MCPHERSON'S LIMITED

Modern SLAVERY STATEMENT 2020

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McPHERSON'S

Est.1860

DISCLOSURE NOTE

This Statement addresses the potential risk of slavery, servitude, forced or compulsory labour, forced marriage and human trafficking in McPherson's Limited ("McPherson's" or "the Company") supply chains and business operations, pursuant to the Australian Modern Slavery Act 2018 (Cth) ('the Act'). This statement has been made on behalf of McPherson's Limited.

This Statement covers all entities owned or controlled by McPherson's Limited, including: • McPherson's Consumer Products (NZ) Limited • McPherson's Consumer Products Pty Ltd (Australia) • McPherson's Consumer Products Pte Ltd (Singapore) • McPherson's America Inc. (USA) • McPherson's Consumer Products (HK) Limited (Hong Kong) • McPherson's (Shanghai) Co., Ltd (China)

EXCLUSIONS

McPherson's has a 49% interest in the Dr. LeWinns China Limited joint venture. The operations and supply chain of this entity have not been included in this year's Statement, however, will be included in our risk assessments in Year 2.

ABN: 98 004 068 419

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MODERN SLAVERY STATEMENT, 2020

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ABOUT US

McPherson's, established in 1860, is a leading supplier of Health, Wellness and Beauty products with operations in Australia, New Zealand, and Asia. McPherson's markets and distributes beauty care, hair care, skin care and personal care items such as facial wipes, cotton pads and foot comfort products, as well as a range of kitchen essentials such as baking paper, cling wrap and aluminium foil.

McPherson's purpose is to help our communities with sustainable health, wellness and beauty solutions that enrich people's lives every day.

Our vision is to grow sustainably by enriching people's lives, inside and out, worldwide.

Our mission is to boldly deliver real solutions to everyday needs for health, wellness and beauty. We create better ways for people and communities to thrive.

OUR SHARED VALUES – BE BOLD | BE BRAVE | CREATE BETTER

This is McPherson's first Modern Slavery Statement issued under the Australian Modern Slavery Act and outlines the steps we have taken and plan to take to assess and prevent modern slavery risks in our business and supply chains. While our commitment to addressing modern slavery is overseen at a board level our Modern Slavery Statement has been prepared in consultation with all areas of the business. This statement is a step towards to enacting our values of being brave and transparent if and when cases of modern slavery arise, be bold in the actions we take to address and creating better through engagement and collaboration our suppliers.

Nathan Healy
Regional Innovation

Mark Brady
Manager Supply Chain Director

This statement has been approved by the McPherson's Board on the 28th March 2021.

APPROVED

GRANT PECK
CHIEF EXECUTIVE OFFICER

28th March 2020

OUR 2019/2020 MODERN SLAVERY INITIATIVES

In 2020 we focussed on three areas of action:

Engagement of key stakeholders across McPherson's operations to increase understanding of the issue and obtain commitment to take action. We formed a Modern Slavery Working Group responsible for coordinating our response and driving our program, led by our Sustainability Division.

Assessment of our operations for potential modern slavery risk focussing on identifying risk in our supply chain and undertaking a gap analysis of our operational systems and processes.

Action planning to create a framework for assessing and addressing modern slavery risk in our supply chain and operations. Our Modern Slavery Action Plan includes tasks, accountabilities, deliverables, and timeframes for implementation over the next three years.

OUR PLANS FOR 2020/2021

To build on our Year 1 initiatives we will continue to engage our Board and leadership team and reach out to internal stakeholders with targeted training and education programs. McPherson's Modern Slavery Working Group will encourage key business units to integrate modern slavery risk management into existing systems and processes, review our procurement procedures and update existing supplier questionnaires and assessment processes to better understand and evaluate our modern slavery risks.

