



McPHERSON'S

Est. 1860

Health | Wellness | Beauty

# Modern Slavery Statement

JULY 2022 TO JUNE 2023



## 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 Limited Employee Security Plans Trust
  - This is a non-trading entity
- McPherson's (UK) Limited
  - This is a non-trading, dormant entity
- Dr. LeWinns China Limited
  - This is a non-trading entity

**ABN: 98 004 068 419**

# CONTENTS

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ABOUT US	4
<b>REPORTING CRITERIA 1 &amp; 2: OUR BRANDS AND STRUCTURE</b>	5
OUR ORGANISATIONAL STRUCTURE	5
OUR GOVERNANCE FRAMEWORK	5
OUR OPERATIONS	6
OUR PEOPLE	7
OUR BRANDS	7
OUR SUPPLY CHAIN	8
MODERN SLAVERY COUNTRY RISK RATING	9
<b>REPORTING CRITERIA 3: MODERN SLAVERY RISKS IN OPERATIONS AND SUPPLY CHAIN</b>	10
OVERVIEW	10
OPERATIONAL RISKS	10
SUPPLY CHAIN RISKS	11
SPEND RISK	11
CATEGORY RISK	12
SUPPLIER RISK	12
BRAND RISK	13
<b>REPORTING CRITERIA 4: ACTIONS TAKEN TO ASSESS AND ADDRESS RISK</b>	14
OUR ACHIEVEMENTS THIS REPORTING PERIOD	14
APPOINTING A SUSTAINABILITY MANAGER	14
DUE DILIGENCE FOR POTENTIAL NEW SUPPLIER	14
SUSTAINABLE SUPPLY CHAIN	14
PROGRESS ON COMPLIANCE WITH SUPPLIERS	14
MODERN SLAVERY ROADMAP	15
<b>REPORTING CRITERIA 5: EFFECTIVENESS ASSESSMENT</b>	15
REPORTING AND ACCOUNTABILITY	15
<b>REPORTING CRITERIA 6: PROCESS OF CONSULTATION WITH ENTITIES OWNED OR CONTROLLED</b>	16
<b>REPORTING CRITERIA 7: OTHER INFORMATION</b>	16
ENSURING WORKERS IN OUR SUPPLY CHAIN WERE NOT EXPOSED TO MODERN SLAVERY DUE TO COVID-19	16

# 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, vitamins and supplements and fragrance product ranges, kitchen essentials such as baking paper, cling wrap and aluminium foil and personal care items such as facial wipes, cotton pads and foot comfort products.

McPherson's purpose is to provide care solutions to nurture confident, healthy, and sustainable lifestyles.

McPherson's Modern Slavery Statement, issued under the Australian Modern Slavery Act, 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 Modern Slavery Statement covers activities from 1st July 2022 to 30th June 2023.



**Anthony Ogilvie**  
Sustainability Manager



**Stuart MacAulay**  
Supply Chain Director

*This statement has been approved by the McPherson's Board on the 29th November 2023.*

