



Ego Pharmaceuticals Pty Ltd

Modern Slavery Act Statement 2020



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Introduction and our approach

This is the first Modern Slavery Statement (“Statement”) for Ego Pharmaceuticals Pty Ltd (Ego), as informed by the Modern Slavery Act 2018.

The purpose of this statement is to outline our approach to ensuring that Ego has appropriate frameworks and processes in place to minimise the risk of Modern Slavery in our business operations and supply chain.

Everyone who is employed by Ego lives our Ego Values. These include “Ethics – we do what is right”.

In other words, at Ego our business is conducted in an ethical manner because it is right to do so. Therefore, we ask and expect our business partners to conduct their dealings with us in a fair, honest and ethical manner. And every new employee who joins Ego signs up to the Ego Values as part of the employment commitment. Living the Ego Values is also part of every employee’s performance appraisal process.

We understand that Modern Slavery can occur in many forms, such as slavery, servitude, human trafficking, forced marriage, forced labour, debt bondage, child labour, and deceptive recruiting for labour or services.

Ego is fully committed to operating responsibly. This means establishing and adhering to our Values, which provide appropriate ethical standards across our group.

Ego supports the United Nations’ objective of eradicating the many forms of Modern Slavery.

Ego has established a cross-functional group of senior staff to oversee our efforts to eliminate Modern Slavery. Key members of this group include representatives from the Board of Directors, Supply Chain, People and Performance, Sales and Marketing and Finance.

The reporting entity

Ego Pharmaceuticals Pty Ltd

21-31 Malcolm Road, Braeside, VIC 3195, Australia

ABN 86 005 142 361

Our structure, operations and supply chains

This statement covers the activities of Ego and its controlled and associated entities as follows:

- Ego Pharmaceuticals Pty Ltd
- Ego Pharmaceuticals UK Limited
- Ego Pharm Malaysia Sdn Bhd
- Ego Pharmaceuticals Taiwan Pty Ltd
- Ego Pharmaceuticals Singapore Pte Ltd
- Ego Pharmaceuticals Hong Kong Limited
- Ego Pharmaceuticals Europe Ltd
- Australia Link Trading L.L.C.
- Ego Pharmaceuticals Holdings Pty Ltd

Ego Pharmaceuticals Pty Ltd is a privately owned Australian company with operating entities in the UK, Malaysia, Taiwan, Singapore, Hong Kong, Malta and the United Arab Emirates.

Ego develops and manufactures innovative skin care products at its Braeside site in Victoria. These include well-known and trusted brands such as QV, Aqium, SUNSENSE, MOOV, DermAid, Egoderm, Egozite, Elucent, Pinetarsol, Resolve, Sebitar, SolvEasy and SOOV.

Within Australia, Ego employs 460 people across engineering, production, quality, people and performance, logistics, research and development, regulatory affairs, finance, ICT, marketing and sales.

Outside Australia, the Ego group employs a further 160 people in the areas of marketing and sales.

A board of Directors oversees the management of Ego, and includes its Managing Director, Alan Oppenheim, and Scientific and Operations Director, Dr Jane Oppenheim.

The upstream supply chain of Ego consists of four main segments:

Direct Inputs – raw materials and packaging

Production Support – buildings, equipment, utilities, parts, laboratory supplies, laundry, training, warehousing, logistics, maintenance, contract laboratory services, labour hire and waste management

General Support – office supplies, consumables, consultancy (legal, accounting, architecture, compliance), insurance, banking, regulatory, ICT, office rental, cleaning, recruiting, medical and government (regulatory approval, duties and taxes)

Marketing and Sales – point-of-sale materials, marketing and advertising, repacking services, conferences, travel, car fleet and sponsorships



Identification of the risks of modern slavery in our operations and supply chains and our policies and governance practices

In accordance with our Values, Ego has a zero tolerance for any form of slavery-like practices. We established the following governance process to provide the necessary Board oversight of the implementation phase, as the identified approach and needed responses are embedded into Ego's broader compliance requirements.

At the outset of the process, Ego revisited its Values to ensure that there was alignment with our activities including our Supply Chain activities.

Ego's and our Entities' Operations

Consistent with our Ego Values, we have developed a Business Partner Code of Conduct Policy which sets out the standards by which we operate. This policy applies to Ego and its entities. The key points of this policy are:

Ego supports the UN Global Compact, the UN Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work.

Ego does not employ children under the legal employment age in any country or local jurisdiction.

Ego does not use any form of forced, bonded or involuntary labour. Workers retain control of their identification documents and do not pay any fee connected to obtaining employment throughout the hiring process and the employment period. Punishment and coercion are prohibited and all disciplinary policies and procedures are clearly defined and openly communicated to workers.

Ego complies with all applicable laws and industry standards regarding working hours, overtime, wages and benefits. Ego pays workers in a timely manner. Deductions from wages as a disciplinary measure are not allowed unless legally permitted.

Ego employees and contract workers are free to leave employment on reasonable notice.

As an Australian company, Ego is subject to some of the strictest employment law anywhere in the world and follows all applicable laws and awards.

The risk of Modern Slavery within Ego and its entities is rated as very low.

Ego's Supply Chain

Initially Ego undertook a complete review of the number of suppliers in its total upstream supply chain. This disclosed hundreds which were suppliers. Once this initial review was completed, Ego undertook an analysis of the list to better understand if there were any natural groupings for further and more in-depth focus and review. Ego decided to then initially focus on the direct inputs. These represent a significant proportion of our total expenditure and include both local and overseas suppliers from a range of countries.

