New Zealand head office was established in Parnell, Auckland, providing an opportunity to move to an office space, designed with sustainability in mind.

96 St Georges Bay Rd has a 5 Green Star 'Design' rating. Sustainable building design features include:

- a central atrium which allows natural light throughout the building,
- use of low emitting and certified sustainably sourced materials where possible,
- energy and water metering to monitor and manage use,
- low flow water fixtures to reduce consumption,
- dedicated recycling storage and sorting areas,
- increased fresh air rates,
- lower levels of ambient noise through design, and
- use of LED lighting, ensuring good light levels and energy efficiency.



Energy efficiency and renewables

We continue to explore renewable energy opportunities, such as Solar Photovoltaic. In 2018 our Prospect Distribution Centre landlord updated the site's lighting to energy efficient LEDs and installed a 100-kilowatt roof-top solar PV system.

Our Prospect site reduced CO₂-e emissions (scope 2) by 30% from 2017 to 2018. As the project was completed in late 2018 we are expecting further reductions following a full year of renewable energy generation.

In addition to the Prospect DC Solar installation another 100kW system has been operational at our Huntingwood manufacturing site since 2008, which has generated more than 780 MWh of electricity over its life so far.

30%

reduction
of CO₂-e
emissions

from 2017 to 2018 at our Prospect Distribution Centre.

Prospect carbon emissions (electricity)



CO₂-e emission reduction following LED (July 2018) and solar PV (November 2018) at Prospect Distribution Centre.

Water

Water is essential to our business. It is a key ingredient in our products, is used in our manufacturing processes and supports the cultivation of raw materials across our value chain.

We continually investigate where and how water is being used throughout our manufacturing processes to identify ways to reduce our water usage.

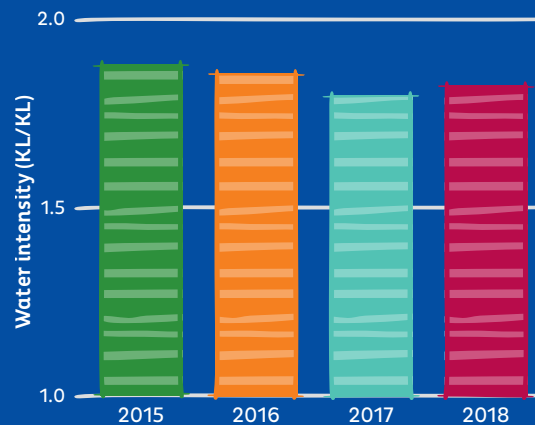
Our focus for 2019/20 is reducing our total water consumption and water intensity at our manufacturing sites by 2% from previous year actuals.

Water conservation targets and results

We measure water usage across our business, benchmark our manufacturing sites and set intensity targets, that is, the amount of water used to manufacture one kilolitre of our product.

Water intensity has improved by 2.7% since 2015 but remains on par with 2014 results, after adjustment for plant commissioning works in 2018.

Total business water intensity^



Total water intensity at our manufacturing sites.

^ Adjusted to remove plant commissioning work in 2018.



Saving water in Queensland

During 2018 our Queensland manufacturing sites (Goodna and Wulkuraka) completed a number of water reduction projects that resulted in approximately 25 million litres of water saved. These initiatives included the reclaiming of Reverse Osmosis (RO) backwash water which is now re-blended back into the start of the RO process, optimising water 'flushes' and Cleaning-In-Place requirements and the recovery and reintroduction of condensate into boiler feed water.

Following the completion of these initiatives our Wulkuraka site alone has seen an improvement in water intensity of more than 10%.

Water recovery plant – Papakura

Set with the challenge of reducing water consumption associated with pasteurization processes, our Papakura team developed a cost effective and sustainable solution which has seen a significant amount of water saved.

By recovering water previously deemed necessary to drain (i.e. a stoppage on the line and zone temperature adjustments) and re-introducing it back into the process as required, the site has successfully reduced both the water and energy requirements of pasteurization.

25m litres
of water
saved

during 2018 at our Queensland manufacturing sites.

10% improvement
in water
intensity

at our Wulkuraka site alone.



Sustainable water sourcing

Water is a very precious commodity for us – it's not only used in our manufacturing processes, it is also the key ingredient in every one of our products.

