

Modern Slavery Statement

Universal Music Australia Pty Ltd (ABN 21 000 158 592)

Reporting period: 1 January 2020 – 31 December 2020

Introduction, Approval and Signing

At Universal Music Australia Pty Ltd (ABN 21 000 158 592) (**UMA**), our passion for music and creativity unites our company.

We aim to act in an ethical manner in the conduct of our business.


The introduction of the Modern Slavery Act in Australia is an important step in addressing the problem of modern slavery.

Our first modern slavery statement covers the mandatory criteria of the Modern Slavery Act and the steps which we are taking.

We look forward to reporting on the steps we are taking in future years, in accordance with the Modern Slavery Act.

Board Approval and Signing

In accordance with section 13 of the *Modern Slavery Act 2018* (Cth), this Statement was approved by the board of Universal Music Australia Pty Ltd ACN 000 158 592 on 28 June 2021.

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George Ash

Director and President

28 June 2021

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The Table of Contents below illustrates where we address each of the criteria of the Modern Slavery Act within our Modern Slavery Statement.

Section of our Modern Slavery Statement	Requirement under Modern Slavery Act
Page 2 – Approval and signing of this Modern Slavery Statement	Approval and signing of a modern slavery statement for a single reporting entity (section 13(2))
Section 1 – Who we are	Identify the reporting entity (section 16(1)(a))
Section 2– Our structure, operations and supply chains	Describe the structure, operations and supply chains of the reporting entity (section 16(1)(b))
Section 3 – Risks we have identified	Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls (section 16(1)(c))
Section 4 – Our present and future actions to address risks	Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes (section 16(1)(d))
Section Error! Reference source not found. – Measuring our effectiveness	Describe how the reporting entity assesses the effectiveness of such actions (section 16(1)(e))
Section 6 – Consultation criteria	Describe the process of consultation with any entities that the reporting entity owns or controls; and in the case of a reporting entity covered by a statement under section 14—the entity giving the statement (section 16(1)(f))
Section 7 – Other relevant information	Include any other information that the reporting entity, or the entity giving the statement, considers relevant (section 16(1)(g))

1. Who we are

- 1.1.1 This modern slavery statement (**Modern Slavery Statement**) is made by Universal Music Australia Pty Ltd (ABN 21 000 158 592) (referred to as **we, us, our** or **Universal Music Australia** in this Modern Slavery Statement).
- 1.1.2 Universal Music Australia is a reporting entity under the Commonwealth *Modern Slavery Act 2018* (Cth) (**Modern Slavery Act**) and this Modern Slavery Statement covers the reporting period from 1 January 2020 and ending on 31 December 2020.

2. Our structure, operations and supply chains

2.1 Our Structure

- 2.1.1 Universal Music Australia is an Australian proprietary limited company, incorporated in New South Wales, Australia.
- 2.1.2 Universal Music Australia is part of the global Universal Music Group (**UMG**). The Universal Music Group is headquartered in California in the United States.
- 2.1.3 For the purposes of the Modern Slavery Act, Universal Music Australia owns or controls Neon Records Pty Ltd (**Neon Records**), which is one of our music labels.

2.2 Our operations

- 2.2.1 Our key activities are identifying and developing recording artists. We produce, distribute and promote sound recordings (digitally and on physical formats such as CDs and vinyl), audio visual content (including on DVDs) and merchandise (such as T-shirts and keyrings).
- 2.2.2 Through our digital business, the Universal Music Group creates commercial opportunities for our artists and new experiences for fans with the development of services, platforms and business models.
- 2.2.3 We operate out of our head office in Sydney which focuses on providing recorded music, merchandise and audio-visual content in the Australian market.
- 2.2.4 Universal Music Australia's labels in Australia include EMI Australia and Island Records Australia.
- 2.2.5 Universal Music Australia employs approximately 160 people across our various labels and operations.