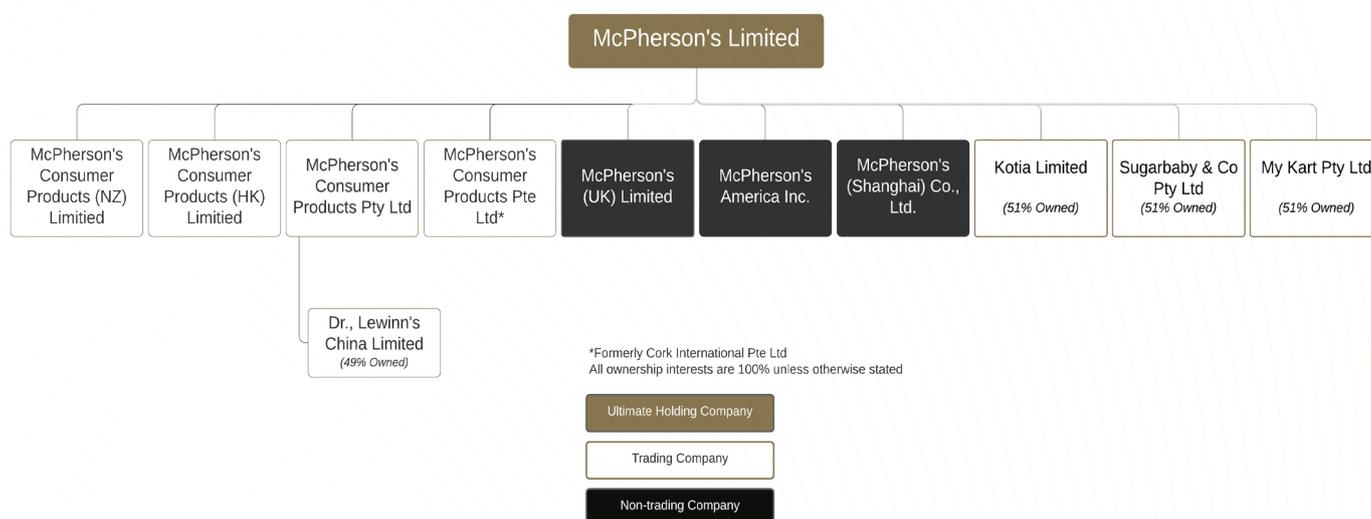## OUR PLANS FOR 2021/2022 AND BEYOND

In our third reporting year we will refine our goals, targets and KPIs to effectively assess and address modern slavery risks and measure our effectiveness. We will engage priority suppliers in Australia and in high risk regions, educate them on our program and gain a deeper understanding of their efforts to manage modern slavery risk. Where required, we will develop corrective action plans with our highest priority suppliers to address gaps and risks and incorporate modern slavery response and remedy into our Crisis Management Plan, ensuring a victim centred approach.

REPORTING CRITERIA 1 & 2: OUR BRANDS AND STRUCTURE

OUR ORGANISATIONAL STRUCTURE

McPherson's, established in 1860, is a leading supplier of Health, Wellness and Beauty products with operations in Australia, New Zealand, and Asia. McPherson's markets and distributes beauty care, hair care, skin care and personal care items such as facial wipes, cotton pads and foot comfort products, as well as a range of kitchen essentials such as baking paper, cling wrap and aluminium foil.

McPherson's Limited is the ultimate holding company which oversees operations of eight trading entities and three non-trading entities as illustrated in the chart below. All ownership interests are 100% unless otherwise stated.

McPherson's Limited

McPherson's Consumer Products (NZ) Limitied | McPherson's Consumer Products (HK) Limitied | McPherson's Consumer Products Pty Ltd | McPherson's Consumer Products Pte Ltd* | McPherson's (UK) Limited | McPherson's America Inc. | McPherson's (Shanghai) Co., Ltd. | Kotia Limited (51% Owned) | Sugarbaby & Co Pty Ltd (51% Owned) | My Kart Pty Ltd (51% Owned)

Dr., Lewinn's China Limited (49% Owned)

*Formerly Cork International Pte Ltd
All ownership interests are 100% unless otherwise stated

Ultimate Holding Company
Trading Company
Non-trading Company

OUR GOVERNANCE FRAMEWORK

McPherson's Board of Directors is committed to achieving and demonstrating the highest standards of corporate governance. This is considered essential for the long-term performance and sustainability of the Group, and to protect and enhance the interests of shareholders and other key stakeholders.

The Company and Board regularly review the Group's governance arrangements, as well as developments in market practice, stakeholder expectations and regulation. We undertook a comprehensive review of our corporate governance arrangements during the year ended 30 June 2020, referencing the 4th Edition of the Corporate Governance Principles and Recommendations ("Corporate Governance Principles") issued by the ASX Corporate Governance Council in February 2019. The Board implemented changes to key Board charters and policies following the review, with amended charters and policies, including a new Statement of Values, approved, and implemented in May 2020.

The Statement of Values establishes the expected standards of behaviour of our Directors, senior executives, and all other employees as we collectively work towards achieving the Company's mission and strategic objectives. The Statement of Values also defines the Company's culture and the framework through which we engage our employees, customers, and all other stakeholders.

By being open, trustworthy, and executing McPherson's strategy in a manner consistent with these values, we will achieve our key shared values and mission objective while operating in accordance with the community's and investors' expectations of acting lawfully, ethically, and responsibly, and thereby also preserving, protecting, and enhancing the Company's reputation and standing in the community.

We have developed an Ethics and Responsible Business Conduct Policy and a Whistleblower Policy, as well as a Code of Conduct for all employees. Additional policies exist which provide clarity on several related matters, including:

- Establishing the principles to be followed in ethically sourcing products and requiring compliance with Modern Slavery legislation;
- Prescribing product supplier health and safety requirements;
- A requirement for employees to act ethically and maintain certain specific standards of conduct;
- A requirement to ensure compliance with customer specific requirements; and
- Guidelines relating to product performance and content claims.

All Directors, senior executives and employees are required to maintain the standards of ethical conduct established by the Group in accordance with the Statement of Values and these policies.

