

BWX Limited Modern Slavery Statement 2022

1. Introduction

This Modern Slavery Statement is made by BWX Limited (ABN 13 163 488 631) and its wholly-owned subsidiary companies (collectively, **BWX** or the **Group**). The Statement covers the period from 1 July 2021 to 30 June 2022 (**FY22**) and it has been approved by the Board of BWX.

2. Our Business and Supply Chain

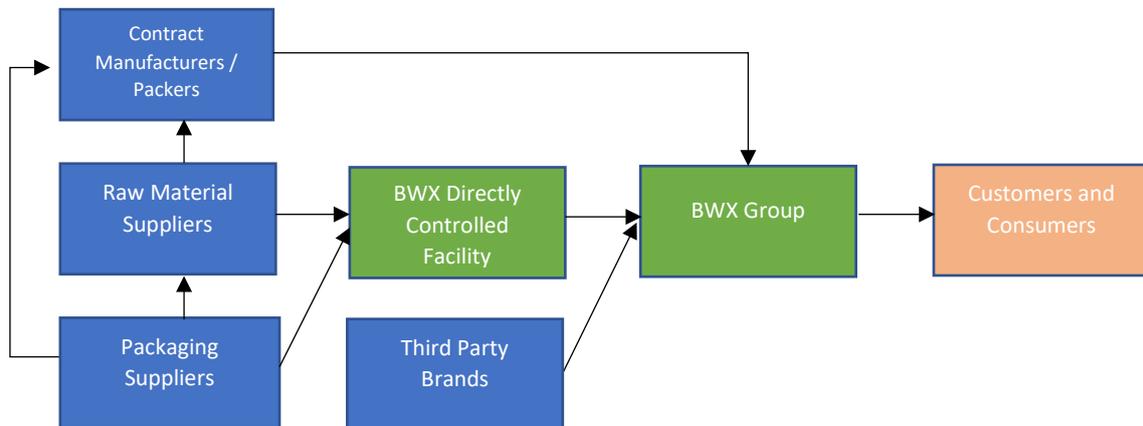
BWX owns and operates the business of the design, manufacture and wholesale distribution of natural skincare, haircare and cosmetics, and a direct-to-consumer e-commerce platform focussing on beauty, health, wellbeing, home and lifestyle products aligned with sustainable, eco-friendly and cruelty-free brands. The brands of BWX include Sukin, Andalou Naturals, Go-To Skincare, Mineral Fusion, Nourished Life, Flora & Fauna and USPA. The mission of BWX is to accelerate a revolution so that natural wellness is the only choice.

In FY22, BWX reported net revenue of \$198.3m and employed over 300 people across its seven offices in Dandenong and Clayton, Victoria; Manly and North Rocks, NSW; Petaluma, California; Leicestershire, UK; and Shanghai, People's Republic of China. BWX has one directly-controlled factory which is based in Dandenong, Victoria and in FY22, it completed construction of a new directly-controlled factory which is based in Clayton, Victoria. By 30 June 2022, all personnel and manufacturing were transferred to Clayton and Dandenong ceased to operate. All legal entities covered in this report are wholly-owned subsidiaries, and it has legal entities that operates businesses in Australia, USA, Canada, UK, the Netherlands and the People's Republic of China.

In FY22, the BWX Group Procurement function, which is part of the BWX Group Operations function, had control and oversight of the global BWX supply chain. Group Procurement is primarily responsible for the selection and ongoing management of all outsourced suppliers of goods and services across the Group, implementing risk management procedures to mitigate the risks of the global BWX supply chain and to establish common policies and procedures across the Group. Group Procurement was headed by the Group Procurement and Improvement Director who reported to the Group Chief Operating Officer, who in turn reported to the Group Chief Executive Officer and Managing Director.

BWX has 148 suppliers in its supply chain. These include contract manufacturers, contract packers, and raw material or component suppliers. BWX operates the Flora & Fauna and Nourished Life e-commerce platform which involves the purchase for re-sale of third-party brands or contract manufacturing of house brands (e.g. Life Basics), for which there are 586 suppliers. BWX predominately sources from suppliers in United States of America, Australia, Chile, South Africa, China, New Zealand, Belgium, Germany and Taiwan.

Supply Chain Diagram



BWX also engages a number of third-party suppliers of services relating to labour hire in its directly controlled facility as well as for other services such as cleaning, transportation of goods, marketing, advertising, etc.

