



MODERN SLAVERY ACT STATEMENT 2021

28 October 2021

CONTENTS

	Introduction and our approach	02
	The reporting entity	02
	Our structure, operations and supply chains	03
	Identification of the risks of modern slavery in our operations and supply chains and our policies and governance practices	04
	Actions adopted to assess and address those risks, including due diligence and remediation processes	06
	Training and capacity building	07
	Assessment and effectiveness	07
	Consultation with our entities	07
	Looking ahead	08
	Time Line of Ego's Major Milestones in addressing Modern Slavery	08



INTRODUCTION AND OUR APPROACH

This is the second Modern Slavery Statement ("Statement") for Ego Pharmaceuticals Pty Ltd ("Ego"), as informed by the Modern Slavery Act 2018 (Cth).

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

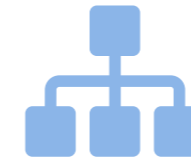
trafficking, forced marriage, forced labour, debt bondage, child labour, and deceptive recruiting for labour or services.

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

This commitment is supportive of the UN Sustainable Development Goals (<https://sdgs.un.org/goals>).

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, Legal, Sales and Marketing and Finance.



STRUCTURE, OPERATIONS AND SUPPLY CHAINS

This statement covers the activities of Ego, which also includes 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 has led the way in the development, manufacture and marketing of innovative skincare products. Our mission is to exist for people who want healthy skin. Ego is the specialist in skincare, backed by science. We make our products in Australia for the people of the world. We provide consistently high quality products, underpinned by heritage and integrity.

From its inception as a family business in 1953, Ego has grown to become a world leader, producing a comprehensive skin and health care range for sale in Australia and around the world. Our reputation is built on consistently delivering effective, high-quality products to meet a diverse range of needs, and we are committed to creating the best possible skin therapies for our customers.

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, SENSENSE, MOOV, DermAid, Egoderm, Egozite, Elucent, Pinetarsol, Resolve, Sebitar, SolvEasy, SOOV and Zatamil.

Within Australia, Ego employs over 500 people across engineering, production, quality, people and performance, logistics, research and development, regulatory affairs, finance, ICT, legal, marketing and sales.

Outside Australia, Ego employs around 200 people in the areas of marketing, sales and finance.

A Board of Directors oversees the strategic direction of Ego, and includes its Managing Director, Alan Oppenheim, and Scientific and Operations Director, Dr Jane Oppenheim.



THE REPORTING ENTITY

Ego Pharmaceuticals Pty Ltd
21-31 Malcolm Road, Braeside,
VIC 3195, Australia

ABN 86 005 142 361



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

DIRECT INPUTS

raw materials, 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, repackaging 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 Ego's Values, Ego has zero tolerance for any form of slavery-like practices. We established the following governance process to provide the necessary Board oversight of the implementation and subsequent phases, as the identified approach and responses are embedded into Ego's broader compliance requirements.

At the outset of the modern slavery risk identification governance 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 the 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 fair, 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.

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

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

Ego Australia's Supply Chain

Ego's supply chain consists of hundreds of suppliers. In 2019, we audited our direct input suppliers (raw materials and packaging used in our products). In 2020, we focused on Australian suppliers of indirect goods and services.

These included suppliers in the following broad groups:

Building projects, Conference facility providers, Consultants, Consumables, Consumer communication, Cooperative advertising, Equipment, Finished goods, Fleet, ICT, Insurance, Laboratory services, Labour hire, Laundry, Logistics, Office rental, Promotional materials, Maintenance, Sponsorships, Travel, Utilities and Waste management.

Only suppliers with an annual spend of more than \$100,000 were included – these represented 86% of the total spend. The remaining long tail of smaller suppliers was excluded, as being a lower priority during this part of the audit phase.

Based on the feedback from the 2019 audit, we refined the questionnaire to reduce any likelihood of ambiguity and to encourage more details to be provided in responses returned.

The response was very favourable overall, with many suppliers providing additional information around aspects of corporate social responsibility, including codes of conduct, and policies on:

- Human trafficking and forced labour
- Human rights
- Diversity
- Ethics
- Industrial relations
- Sustainable and ethical procurement
- Social accountability

Awareness of Modern Slavery and other aspects of corporate social responsibility in Australia appears to have increased markedly, especially in the last 12 months.