The Board Audit, Risk Management and Compliance Committee is responsible for:

- Reviewing the Company's risk management framework at least annually to satisfy itself that it continues to be sound, including with respect to contemporary and emerging risks;
- Determining the Company's risk appetite and whether the Company is operating with due regard to that appetite;
- Monitoring and assessing management's process for managing risk and how the Company's businesses apply the processes for managing risk;
- Monitoring management's performance against the risk management framework, including whether it is operating within the risk appetite set by the Audit Committee or the Board;
- Reviewing any material incidents involving fraud or a breakdown of the Company's risk controls and the adequacy of any resultant changes implemented;
- Receiving reports from the internal auditors on their reviews of the adequacy of the Company's processes for managing risk;
- Receiving reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks;
- Making recommendations to the Board in relation to changes that should be made to the Company's risk management framework or to the risk appetite set by the Board.

OUR OPERATIONS

McPherson's manages some significant brands for agency partners and via joint venture arrangements, however, the majority of revenue is derived from the company's diversified portfolio of owned market-leading brands, including:

- Dr. LeWinn's
- A'kin
- Manicare
- Lady Jayne
- Swisspers
- Multix
- Fusion Health
- Oriental Botanicals
- Moosehead
- Maseur

Manufacturing is outsourced to various suppliers, predominantly in Asia and Australia. McPherson's maintains a strong presence in Hong Kong and mainland China, focused on product sourcing and quality assurance.

Singapore
McPherson's operation in Asia is focused primarily on personal care products and, household consumables products, operating with a combination of McPherson's brands and agency arrangements.

Hong Kong
McPherson's Hong Kong branch manages the contract manufacturing for the McPherson's Group's products, generally outsourced to specialist manufacturers. It performs the quality assurance function and also works with marketing personnel on product design.

OUR PEOPLE

We employ a total of 354 staff across operations in Australia, New Zealand, Singapore, and Hong Kong. Just over 80% of our staff are employed in Australia, the majority of whom are female permanent full-time staff. Just on 5% of our workforce is comprised of contract workers employed on a full time or part time basis.
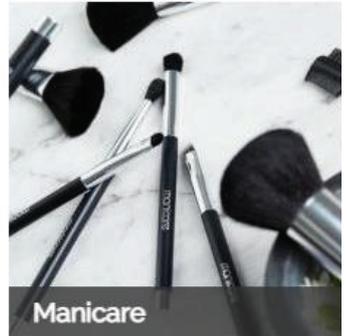
OUR BRANDS

A'kin

Dr. LeWinn's

Lady Jayne

Manicare

Glam by Manicare

Swisspers

Kōtia

Revitanail

Soulful

Eylure

Footcare by Maseur

maseur

Moosehead

Mita

SugarBaby

Multix

OUR SUPPLY CHAIN

McPherson's spends approximately $156 million annually with 231 suppliers across 21 goods and services categories. Of these 231 suppliers, 134 provide finished goods for sale and 97 provide non-stock goods and services such as office supplies, advertising, and professional services.

Our supply chain extends across sixteen countries including China/Hong Kong, Czech Republic, France, Germany, United Kingdom, Indonesia, Italy, Korea, the Netherlands, New Zealand, Pakistan, Thailand, Turkey, Taiwan, and the United States.

More than 80% of our spend is with **50 key suppliers** of which 20 are based in Australia and 30 are located internationally (see map over page). Our ten largest overseas suppliers are based in mainland China (five suppliers), Hong Kong (three suppliers), South Korea (one supplier) and New Zealand (one supplier).

The main categories of goods and services procured from our Tier 1 (direct) suppliers are outlined in Table 1. Whilst many of our Tier 1 suppliers are based in Australia (or are a subsidiary of a global entity), the source country of some of the products we procure (such as raw materials, ingredients, packaging etc) are unknown. Further work will be undertaken to better understand our extended supply chain and the inherent modern slavery risks of our Tier 2 (indirect) suppliers.

Table 1: Main categories of goods and services

Goods	Services
Finished Goods - bags / wrap / foil	Advertising, marketing, and promotions
Finished Goods - health / beauty	Building, construction, and fabrication services
Office and building supplies and services	Hire cars, fleet, consumables, and maintenance
Packaging materials, containers, and storage	ICT Software, networking, and support services
	Logistics, warehouse, and transport services
	Print / Mail Provider
	Professional services
	Property and facility maintenance services
	Real estate / property management services
	Retail sales and distribution
	Travel, parking, and accommodation
	Utilities