APPROVED



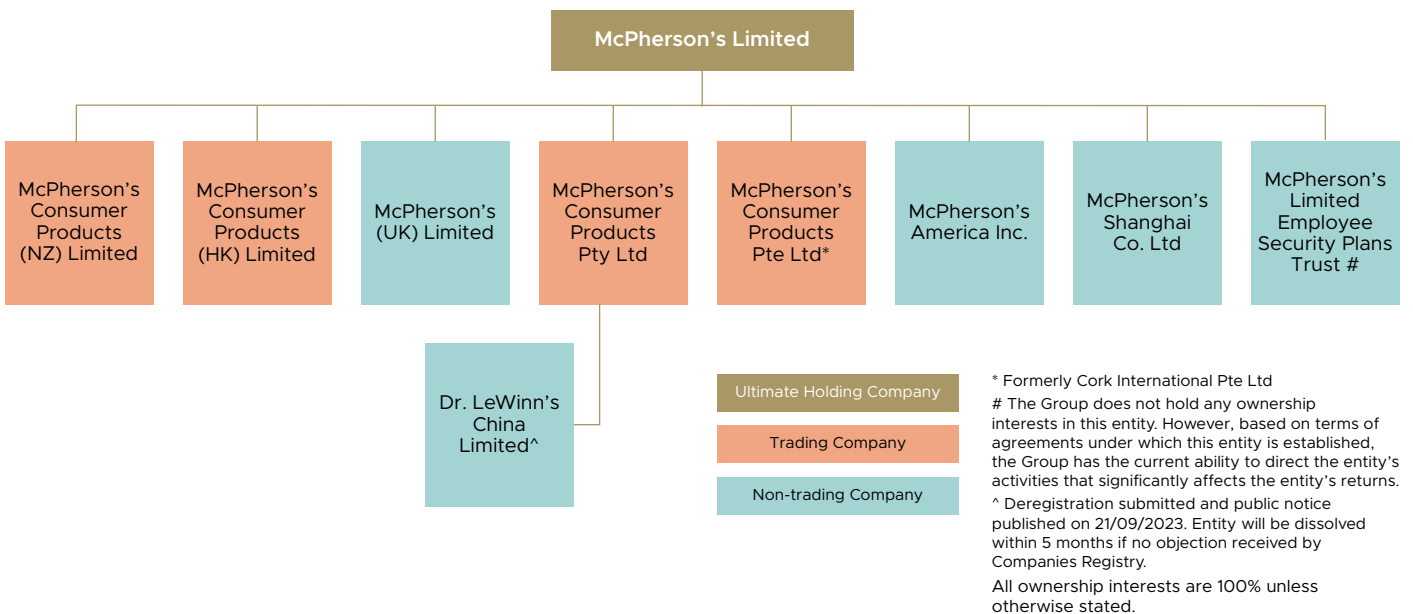
**BRETT CHARLTON**  
CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

29th November 2023

# REPORTING CRITERIA 1 & 2: OUR BRANDS AND STRUCTURE

## OUR ORGANISATIONAL STRUCTURE

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



## OUR GOVERNANCE FRAMEWORK

McPherson's Board of Directors is committed to achieving and maintaining 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 securityholders and other key stakeholders.

### REVIEW OF CORPORATE GOVERNANCE PRACTICES

The Company and Board regularly review the Group's governance practices, as well as developments in market practice, stakeholder expectations and regulations that are relevant to the MCP Group's sector and geographic reach.

On an annual basis the MCP Board reviews its corporate governance and Board policies to account for changes to MCP business activities, regulatory requirements and market expectations. In 2023 all Board policies and charters were reviewed, with due regard to the 4th Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("Corporate Governance Principles"). Updates were undertaken, where required.

The Board takes its governance role very seriously and is committed to a continuous improvement approach. Conducting an annual review process enables it to regularly monitor how well its governance frameworks and processes identify and respond to internal and external developments and risks.

The Company is committed to transparency and accountability. It invites interested parties to review its Corporate Governance Statement 2023, and its overarching governance policies published on its website: <https://www.mcphersons.com.au/corporate-governance>



## OUR OPERATIONS

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, vitamins, supplements 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 revenue is primarily derived from its diversified portfolio of owned, market-leading brands, including Dr. LeWinn's, A'kin, Manicare, Lady Jayne, Swisspers, Multix, Fusion Health, Oriental Botanicals, Moosehead and Maseur.

McPherson's also manages a small number of brands for agency partners.

Manufacturing is outsourced to various suppliers, predominantly in Asia and Australia. McPherson's maintains a strong presence in Hong Kong and has representation in 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. These operate 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, which are generally outsourced to specialist manufacturers. It performs the quality assurance function and works with marketing personnel on product design.

## OUR PEOPLE

At June 2023 we employed a total of 318 staff across operations in Australia, New Zealand, Singapore, and Hong Kong. 90% of our staff are employed in Australia, the majority of whom are female permanent full-time staff. Just over 1.5% of our workforce is comprised of contract workers employed on a full time or part time basis.