2.3 Our supply chains

What do we do?	Where from?
Produce marketing materials	We produce our marketing materials in Australia and New Zealand.
Contract with studios and producers to deliver content for our artists	We contract with studios and producers in Australia, the United States, the European Union and Asia.
Procure products such as CDs, DVDs, vinyl and Blu-ray discs	<p>We generally procure items through the Universal Group supply chain but our key suppliers for these goods are in Australia and the Czech Republic.</p> <p>Our CDs, DVDs and Blu-ray discs are assembled in Australia but we obtain the CD and DVD cases from China.</p>
Design, source and sell a range of merchandise	<p>Clothing – We also procure our clothing merchandise items from various suppliers located in Australia, the United Kingdom, the United States, China and Bangladesh via Bravado Asia Pacific. Those suppliers manufacture their clothing products in China, Bangladesh, Turkey, India and Australia.</p> <p>Accessories – As part of our merchandising, we have mugs, eskies and keyrings, which we obtain from a supplier based in Australia - the majority of these goods are made in China.</p> <p>Printed materials – We obtain posters and printed materials from suppliers based in Australia. Our printing supplies come from Australian paper mills and the Czech Republic.</p>
Shipping and freight to support our operations	Universal Music Australia uses shipping and freight services to transport our products to Australia. Some of these providers are based in Australia and China, and one provider has global operations.
Support services	<p>We procure legal, recruitment and learning and development services from providers in Australia.</p> <p>We buy our IT equipment from suppliers in Australia but mostly under the Universal Music Group global procurement processes.</p>

3. Risks we have identified

3.1 How we identified risks

3.1.1 Universal Music Australia has taken a targeted risk based approach to determine where the greatest risks of modern slavery exist.

3.1.2 In order to identify risks in our first reporting year we have:

- (a) reviewed in detail the guidance and mapped our operations and supply chains against the specific known risks factors relating to geographic locations, sectors and industries, products and services, and entities;
- (b) used the Global Slavery Index 2018 by the Minderoo Foundation (**Global Slavery Index**) to increase our understanding of the risk areas in our operations and supply chains;
- (c) undertaken a high level thematic review and scoping exercise of our operations and supply chains to identify general areas of modern slavery risks; and
- (d) undertaken a targeted modern slavery risk survey.

3.2 What risks we identified

3.2.1 Operational risks

- (a) As the key operational functions of Universal Music Australia involve the employment or engagement of staff in relation to music activities in Australia we have assessed the risk of modern slavery in our operations as relatively low.
- (b) This risk assessment was made on the basis that the legal framework and our own policies and procedures which regulate conditions of employment or engagement of our staff provide a significant barrier to modern slavery. Examples of policies we have include not accepting unpaid internships or work experience, unless such internship or work experience is tied to studies.

3.2.2 Supply Chain

3.2.3 **Sector and industry risks:** We understand that certain sectors and their industries may have high modern slavery risks because of their characteristics, products and processes.

- (a) **textiles and fashion** - Through our internal processes, we have identified that our merchandise business Bravado may carry higher modern slavery risk because textiles is recognised as a high risk industry globally. This includes the manufacturing and supply of our Artist and label merchandise; and
- (b) **cleaning** – it is well recognised that the cleaning industry is one which poses a higher risk of modern slavery. We use cleaning services to assist us in cleaning our offices in Sydney, New South Wales and Melbourne, Victoria.

3.2.4 **Product and services risks:** Certain products and services may have high modern slavery risks because of the way they are produced. We know that cotton for example, which is a core input into our merchandise range, is recognised as a high risk product globally. Metals are also used for merchandise like key rings and magnets. Metals such as tin and tungsten are recognised as high risk products.

- 3.2.5 **Geographic risks:** Some countries are known to have high risks of modern slavery, which can be caused by or attributed in part to poor governance, weak rule of law, conflict, migration flows and socio economic factors like poverty.

We have suppliers or manufacturers located in the following locations, which have been recognised to have medium to higher risks:

- (a) Bangladesh;
- (b) China;
- (c) Czech Republic;
- (d) India; and
- (e) Turkey.

- 3.2.6 **Entity risks:** Some entities may have higher risks of modern slavery because they have poor governance structures, a record of treating workers poorly or a track record of human rights violations.

- 3.2.7 We recognise that there are third party suppliers and sub-suppliers within our supply chain where Universal Music Australia has less visibility. For example sub-suppliers who supply inputs for our merchandise or third party suppliers for transport or clothing who may use sub-contractors or labour recruiters in the supply chain, can make it more difficult for us to identify the modern slavery risks.

- 3.2.8 Based on the well-known risk factors above, Universal Music Australia identified supply chains in relation to its merchandise and core physical products such as vinyl as key potential areas of risk.