TIER 1 SUPPLIER LOCATIONS
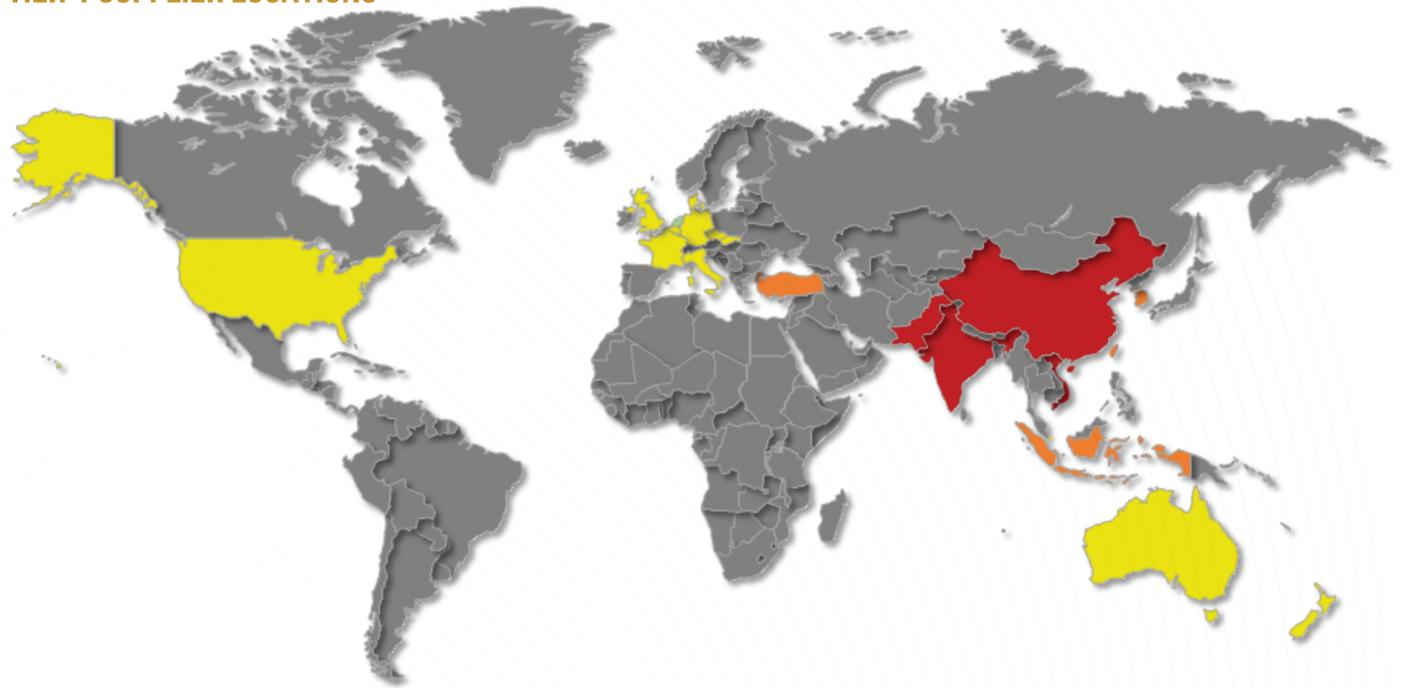
AUSTRALIA

127 Suppliers
41% of total spend
Couriers and transport
Property Management
Recruitment
Goods and Merchandise
Labour Hire
Professional Services
ICT Software and Services
Advertising
Retail and Distribution
Utilities*

CHINA

50 Suppliers
35% of Total Spend
Packaging
Goods and Merchandise
Materials / Consumables
Retail and Distribution

HONG KONG

13 Suppliers
11% of Total Spend
Packaging
Goods and Merchandise

NEW ZEALAND

4 Suppliers
2% of total spend
Goods and merchandise
Professional services

PAKISTAN

1 Suppliers
1 % of Total Spend
Goods and merchandise

TURKEY

1 Supplier
< 1% of total spend
Goods and merchandise
Professional services

ITALY

1 Supplier
< 1% of total spend
Goods and merchandise

SOUTH KOREA

11 Suppliers
3% of total spend
Goods and merchandise

UNITED STATES

4 Suppliers
1% of total spend
Goods and merchandise

INDONESIA

2 Suppliers
1 % of Total Spend
Goods and merchandise

GERMANY

1 Supplier
< 1% of total spend
Goods and merchandise

CZECH REPUBLIC

1 Supplier
< 1% of total spend
Goods and merchandise

NETHERLANDS

1 Supplier
< 1% of total spend
Goods and merchandise

TAIWAN

8 Suppliers
3% of Total Spend
Packaging
Goods and merchandise

THAILAND

3 Suppliers
<1 % of Total Spend
Goods and merchandise

UNITED KINGDOM

2 Suppliers
2% of total spend
Goods and merchandise

FRANCE

1 Supplier
< 1% of total spend
Goods and merchandise

Modern Slavery Country Risk Rating
1.0 - 1.4   1.5 - 2.4   2.5 - 3.4   3.5 - 5.0

• Top ten suppliers by spend only

REPORTING CRITERIA 3: MODERN SLAVERY RISKS IN OPERATIONS AND SUPPLY CHAIN

OVERVIEW

Our focus in 2020 was to gain a better understanding of potential modern slavery risks in our operations and supply chain.

OPERATIONAL RISKS

Our Modern Slavery Working Group, which includes managerial level representatives from across our operations, participated in a modern slavery gap analysis workshop.

The purpose of this initial workshop was to identify gaps in our systems and processes that may increase our exposure to modern slavery risks and identify opportunities to improve and enhance our systems.

Outcomes of the workshop informed and shaped the development of our modern slavery risk management program, action plan and three-year road map.