OUR BRANDS



A'kin



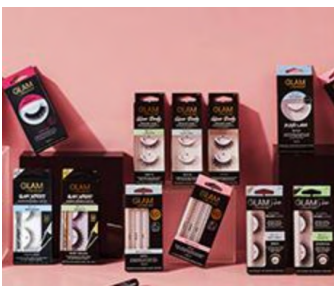
Dr. LeWinn's



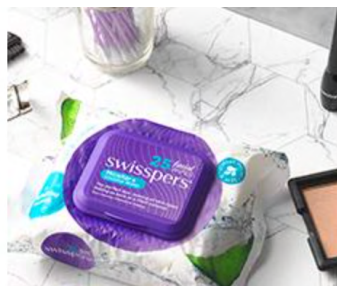
Lady Jayne



Manicare



Glam by Manicare



Swisspers



Revitanail



SugarBaby



maseur



Footcare by Maseur



Fusion Health



Oriental Botanicals



Stratton



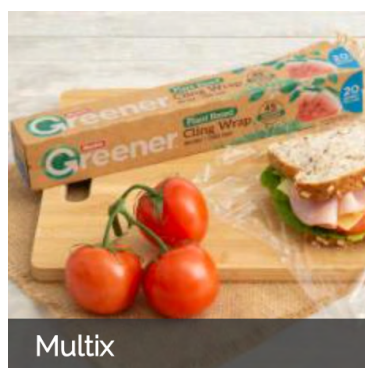
Moosehead



Happy Flora



Eylure



Multix

## OUR SUPPLY CHAIN

The information below reflects a baseline of our spend across goods and services conducted for our initial statement (2020). The business will conduct a full review of goods and service spend every three years unless a major acquisition, divestment or change of a Tier 1 supplier takes place.

The next review was scheduled to occur in FY24, based on both the acquisition of the health business (Fusion & Oriental Botanicals) and the passing of time since the last review. **NOTE:** McPherson’s appointed a new CEO in August 2023 who has undertaken wide-ranging strategic initiatives which may result in supply chain changes. Once this strategic activity has occurred the full review outlined above can be initiated.

Our baseline spend was approximately \$156 million annually with 231 suppliers across 21 goods and services categories. Of these 231 suppliers, 134 provided finished goods for sale and 97 provide non-stock goods and services such as office supplies, advertising, and professional services.

Our supply chain extended across sixteen countries including China/Hong Kong, The 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 was 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 were 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.

**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

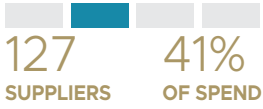


# MODERN SLAVERY COUNTRY RISK RATING

## MODERN SLAVERY COUNTRY RISK RATING



### AUSTRALIA



- Couriers and Transport
- Property Management
- Recruitment
- Goods and Merchandise
- Labour Hire
- Professional Services
- ICT Software and Services
- Advertising
- Retail and Distribution
- Utilities

### CHINA



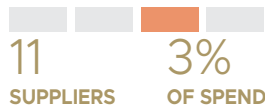
- Packaging
- Goods and Merchandise
- Materials / Consumables
- Retail and Distribution

### HONG KONG



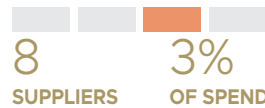
- Packaging
- Goods and Merchandise

### SOUTH KOREA



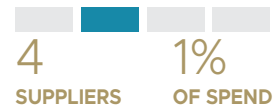
- Goods and Merchandise

### TAIWAN



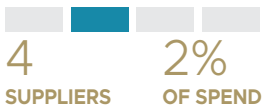
- Packaging
- Goods and Merchandise

### UNITED STATES



- Goods and Merchandise

### NEW ZEALAND



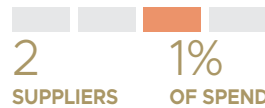
- Goods and Merchandise
- Professional Services

### THAILAND



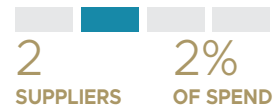
- Goods and Merchandise

### INDONESIA



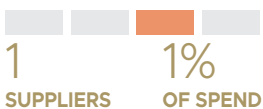
- Goods and Merchandise

### UNITED KINGDOM



- Goods and Merchandise

### PAKISTAN



- Goods and Merchandise

### GERMANY



- Goods and Merchandise

### FRANCE



- Goods and Merchandise

### TÜRKIYE



- Goods and Merchandise
- Professional Services

### CZECHIA



- Goods and Merchandise

### ITALY



- Goods and Merchandise

### NETHERLANDS



- Goods and Merchandise

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

## OVERVIEW

The information below reflects a baseline of our spend across goods and services conducted for our initial statement. It provides us with a solid foundation outlining where the potential modern slavery risks exist in our operations and supply chain.