Spring water, used in our water products, comes from various sources around Australia. By using multiple sources we can help ensure the sustainability of sources, and adapt our sourcing according to the local conditions.

We are members of the Australasian Bottled Water Institute, which means that we adhere to strict protocols around the extraction of ground water. We undertake annual audits of our own and our suppliers' sites.

Risk assessments are undertaken at each source, and our sources are managed to minimise environmental and community impacts.

Sites operate under a quality management system with controlled and documented procedures. Water use and quality is regularly monitored.

Our sources are regulated and we manage withdrawals to promote sustainable supply.

Water source permits and licences allow only specified volumes to be withdrawn and all of our sources comply with permit/licence conditions.

Weekly, monthly and annual water quality testing is undertaken across a range of indicators to ensure the product consistently meets our standards for quality.



Re-usable bins

Our business has successfully integrated plastics manufacturing (caps and preforms) into our own supply chain.

As part of this project a sustainable solution to the transportation of preforms to our blow-fill sites was found - re-usable bins. These bins eliminate the use of cardboard boxes and can be collapsed, increasing the number of bins per load that are transported back to our plastics manufacturing site.

Our business
recycles
approximately

90%
of all waste

across manufacturing,
warehouse, technical
and office sites.



Waste

The generation of waste is a significant environmental issue, not only in Australia and New Zealand, but globally.

Generating waste represents inefficiency, consumes resources, contributes to greenhouse gas emissions and can impact on biodiversity and ecosystems.

We will support Zero Waste to Landfill initiatives.

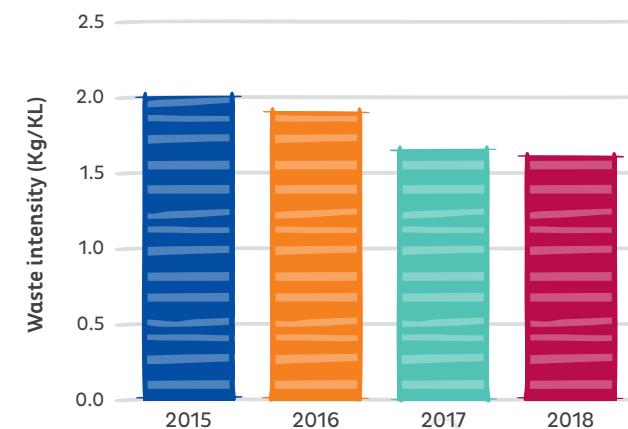
In 2019/2020 our focus is on auditing our sites to understand where we can make improvements, and then educating our workforce on how to implement improvements.

Landfill targets and results

We strive to reduce waste to landfill by setting targets and regularly monitoring performance. As with our other key environmental metrics, our waste target is based on tonnage of landfill for every kilolitre of production.

Our business recycles approximately 90% of all waste across its manufacturing, warehouse, technical and office sites. Since 2014 our total business landfill intensity has also improved by 20%.

Total business waste intensity*



Total business landfill intensity.

* Adjusted to plant commissioning works in 2018



Packaging

Packaging is important for ensuring that we are able to get our products safely and in good shape to consumers.

We are focusing on reducing our impact on the environment through improved packaging design, increasing the use of recycled content, and helping to repurpose packaging into other useful products.

Our main forms of packaging include plastics, aluminium, glass and cardboard. We have prioritised plastics as our initial focus area.

We will make a difference, enriching the communities in which we live by changing our attitude to the use of plastics.

Our desire is to find ways to create a circular economy within Australia and New Zealand, particularly in relation to PET. This will require us to work with partners to find ways to capture post-consumer plastics, convert them back into new packaging or find other useful purposes.

We believe through forming the right partnerships we can make a difference and improve the levels of recycled content collected, processed and repurposed in Australia.



We will make a difference, enriching the communities in which we live, by changing our attitudes to the use of plastic.



Reduce

We will reduce our use of single plastics (annual reduction based on grams per litre sold).

We will reduce our plastic impact on the environment by developing new sustainable packaging solutions.



Reuse

100% of our packaging across our entire portfolio to be recyclable, compostable or reusable by 2025.

We will work towards 70% of the plastic used in our bottles being recycled PET by the end of 2020.



Repurpose

We will develop strategic partnerships to repurpose our plastic.

We will have solutions to repurpose more plastic than we produce by 2025.