SUPPLY CHAIN RISKS

To obtain a deeper understanding of potential modern slavery risks associated with our direct suppliers we engaged external expertise to help us document, assess and prioritise our Tier 1 suppliers against modern slavery risk indicators. This enabled us to identify our highest risk procurement categories and suppliers and prioritise our efforts to manage risk.

Assessing supply chain risk is an iterative and ongoing process and we are committed to continuing to improve supplier due diligence processes in 2021.

OPERATIONAL RISKS

With the support of external experts, we undertook a modern slavery gap analysis to identify areas of improvement across five key categories:

- management systems
- human resources and recruitment
- procurement and supply chain
- risk management
- customers and stakeholders

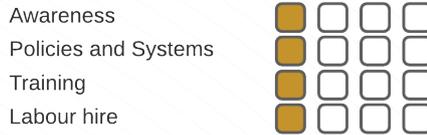Results of the gap analysis are summarised in Diagram 1.

DIAGRAM 1: GAP ANALYSIS RESULTS
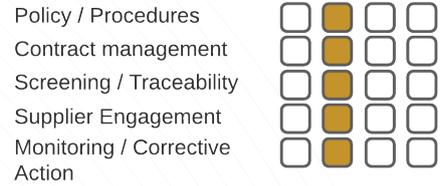
MODERN SLAVERY PROGRAM
GAP ANALYSIS RESULTS

Management Systems
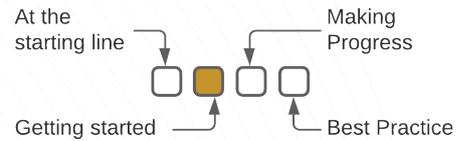
- Governance
- Commitment
- Business systems
- Action
- Monitoring / Reporting

Human Resources

- Awareness
- Policies and Systems
- Training
- Labour hire

Supply Chain

- Policy / Procedures
- Contract management
- Screening / Traceability
- Supplier Engagement
- Monitoring / Corrective Action

Risk Management

- Risk Framework
- Operational Risk
- Identifying External Risk
- Monitoring / Reporting

Customers / Stakeholders

- Customer Attitude
- Information Provision
- Feedback Mechanisms
- Worker Voice

Legend:
- At the starting line
- Getting started
- Making Progress
- Best Practice

We consider the risk of modern slavery within our direct business operations to be relatively low.

However, we recognise the importance of raising awareness of modern slavery amongst our staff and developing their capabilities – particularly those managing potentially high risk areas of our business such as operations, business development and procurement. We will ensure that our people are provided with the best available resources and know-how to identify, assess, and address modern slavery risk in our operations and supply chains.

Our Modern Slavery Action Plan and Three-Year Road map developed collaboratively by our Modern Slavery Working Group provides a comprehensive framework to identify, manage and mitigate risk. Elements of our action plan and three-year roadmap are included in Criteria 4 'Actions Taken to Assess and Address Risk' below.

SUPPLY CHAIN RISKS

McPherson's has a complex supply chain comprising a mix of global and local supply partners. Our supply chain risk analysis focussed on 231 suppliers who provide a wide range of goods and services for our Australian and overseas markets.

Our procurement team, supported by external experts, analysed $156 million of procurement data for potential modern slavery risk against four internationally recognised risk indices:

- **Industry sector** – Specific industry sectors deemed as high risk in international and national guidance documentation.

- **Commodity / product** – Specific products and commodities deemed as high risk by the US Department of Labour's 2018 List of Goods Produced by Child and Forced Labour, the Global Slavery Index (GSI) and other international guidance materials.

- **Geographic location** – Based on the estimated prevalence of modern slavery and the government responses as outlined in the 2018 GSI and our consultant's proprietary risk profiles based on 13 county indexes of corruption, freedom of speech, worker rights etc. While we predominantly use suppliers based in Australia, we recognise that the goods and services they use in our products (our Tier 2 suppliers) may come from high risk counties.

- **Workforce profile** – In undertaking our supplier analysis we considered the type of labour involved in the production of our goods and services, particularly where low skilled, vulnerable, or migrant labour is used, or where the work is deemed as '4D' work (dirty, dull, degrading, or dangerous).

SPEND RISK

Based on the risk indices outlined above, the analysis identified that approximately 50% of our procurement spend ($78.4M) has a high potential risk for modern slavery (Diagram 2). This is largely due to our very high spend on finished goods.