- 3.2.9 Having considered the risk factors, Universal Music Australia developed a supplier survey to better identify specific modern slavery and human trafficking risks at the level of individual suppliers (the **UMA Supplier Survey**).

- 3.2.10 11 suppliers completed the UMA Supplier Survey.

- 3.2.11 The UMA Supplier Survey covers a range of issues and is aimed at collecting data on topics such as:

- (a) the nature of the goods or services provided to Universal Music Australia, including the locations where those goods or services are provided;
- (b) the composition of the suppliers' workforces, including the extent to which the suppliers rely on temporary employees, agency workers, or consultants;
- (c) the extent to which the suppliers are transparent with their workers about the terms and conditions of their employment, including their remuneration;
- (d) the extent to which suppliers take steps to mitigate risks of child labour, forced labour, or bonded labour within their own operations;
- (e) the suppliers' approach to recognising labour unions or similar collective representative bodies;
- (f) the adequacy of the suppliers' policies and procedures relating to modern slavery, human trafficking and related workers' rights issues, including the

extent to which the suppliers have in place management systems and controls for their own suppliers (i.e. sub-suppliers); and

- (g) whether any of the suppliers have previously been subject to investigations, allegations or enforcement actions concerning child labour, forced labour, bonded labour, physical abuse or discipline, threats of abuse, verbal abuse, harassment, other forms of intimidation, discrimination, violation of employment standards, or similar issues.

3.2.12 While no actual instances of 'modern slavery' as defined under the Modern Slavery Act were reported, we did identify a number of issues which require further investigation and follow-up.

3.2.13 Conducting the UMA Supplier Survey also made clear there is scope for Universal Music Australia to provide more education and awareness to our suppliers about our expectations and requirements in this space.

4. Our present and future actions to address risks

4.1.1 Universal Music Australia is taking a local approach to addressing modern slavery risks while following global policies as part of the Universal Music Group.

4.2 At the global level

4.2.1 UMA is also subject to the following global policies that support our efforts to identify and address modern slavery risks:

- (a) **Our supplier expectations:** The Universal Music Group has the UMG Supplier Corporate Responsibility Policy, which has been implemented by some Universal Music Group members. The policy sets out the Universal Music Group's expectations that no forced, bonded or involuntary labour will be used and for our suppliers to share our commitment to ethical behaviour. If a supplier is subject to the policy and is found to be in breach of this policy, the relevant Universal Music Group member will request the supplier to implement corrective action.
- (b) **Our supplier audits:** At a global level, the Universal Music Group has conducted CSR supplier surveys of some key suppliers as part of its US 2019 CSR program. This survey asked those key suppliers about where their facilities are located, as well as their policies and procedures to meet national legal or industry labour standards and ensure goods are produced free from child labour, modern slavery, discrimination, harassment or intimidation. This is relevant given we procure some products via other entities within the Universal Music Group.
- (c) **Our people and our Code of Conduct:** Our staff, officers, directors and third party contractors and advisors must adhere to the **Universal Music Group Code of Conduct**. This Code of Conduct makes it clear that we do not tolerate human rights abuses like modern slavery or unsafe work practices; are committed to working with partners, suppliers and customers who share our commitment to human rights and do not tolerate bribery and corruption. We have a process for individuals to report concerns and promptly investigate each report of suspected violation. Breaches of the Code of Conduct will result in disciplinary action. Each year, staff members undertake training, take a test on the Code of Conduct and certify that they agree to it.