Cool Ridge - our sustainability champion

As a leading manufacturer of water products, we are very conscious of the way in which our product is packaged. We need to get our product to consumers in a safe manner, in a package which protects the product and is easy to use. Our packaging also needs to be able to run through production lines and be stable on shelves and in fridges. And at the same time, we aim to ensure that our packaging has a minimal impact on the environment.

Our Cool Ridge brand is leading the way as our champion for sustainability, with the simple phrase: "Do good. Feel good."

The new Cool Ridge proposition aims to help change consumer behaviour. We acknowledge that choosing a refillable bottle is the best option, but for times when consumers are caught short without their refillable bottle, they can feel good about choosing Cool Ridge.

We have updated our labels and included a message asking consumers to help keep the cycle going, and recycle their bottles and cans.

We acknowledge we cannot change everything immediately. We continue to work with our suppliers and customers to find alternative ways to package Cool Ridge water and deliver it to consumers. We continue to look for solutions to produce caps and labels from recycled material and to recycle them.

We are on a journey to a more sustainable and responsible future. We want consumers to be part of the change and keep the cycle going by recycling bottles and cans back into more Cool Ridge bottles and cans.



Our Cool Ridge Still Water bottles are made from:

 **100%**

recycled PET
(excluding the cap and label).

This means that no new plastic is created when making our Cool Ridge Still Water bottles.

Cool Ridge Sparkling Water bottles* are now made from 50% recycled PET. We have also launched Cool Ridge Sparkling Spring Water in cans.

* Excluding cap and label.



By the end of 2019,
Melbourne, Werribee and
Healesville Zoos aim to be

100%

plastic free.

(With our post-mix solution
available in these locations.)

This will result in

600,000
fewer plastic bottles
used each year.

Working in partnership with our customers

We have had a long-standing relationship with Zoos Victoria, which operates three facilities in Victoria: Werribee Zoo, Melbourne Zoo and Healesville Sanctuary.

When Zoos Victoria announced that they intended to remove single use plastics from its venues, one obvious solution was to move from plastic bottles to cans. Clearly aluminium cans also pose a waste and recycling challenge, so our team proposed an innovative solution that reduced the amount of waste as well.

Working collaboratively with Zoos Victoria, our team addressed the challenge, going beyond the more obvious solutions and designing a solution that was viable for the customer, zoo patrons and our business.

The solution? Built-in water and post-mix tap dispensers for soft drinks and water, served in 100% biodegradable cups. Not only are the Zoos able to offer patrons a highly attractive beverage offer, but the biodegradable cups are composted and within seven weeks are turned into mulch which is used in the Zoos grounds.

As a result of our desire to find a better, more innovative and sustainable solution, a total of 600,000 plastic bottles (12 tonnes of PET) will be removed from the waste stream each year.

And we are not stopping there. We are working on the next evolution of this solution which will enable Zoo attendees to bring their own reusable bottles and fill them from the beverage dispensers.



Responsible sourcing & partnerships

We operate our business across Australia and New Zealand, and we have relationships with thousands of suppliers in these countries and overseas.

We are conscious of the need to ensure that wherever we source ingredients, materials or services our suppliers comply with legal, environmental, human rights and social obligations.

Under our Code of Conduct we hold ourselves and our business partners to the highest standards of integrity and recognise that we each have responsibilities to ensure the sustainable success of our business.

Asahi Beverages considers suppliers and customers as partners towards realisation of our corporate code of conduct.

We have strong relationships with many partners, where we make and/or distribute brands under licence, including PepsiCo (Pepsi, Gatorade), Sunkist Growers (Sunkist), Carlsberg (Somersby cider, beer in NZ), VOSS (water), Treasury Wine Estates (wine distribution in NZ), Vitaco (Aussie Bodies and Musashi) and recently added, Pepsi Lipton International (Lipton Iced Tea). For more than 30 years we have produced ready-to-drink alcohol products for Brown Forman.



Community partnerships

By Being Involved we contribute to creating better communities and creating a better place to work for our employees.

We are taking a different approach to managing our community partnerships. We know that community involvement is a great motivator for our people and so we have asked our teams to 'Be Involved', by electing to become members of our newly formed Employee Community Partnerships Panel.

Our panel of enthusiastic and motivated employees will help set our community partnership strategy, select community partners and promote our partnerships with our employees.

The new panel will also ensure that volunteering opportunities are made available to our people.