Potential high-risk procurement

50% of total procurement spend
30% of suppliers
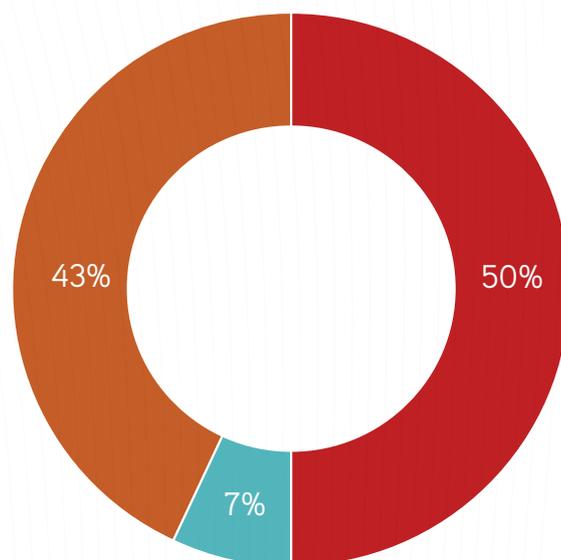9 of the 21 spend categories

Diagram 2 Procurement spend by potential modern slavery by potential modern slavery risk.

CATEGORY RISK

We identified 8 of our 21 spend categories as potentially high risk for modern slavery (Diagram 3) including:

- Finished goods: bags, foils and wraps;
- Finished goods: health and beauty products;
- Retail sales and distribution;
- Building, construction, and fabrication services;
- Office and building supplies and services;
- Packaging materials, containers and storage;
- Travel, parking and accommodation;
- Building and facility maintenance.

Finished goods account for over 95% of our high risk spend. These goods are largely sourced from suppliers located in higher risk countries such as mainland China, Pakistan, and Indonesia. To gain a better understanding of potential risk associated with finished goods we separated finished goods into two categories: household consumables and health & beauty products (see breakout box on page 16).

Other categories of potentially high risk spend include corporate events, office supplies, clothing, and personal protective equipment. As our total spend across these categories is relatively low, we will not be focusing our risk management efforts on these categories in the short to medium term.

Diagram 3: Spend category by risk.

SUPPLIER RISK

Thirty percent or 83 of the 231 suppliers analysed are considered potentially high risk for modern slavery (see Diagram 4). Over 80% of high risk spend is with 25 major suppliers all of whom provide finished goods in our household consumables and health and beauty product lines. The majority of these high spend suppliers are located overseas and will be the focus of our supplier risk management program in reporting years 2 and 3.

While we have classified some of our suppliers as potentially high risk, this does not mean that these companies are knowingly causing or contributing to modern slavery. They are, however, in high-risk industry sectors or geographic areas, or use commodities known to have higher risk of worker exploitation. They may also use vulnerable people in their workforce.

As such, we consider these suppliers to be a higher priority. Our modern slavery risk management program will focus on engaging these key suppliers and developing a greater understanding of potential risk in their supply chains (for example, our Tier 2 and Tier 3 suppliers) and the systems and processes they have in place to manage modern slavery risk.
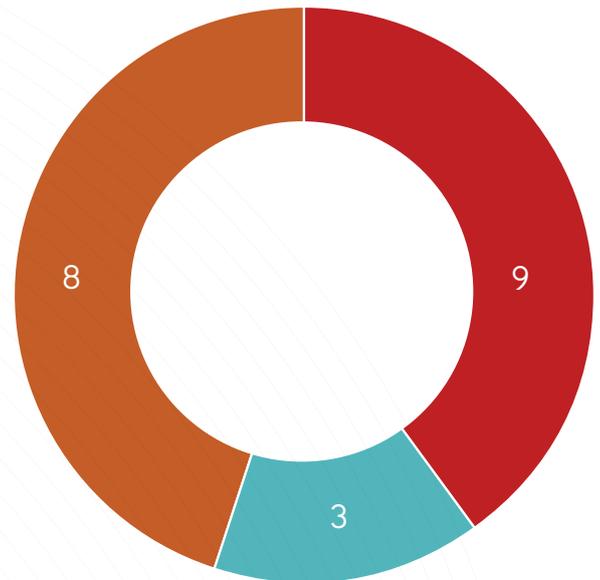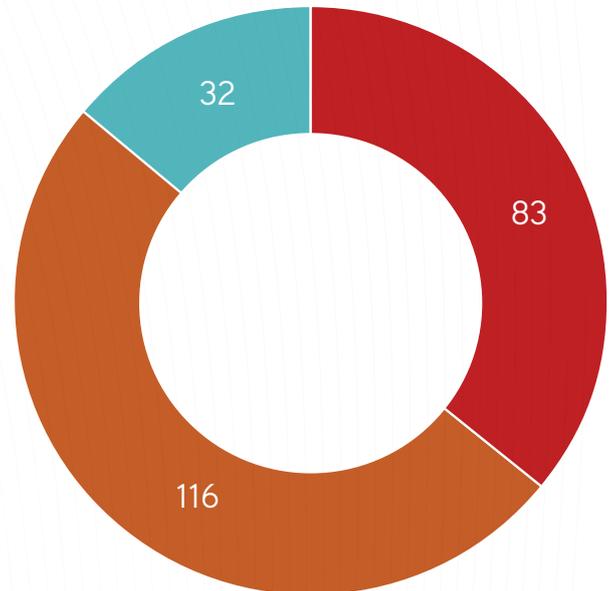

Diagram 4: Potential risk by number of suppliers.