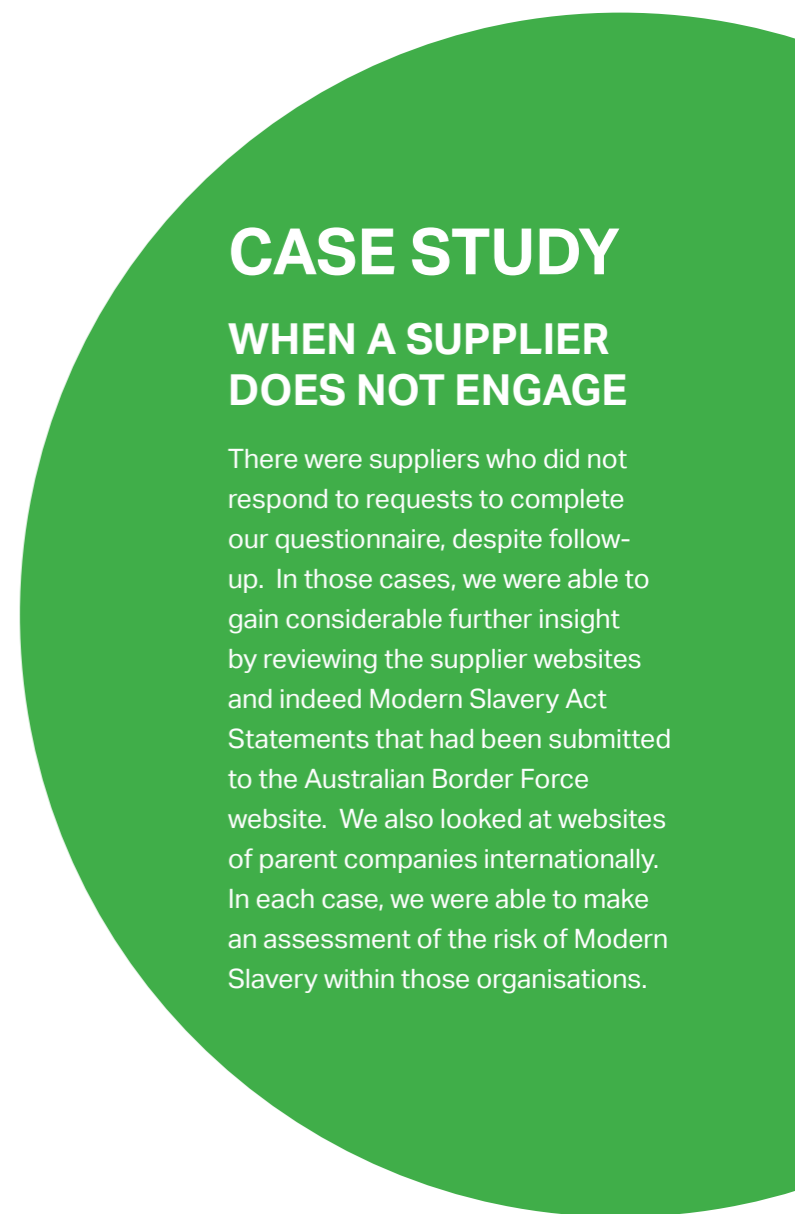
Not all suppliers were willing to engage in the process with Ego. The case study below describes how these cases were addressed.

The assessment of this due diligence exercise was that these suppliers were rated by Ego as low risk for Modern Slavery.

Ego's International Entities' Supply Chain

In 2020, a desk audit was conducted to assess the risk of Modern Slavery within Ego's international entities and their supply chains.

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.



CASE STUDY

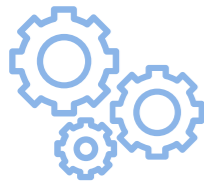
WHEN A SUPPLIER DOES NOT ENGAGE

There were suppliers who did not respond to requests to complete our questionnaire, despite follow-up. In those cases, we were able to gain considerable further insight by reviewing the supplier websites and indeed Modern Slavery Act Statements that had been submitted to the Australian Border Force website. We also looked at websites of parent companies internationally. In each case, we were able to make an assessment of the risk of Modern Slavery within those organisations.

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.

Ego proposes to engage in further consultation with these entities together with a formal due diligence exercise of the suppliers to these entities in 2021–22.



ACTIONS ADOPTED TO ASSESS AND ADDRESS THOSE RISKS, INCLUDING DUE DILIGENCE AND REMEDIATION PROCESSES

In 2019, we developed and approved a specific overarching policy to ensure that all our underlying procedures and policies promoted ethical and legally compliant business conduct. This document – our Business Partner Code of Conduct Policy – sets out our commitment to prevent violations of human rights such as modern slavery in our business. 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 have now incorporated the following statement in our Ego Purchase Order Terms and Conditions and into our material purchasing contracts:

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

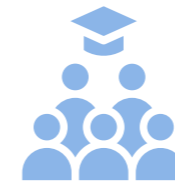
H it is respectful of its employees' right to join and form independent trade unions and freedom of association.

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.

Ego has established several risk mitigation processes, including our Supplier questionnaire for on-boarding requirements.

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

Where a risk is identified, Ego 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 Ego would explore what alternatives there may be to achieve a successful resolution.



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.

An updated training program for onboarding new staff has been developed and rolled out, and this includes a new module on Modern Slavery.

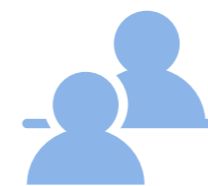
Apart from the direct interaction with suppliers via our audit program, we have other supporting mechanisms to facilitate the reporting of suspected instances of Modern Slavery, including our Grievance Procedure and Whistleblower Policy.