Whitelion

Asahi Beverages' community partnership with Whitelion was established in 2011.

Whitelion is a not-for-profit community organisation that supports and empowers young people at risk to reach their full potential. The organisation provides a range of support services to vulnerable young people, including mentoring, employment preparation and placement, and outreach services. They offer more than a job to disadvantaged young people – they instil confidence and pride which transforms lives.

We chose to align with Whitelion because we see great merit in providing development opportunities and positive role models to young people, particularly those who have been disadvantaged.

Since partnering with Whitelion, employees from across the business have been involved in many ways, including proactive fundraising at sites, participating in formal Whitelion fundraising activities, taking on personal commitments to mentor young people, offering time and expertise to assist Whitelion and providing employment opportunities.

During this time, we have donated more than \$1.5 million to this cause, through direct donations and through significant fundraising by our employees.



Foodbank

We have been a proud partner of Foodbank, Australia's largest food relief organisation, since 2009. Foodbank provides food and groceries for distribution to Australians in need of assistance via 2,400 front line charities and 2,000 schools.

Foodbank is our preferred partner to ensure that donations we make find their way to communities most in need. In times of natural disasters, such as floods, fire and drought, Foodbank helps to deliver our donations of bottled water and other beverages to those at the forefront of disaster relief and those in need.

Our teams are very proud to have donated more than 6.1 million litres of product in support of the efforts of Foodbank over the past decade.

According to a Foodbank study into the social return on investment of its activities, food security helps address immediate nutrition needs and also contributes to improvements in health, emotional wellbeing and, ultimately, overall standards of living.

Ethics & governance

Asahi Holdings (Australia) Pty Ltd (AHA) is a wholly owned subsidiary of Asahi Group. AHA was incorporated in February 2009 to act as the regional headquarters for Asahi Group's Oceania operations.

The primary objective of our regional headquarters, under the corporate brand of Asahi Beverages, is to be the governing body of the Asahi Group, developing the business policies, which are essential for the subsidiaries' business, instructing the subsidiaries regarding their business policies, monitoring the performance of their operations, and coordinating and adjusting the business policies, with the ultimate aim of developing the subsidiaries' business in the Oceania region.

In terms of governance there are multiple layers.

The ultimate parent company of the group, Asahi Group Holdings, Ltd. (AGH) has its own Board of Directors and supporting committees which provide governance to the organisation globally. AGH has established global policies which each of its subsidiaries around the world must adhere to.

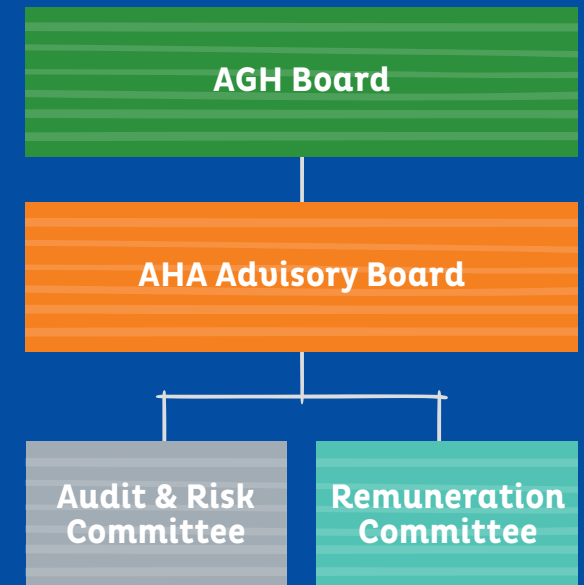
Whilst it is not a listed entity, Asahi Beverage's own governance model has been developed based on ASX Corporate Governance Principles which set out recommended corporate governance practices for listed entities. The principles include:

- lay solid foundations for management and oversight,
- structure the board to add value,
- act ethically and responsibly,
- safeguard integrity in corporate reporting,
- make timely and balanced disclosure,
- recognise and manage risk, and
- remunerate fairly and responsibly.

The AHA Board is committed to achieving the highest standards of corporate governance and business conduct. The Board sees this commitment as fundamental to the sustainability and performance of our business and to enhancing shareholder value.

AHA's Board is assisted by its committees, as shown below.

The Board and Committees include representatives from AGH and regularly report.





Acknowledgement

Special thanks to our valued employees who have appeared throughout this report.