Ego developed its own questionnaire and made direct contact with all of the identified suppliers. This enabled Ego to assess all of its current direct input suppliers and through communications and written responses, was able to determine that 98.5% of them were either ranked as low risk (very good compliance) or medium risk (fair or good compliance). This left only one minor supplier, who did not participate in the assessment process and was by default ranked as high risk, in the absence of other information. See the case study below for how we approached this.

Case Study – When a Supplier does not Engage

We decided to further investigate the one supplier who did not participate in our Modern Slavery questionnaire. A review of their website revealed that they were highly rated in successive years by EcoVadis, an organisation which “provides holistic sustainability ratings service of companies ... [on] a broad range of non-financial management systems including Environmental, Labor & Human Rights, Ethics and Sustainable Procurement impacts”. With that information, we were able to reassess this supplier as low risk for Modern Slavery.

This story demonstrates that we can't use a one-size-fits-all approach to working with our customers.

Ego's Entities' Supply Chain

To assess the risk of Modern Slavery within the supply chain of Ego's international entities, a desk audit was conducted.

This audit considered the prevalence of Modern Slavery within the countries in which our entities operate. It also looked at the types of goods and services sourced by these entities in those countries. We used published information from a number of highly regarded sources.

Based on a combination of geographical and sector data, we assessed the likelihood of the supply chains of our international entities as low.

Actions adopted to assess and address those risks, including due diligence and remediation processes

Ego's relevant policies and procedures were reviewed to ensure that these were supportive of promoting an ethical and legally compliant business conduct. This was supported by developing and approving a specific policy that contributes to our further commitment in the preventing of violations of human rights such as modern forms of slavery in our business – the Business Partner Code of Conduct Policy described earlier. It describes specific standards to which Ego and its

operating entities adhere. Importantly, Ego also expects our business partners, including our suppliers, to adhere to these standards.

To put this policy into effect with our direct input suppliers, we are in the process of incorporating the following statement in our Ego Purchase Order Terms and Conditions.

Modern Slavery, Ethical Behaviour and Bribery

Unless otherwise required or prohibited by law, the Supplier warrants that:

- a. it does not employ, engage or otherwise use any child labour in circumstances other than those permitted by law;
- b. it does not use forced labour in any form (prison, indentured, bonded or otherwise) and its employees are not required to lodge papers or deposits on starting work;
- c. it provides a safe and healthy workplace, presenting no immediate hazards to its employees, any housing provided by the Supplier to its employees is safe for habitation, and it provides access to clean water, food, and emergency healthcare to its employees in the event of accidents or incidents at the Supplier's workplace;
- d. it does not discriminate against any employees on any ground (including race, religion, disability or gender);
- e. it does not engage in or support the use of corporal punishment, mental, physical, sexual or verbal abuse and does not use cruel or abusive disciplinary practices in the workplace;
- f. it pays each employee at least the minimum wage, or a fair representation of the prevailing industry wage (whichever is the higher), and provides each employee with all legally mandated benefits;
- g. it complies with the laws on working hours and employment rights in the countries in which it operates; and
- h. it is respectful of its employees' right to join and form independent trade unions and freedom of association.

The Supplier shall ensure that it has ethical and human rights policies and an appropriate complaints procedure to deal with any breaches of such policies; and the Supplier permits Ego, the right upon reasonable notice (unless inspection is for cause, in which case no notice shall be necessary) to enter upon the Supplier's premises to monitor compliance by the Supplier of the warranties set out in this Clause and the Supplier shall, subject to compliance with law, furnish Ego with any relevant documents requested by Ego in relation thereto.

Further, the procurement team have several risk mitigation and processes in place, including our Supplier questionnaire for on-boarding requirements.

All of these are subject to review to ensure their practicality and assessment of their effectiveness within the operations and supply chain.

Where a risk is identified, we will work with that supplier to review their practices and to seek to achieve changes that are satisfactory. If this is not likely to be achievable, then ultimately, we would initiate identifying alternate sources of supply where possible.

Training and capacity building

Key personnel who engage directly with our supply chain are trained in our Business Partner Code of Conduct Policy and all Ego staff globally are made aware of our commitment to eliminating Modern

Slavery via our company newsletter, the EgoGram. Further awareness and education is via training sessions and presentations.

Apart from the direct interaction with suppliers via our audit program, we have other supporting mechanisms to facilitate the reporting of suspected instances of Modern Slavery, including our Grievance Procedure and Whistleblower Policy.

Assessment and effectiveness

Ego has a working party that oversees its management of Modern Slavery risk. The convenor is our Board Chairman and includes our Managing Director and Scientific and Operations Director. The working party operates closely with our Supply and Finance teams as we navigate this landscape.

We are identifying further ways for auditing of our suppliers across a broader range of inputs to gain a more complete picture of Modern Slavery risk within our supply chain. We are also identifying further ways of periodically reassessing suppliers who have already engaged with us.

Consultation with our entities

Much of our upfront work has focused on gaining a better understanding of present circumstances relating to Modern Slavery. This entails a strong focus on 'Direct Inputs, which does not directly affect any of our subsidiaries. While aware of this work, they have not had the same level of engagement as it was not required.

Building awareness and capacity of staff and key partners is an ongoing program. This involves each of the subsidiaries as part of the broader communications strategy and the relevant senior managers involved in the specific entities concerned.

Further communication plans are to be identified as well as additional consultation with our entities, to the extent that their Modern Slavery risks have been identified, assessed and addressed.

Looking ahead

Ego has identified as our key focus areas for the following 12 months:

- Reviewing and, as appropriate, updating the related policies and procedures

- Expanding the number and level of suppliers engaged on Modern Slavery matters

- Delivering more staff awareness training sessions

This statement was approved by the Board of Directors of Ego Pharmaceuticals Pty Ltd:

Signature:

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Alan Oppenheim
Managing Director

Date: 7 September 2020