BRAND RISK

Our initial risk assessment also identified potential modern slavery risk associated with different brands within our household consumables and health and beauty ranges. Results of the analysis enabled us to better prioritise our modern slavery risk management actions and focus on potentially high risk brands and suppliers.

We recognise that there is a high likelihood of modern slavery risk in our supply chain given the diversity of regions we procure from and will focus our initial supplier due diligence efforts on our highest risk international suppliers. A review of the Global Slavery Index and other publicly available information indicates that the following forms of modern slavery and worker exploitation may be present in our supply chain:

Forced, Bonded and Indentured Labour	Deceptive Recruitment	Child Labour
Exploitation of Migrant Workers	Underpayment of wages	Excessive Hours

By way of example, we procure finished goods in our household consumables range from China, ranked 111th out of 167 on the Global Slavery index (GSI). While the GSI indicates that less than 1% of the population of China is living in modern slavery (3.9 million people), the vulnerability of people to modern slavery is 50.65 out of 100. China is now the second largest economy in the world with much of its rapid economic development the result of a domestic economy specialising in the production of labour-intensive, cheap goods for export. Forced labour mainly occurs in the production of these goods, including in the manufacturing and construction sectors, as well as in more informal industries. China's network of state detention facilities that use forced labour is also widely reported. The government's response rating to managing modern slavery is a CC.

We also procure finished goods in our health and beauty range from Indonesia (ranked 74th out of 167 on the GSI), with an estimated 1.2 million people living in slavery and a vulnerability rating of 50.45/100. While the government has made some progress in managing modern slavery in Indonesia, child labour and forced labour remains prevalent across a range of industry sectors and in commodities harvested in Indonesia. Some of these may form part of our supply chain, including within the forestry, paper and board production, textiles, manufacturing, assembly, and packaging sectors.

REPORTING CRITERIA 4: ACTIONS TAKEN TO ASSESS AND ADDRESS RISK

We do not tolerate modern slavery and are committed to conducting our business to prevent and tackle modern slavery in our operations and supply chain. Our commitment extends to workers in our extended supply chain and other people touched by our business activities.

Addressing modern slavery risk is a complex and challenging process and our response will evolve as we continue to improve the capabilities of our people and our business systems and processes. Our Modern Slavery Working Group will play a central role in coordinating our response to managing risks across McPherson's operations.

In 2020, we implemented a range of initiatives to assess and address modern slavery risks within our operations and supply chains. However, the impact of COVID-19 and our responsibility to help keep people safe has resulted in delays to the implementation of some aspects of our Modern Slavery Program.

OUR 2020 ACHIEVEMENTS

MODERN SLAVERY WORKING GROUP
One of our first actions was to form a Modern Slavery Working Group with broad representation across McPherson's corporate and operational areas. Working Group members drive our modern slavery program through their input into the action planning process, consulting with stakeholders within their respective areas and are ultimately responsible for coordinating the implementation of our Action Plan.

MODERN SLAVERY ACTION PLAN
Our Modern Slavery Working Group supported by external experts developed a detailed Modern Slavery Action Plan and three-year road map based on the findings of the gap analysis workshop and supplier risk prioritisation.

Four broad themes addressed in the Action Plan are:

1. enhancing our approaches to modern slavery governance, due diligence, risk and compliance;

2. developing capacity within our procurement and supply chain systems and processes;

3. engaging our suppliers (targeting high risk categories and suppliers) and monitoring progress; and

4. delivering awareness training and communications to our board, staff, and stakeholders.

The Action Plan drives our program and includes key responsibilities and timeframes for delivery within each of the themes. Implementation of our plan will be reported to our Senior Leadership Team (SLT) and our Audit and Risk Management and Compliance Committee regularly.

The following actions were completed in this reporting period:

LEADERSHIP ENGAGEMENT AND AWARENESS RAISING

Our modern slavery gap analysis workshop was the first step in engaging members of our SLT on the requirements of the Modern Slavery Act, key actions to be taken as part of our modern slavery program and formation of the Working Group. Since the initial engagement, we have continued to communicate our progress to our SLT and seek input and support on this important issue from across our business divisions.

MODERN SLAVERY GOVERNANCE

Our Board has been briefed on the Modern Slavery Act 2018 (Cth) and our legislative reporting requirements. Modern slavery risk findings will be provided to the Audit and Risk Management and Compliance Committee on a regular basis. We will continue to build on our governance framework to ensure actions for measuring and reporting on modern slavery risks are documented, communicated, and verified.

To maintain our momentum and monitor the rollout of our program, modern slavery is an agenda item in our regular Sustainability Working Group meetings.

SUPPLIER RISK IDENTIFICATION AND PRIORITISATION

We reviewed and prioritised our suppliers against modern slavery risk indicators and identified high-risk procurement categories and our potentially highest risk / highest priority suppliers (see Criterion 3 'Modern slavery risks in operations and supply chains').

MODERN SLAVERY ROADMAP

While our focus for Year 1 was on engaging our SLT, identifying areas of potential operational risk, determining our highest risk/highest priority suppliers, and building a modern slavery risk management framework, Year 2 will focus on engaging high-risk suppliers and enhancing the capability of our people, systems, and processes to manage operational and supply chain risk.