## OPERATIONAL RISKS

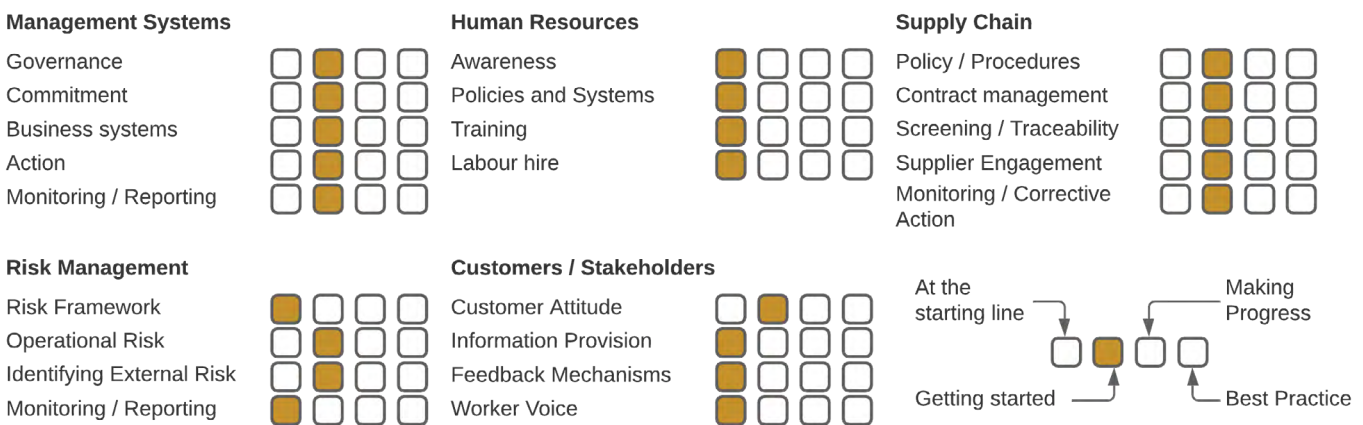
With the support of external experts, we undertook a modern slavery gap analysis to identify areas of improvement across five key categories:

- 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



At the time we conducted the review, we considered 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.

## SUPPLY CHAIN RISKS

McPherson's has a complex supply chain comprising a mix of global and local supply partners. Our supply chain risk analysis baseline 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 the baseline spend of \$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 for our formulated products, 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

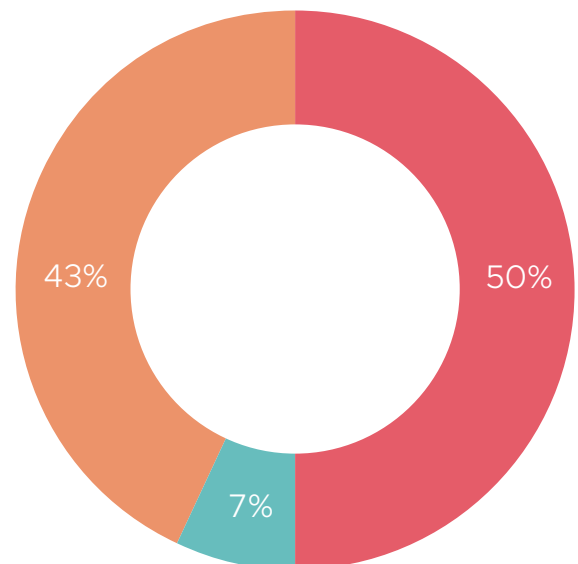
Based on the risk indices outlined above, the analysis identified that approximately 50% of our procurement spend (\$78.4M) has a high potential risk for modern slavery (Diagram 2). This is largely due to our very high spend on finished goods.

**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 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 page 15).

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.

## 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.

While we 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 considered these suppliers to be a higher priority.