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 key team members 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

For the last two years, much of our work has focused on gaining a better understanding of present circumstances relating to Modern Slavery within Australia. This focus offers Ego a sound basis for now actively engaging with entities, in addition to training and awareness around Modern Slavery at international sales conferences. These have served to introduce our international teams to the concept of Modern Slavery, to see what can and has been done within Australia, and to bring them on board with our next phase.

The major suppliers of all our international entities have been identified and the due diligence exercise (audit) is about to commence.

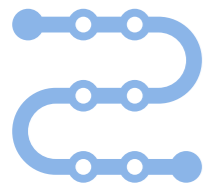
The Business Partner Code of Conduct Policy training has been rolled out to all country and regional managers within our international sales, operations and marketing teams.



LOOKING AHEAD

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

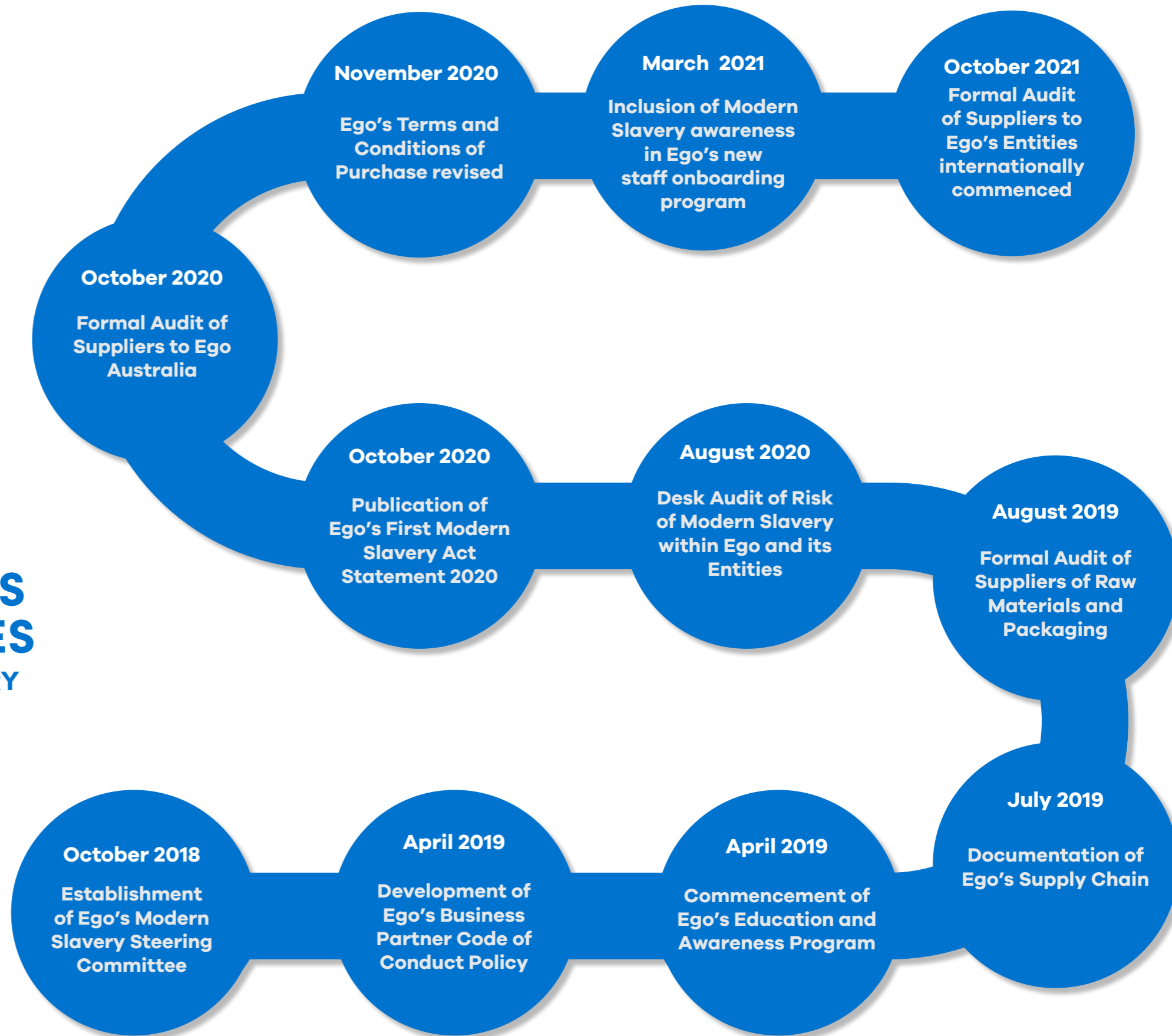
- Collate and analyse the results of the due diligence exercise of our international entities
- Determine any corrective and preventive actions arising from that exercise
- Continue to educate our employees and our business partners on Modern Slavery in various forums



TIME LINE OF EGO'S MAJOR MILESTONES IN ADDRESSING MODERN SLAVERY

This statement was approved by the Board of Directors of Ego Pharmaceuticals Pty Ltd on 28 October 2021.

Alan Oppenheim
Managing Director



egopharm.com