4.3 At the Australian level

- 4.3.1 **Mapped our operations and supply chains to improve our understanding:** We have carried out an internal survey of our key stakeholders within UMA to identify modern slavery risks and existing procedures to address modern slavery risks. As an activity for our next reporting period, we are aiming to review the operations and supply chains of Neon Records.
- 4.3.2 **Reviewed existing information about our operations and supply chains:** We reviewed our existing policies and procedures to identify what processes we already have in place and what new policies and procedures may be required to better address modern slavery risks.
- 4.3.3 **Surveyed higher risk suppliers:** We conducted the Universal Music Australia Supplier Survey targeting 11 suppliers identified as having a higher risk of modern slavery. For more information see section 3.2.2 regarding how we identified the risks, what suppliers to focus on and key outcomes of the survey process.
- 4.3.4 **Drafted an anti-modern slavery policy:** We have drafted an anti-modern slavery policy, which sets out our approach and expectations in relation modern slavery and human trafficking, includes information about the potential indicators of modern slavery and outlines the reporting expectations for all UMA staff. We intend to implement this anti-modern slavery policy during our next reporting period.
- 4.3.5 **Legal staff training:** Our legal staff have completed modern slavery compliance training covering the requirements under the Modern Slavery Act and the Australian Government's expectations and objectives as set out in regulatory guidance. In the coming years, we intend to roll out specific modern slavery training to staff who are more likely to encounter modern slavery risks in their work to supplement testing required to be done as part of the Universal Music Group Code of Conduct procedures.
- 4.3.6 **Communicating what we are doing:** We know that publicly communicating what we are doing is a key part of human rights due diligence. We created a plain English "frequently asked questions" document which describes what we are doing in this space. Our intention is to publish this on our website during our next reporting period.

5. Measuring our effectiveness

- 5.1 The below table clearly tracks what we did and the outcome it had during this reporting period.

Area	What we did	What was the outcome
Training, education and awareness activities	Implemented the internal survey which was done by a number of key stakeholders across different functions of the business.	By completing this internal survey, we saw an improvement in the understanding and awareness of modern slavery risks in key staff who are responsible for procurement activities.

	Drafting 'frequently asked questions'	This activity helped us to map our operations and supply chains and identify our modern slavery risks and measures we have in place to address modern slavery risks.
	Identified further training priorities as part of our compliance program	While our legal staff attended some training, we identified that staff members who are most likely to come across modern slavery risks in their work e.g. procurement staff require further training. We are exploring the best ways to make this meaningful for our staff.
Procurement and supplier engagement	Map and identify key suppliers and risks at a high level via our internal assessment process	We now have a more nuanced understanding of our supply chains, modern slavery risks and how to address these risks
	Identify gaps in our policies and procedures	We now understand where we need to supplement our existing policies and procedures to better manage modern slavery risks. We prepared an anti-modern slavery policy, which we intend to implement locally in our next reporting period.
	Identified the need for further engagement with higher risk suppliers	Having conducted the Universal Music Supplier Survey we now have a better understanding of specific risks with the 11 higher risk suppliers we surveyed. We can now engage with these suppliers in a meaningful way and leverage our influence as a customer. We intend to focus on educating these suppliers as well as part of the follow-up process.

- 5.2 We know that specific 'key performance indicators' can be helpful to clearly track our progress.
- 5.3 We have set the following key performance indicators for what we are aiming to achieve during our second reporting year:
- (a) Communicating with all 11 suppliers who conducted the Universal Music Australia Supplier Survey in this reporting year and following up on any identified issues;
 - (b) Tracking the number of staff who undergo specific modern slavery training;
 - (c) Reviewing materials published by the Australian government such as its procurement toolkit, modern slavery clauses and its own statement. While we know these materials are aimed at Government, we recognise that reviewing these materials provides a benchmark for our own effectiveness;
 - (d) Implement our anti-modern slavery policy; and
 - (e) Publishing our frequently asked questions about modern slavery and what we are doing on our website.

6. Consultation criteria

We own or control one other entity, being Neon Records Pty Ltd. During the process of preparing this Modern Slavery Statement, we have obtained input from our internal stakeholders, including our legal and procurement teams. We anticipate that our consultation process will become more advanced in future reporting years. In particular, we will develop our process for consulting with Neon Records Pty Ltd when preparing our modern slavery statements during future reporting years.

7. Other relevant information

7.1 The Impacts of COVID-19

- 7.1.1 COVID-19 has had a significant impact on the music industry as a whole.
- 7.1.2 Due to travel restrictions, we were not able to conduct the site visits and audits we would normally conduct in relation to our merchandise supply chain. We intend to resume these visits as soon as we are able to and when it is safe and feasible to do so. We will also look at conducting audits virtually.
- 7.1.3 Otherwise, Covid-19 has not impacted our key compliance roadmap for our first reporting year.

7.2 Sharing with other entities in the Universal Music Group

As Universal Music Australia is part of the Universal Music Group, we have worked with the Universal Music Group headquarters to develop this Modern Slavery Statement.