Year 3 will focus on further supplier due diligence and monitoring and reviewing progress as part of our commitment to continual improvement.

Table 1: Three -Year Modern Slavery Roadmap

	Year 1 (2019/2020) Review / Plan / Engage	Year 2 (2020/2021) Implement	Year 3 onward Extend / Review
Risk management	• Develop Modern Slavery Action Plan • Identify and prioritise Tier 1 suppliers for potential risk	• Establish goals, targets and KPIs to effectively assess and address modern slavery risks • Undertake gap analysis of existing procurement policies and update policies as required • Incorporate modern slavery risk assessment into risk framework • Assess and manage modern slavery risks in labour hire contracts	• Develop modern slavery supplier engagement / comms strategy • Undertake further due diligence of priority suppliers • Develop documented corrective action plans with high risk suppliers
Governance, systems, and processes	• Form Modern Slavery Working Group • Integrate modern slavery initiatives into Group Sustainability systems and processes • Educate and inform Board of Directors and explore options for governance framework • Review Whistleblower Policy and process	• Continue to educate and update Board of Directors • Establish governance framework for managing modern slavery risks and assign responsibilities across the organisation • Include modern slavery clauses in all new high risk supplier contracts	• Incorporate performance standards and evaluation criteria into high risk contracts • Incorporate modern slavery response and remedy plan into Crisis Management Plan • Review worker voice data collection opportunities for at-risk workers in the supply chain
Training, awareness, and engagement	• Educate team leaders and other key internal stakeholders on modern slavery and legislative reporting requirements	• Create broad internal modern slavery engagement and awareness program • Incorporate modern slavery awareness in staff induction programs	• Undertake modern slavery training needs analysis • Develop specific modern slavery training for key roles such as procurement, legal, sales and HR
Monitor and report	• Brief Audit and Risk Management and Compliance Committee and obtain sign-off on Modern Slavery Statement	• Establish programs and KPIs to measure effectiveness • Develop or refine data management systems for modern slavery reporting	• Review effectiveness of modern slavery monitoring and reporting program

REPORTING CRITERIA 5: EFFECTIVENESS ASSESSMENT

REPORTING AND ACCOUNTABILITY

The measures taken to date to establish a continuous improvement process to develop internal capabilities and iteratively improve our systems and processes. To track our journey to manage modern slavery risk we are implementing a review process to ensure we a making tangible progress towards achieving our goals and actions.

Annual Review – Board
Our annual Modern Slavery Statement is approved and signed off by the Board as per mandatory reporting requirements.

Quarterly Review – Audit and Risk Management and Compliance Committee
Action Plan progress, issues and achievements are reviewed by the Audit and Risk Management and Compliance Committee regularly as part of the compliance update.

Monthly Review – Working Group and Sustainability Committee
Modern slavery progress is reviewed by our Working group members and our Sustainability Working Group regularly and issues addressed collaboratively across relevant areas of the business.

EFFECTIVENESS INDICATORS 2019/2020
For our first reporting year, we developed a set of process indicators to track the implementation of our modern slavery risk management program. These are included below:

Indicator or target	In progress	Completed
Modern Slavery Working Group established		✔
Modern Slavery gap analysis completed		✔
Modern Slavery Action Plan and Three-Year Roadmap developed		✔
Regional Innovation Manager delegated with responsibility for coordinating implementation of Modern Slavery Action Plan		✔
ELT and Board engaged on issue and updated regularly	✔	
Tier 1 suppliers in high-risk categories identified		✔
Modern Slavery Action Plan developed including accountabilities for implementation		✔

REPORTING CRITERIA 6: PROCESS OF CONSULTATION WITH ENTITIES OWNED OR CONTROLLED

McPherson's has a controlling interest in all entities included in this report as well as in our joint ventures (JVs). Members of the JV team are included in the Sustainability Working Group and are aware of and engaged in our modern slavery risk management program.

REPORTING CRITERIA 7: OTHER INFORMATION

OUR COVID-19 RESPONSE

The pro-active actions taken by McPherson's since the COVID-19 pandemic was declared were promptly established to safeguard all our employees in Asia-Pacific. The ongoing wellbeing and support of our employees as they work in challenging circumstances is our highest priority. To this end, we established clear and specific pandemic protocols that were implemented across the company with clear communication protocols established to ensure that employees working remotely were supported.

Maintaining the continuity of our supply chain has also been a key focus during the COVID-19 pandemic with the minimal level of disruption a testament to our close and valued relationships with our suppliers and customers. COVID-19 did, however, limit our ability to conduct site supplier audits due to lockdowns and the restrictions enabled to maintain health and safety. As a result, we increased the number of desktop audits that were performed and worked closely with our suppliers to ensure impacts of COVID-19 were minimised.

We have been consistent in paying full corporate taxes, employing additional staff, and continuing to grow our business without assistance from the Australian taxpayer in the form of job keeper or job seeker subsidies.

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