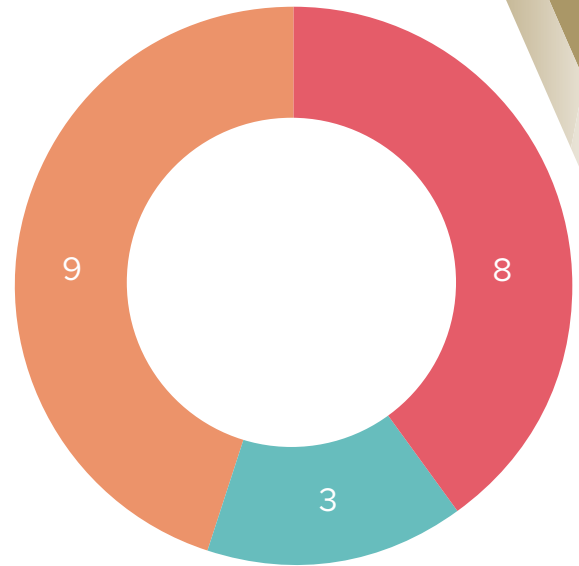


Diagram 3: Spend category by risk.

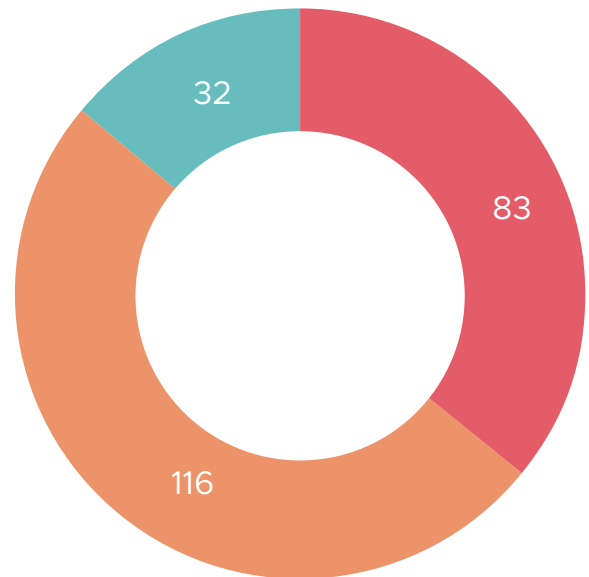


Diagram 4: Potential risk by number of suppliers.





## 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:



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.

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

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We 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, our business systems and processes.

## OUR ACHIEVEMENTS THIS REPORTING PERIOD

The following actions were completed in this reporting period:

### SUSTAINABLE SUPPLY CHAIN

Our Suppliers Code of Conduct (the code) was finalised and dispatched to our International and Domestic suppliers in Dec 22/Jan 23. The code clearly articulates our requirements regarding Modern Slavery, alongside several other requirements around Human Rights, Environmental Protection and Good Governance. It is a bilingual document and available via our website:

<https://www.mcphersons.com.au/sustainability/social>

All 76 of the overseas suppliers we reached out to with our Codes of Conduct have signed and returned them.

### MODERN SLAVERY ROADMAP

Proposed FY24 Actions include:

- Full review and evolution of current approach to Enterprise Risk Register.
- Schedule review of McPherson's spend across goods and services.
- Progress metrics incorporated into monthly Executive Performance Forum meetings, including the ownership for data capture by relevant internal resources e.g. procurement, sourcing, brand managers.
- Board Risk and Compliance Committee – introduce modern slavery reporting into quarterly reporting as part of Risk Register and ESG progress reporting.

# REPORTING CRITERIA 5: EFFECTIVENESS ASSESSMENT

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## REPORTING AND ACCOUNTABILITY

As we track our journey to manage modern slavery risks, we leverage the following review process to ensure we make tangible progress towards achieving our goals.

### **Annual Review – Board**

Our annual Modern Slavery Statement is approved and signed off by the Board in accordance with mandatory reporting requirements.

### **Biannual Review – Risk and Compliance Committee**

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

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

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McPherson's has a controlling interest in all entities included in this report. Relevant members of the entities were included in the development and deployment of the initiatives and ongoing review and deployment of the initiatives.

## REPORTING CRITERIA 7: OTHER INFORMATION

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There is no additional relevant information during this reporting period.





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