BWX has adopted policies which reflect its commitment to ensure that all participants in its supply chain (i) meet or exceed local legal requirements; (ii) meet or exceed labour standards set by the International Labour Organisation; (iii) have limits on sub-contracting; (iv) meet local environmental protection requirements; (v) will work with BWX to engage in good environmental and sustainable participants. These policies, including the Supplier Code of Conduct, the Anti-Bribery and Corruption Policy and the Gifts and Benefits Policy can be found at www.bwx.com/investor-centre.

1. The risks of Modern Slavery

BWX recognises that its supply chain has the risk of modern slavery including the risk that participants in its supply chain do not pay their workers fair wages; that they use forced or bonded labour; that there is insufficient health and safety conditions for workers; that there are excessive working hours or unpaid overtime; that workers do not have freedom of association; or that there is gender discrimination or a lack of equal opportunities for workers in the workplace.

BWX has exposure to these risks through:

- its reliance on third-party contract manufacturers for the manufacture of finished branded products;
- its reliance on third-party suppliers of raw materials and components;
- the purchase of finished goods for re-sale on its e-commerce website; and
- the reliance on third-party suppliers of services.

BWX has very limited exposure to the risks of modern slavery through the employees, contractors and labour-hire employees that work at its directly-controlled facility based in Dandenong and Clayton in Australia. This is because all employees are engaged under an enterprise bargaining agreement, an individual contract of employment or a contractor agreement, and labour-hire employees are engaged with a single reputable third-party labour-hire provider.

BWX contracts with a number of third-party contract manufacturers and raw material suppliers, or purchases finished goods from select suppliers. There is a risk that these manufacturers or suppliers have modern slavery in their supply chain.

BWX enters contracts for services in connection with the operation of its business. These may relate to labour hire (as discussed above), cleaning, waste management, maintenance, marketing, advertising, specialist advisors, etc. When it engages with service providers, BWX does so subject to arms-length contractual terms and ensures that it engages reputable suppliers. For those service agreements for which are white-collar in nature (such as marketing or advertising), the risk of modern slavery is considered to be very low.

2. Steps taken to mitigate the risks of Modern Slavery

The responsibility to mitigate the risk of modern slavery in the BWX supply chain is overseen by the Board of BWX with the implementation of the anti-modern slavery program being delegated to management with reporting back to the Board. Group Procurement, having responsibility for the purchase of raw materials, components and finished goods on behalf of BWX, is tasked with the management of the modern slavery program. The risk of modern slavery in the supply chain is a risk that is recognised, rated and treated under the BWX enterprise risk management plan.

In FY20, the BWX Board endorsed the Supplier Code of Conduct (**Code**) which encompasses the commitment of BWX to mitigate the risks of modern slavery in its supply chain. Group Procurement has now either rolled out the Code, or obtained confirmation that suppliers have an equivalent Code, for 99% of raw material and packaging suppliers, and co-manufacturers throughout its entire supply chain. While BWX had intended to commence a program of rolling audits in FY22, the global COVID-19 pandemic prevented these plans from being executed. In FY23 and beyond, Group Procurement will develop plans to further investigate key suppliers on a risk assessment of the key suppliers.

To the extent that a supplier is unable or unwilling to adopt the Code or provide details of an equivalent code, Group Procurement will explore the reasons why the Code cannot be adopted and determine whether the Group should maintain a supplier relationship with that supplier. Where a supplier breaches the Code, Group Procurement will work with the supplier to understand and rectify the breach. If the breach is too serious or is ongoing in nature, Group Procurement will terminate supply arrangements with the supplier.

To identify and mitigate the risk of modern slavery across BWX global supply chain, Group Procurement established a Supplier Risk Assessment Model, which assesses current suppliers against a range of risk factors. This will generate a list of select suppliers for further review and additional steps may be taken to assess the supplier for modern slavery risk including physical inspections of the factory; ongoing and more frequent audit than other suppliers; receiving written confirmation from managers that the Code is implemented and followed, etc.

In future years, the Group will review partnering with social audit firms such as Sedex to assist it to assess suppliers on a number of criteria that are relevant to identifying and mitigating the risk of modern slavery in its global supply chain. The Group also intends to work directly with key suppliers to assist suppliers to meet the sustainability goals of the Group, including in relation to labour rights and environmental management.

In addition to the above, Group Procurement also developed and rolled out Supplier pre-qualification and self-assessment questionnaires applicable for any new supplier wanting to do business with BWX.

There is significant focus on placing key suppliers under formal supply contracts with obligations on suppliers to adhere to our Code and all our purchases are governed by Purchase Order terms and conditions which include the Code.

Both Flora & Fauna and Nourished Life businesses use proprietary tools to screen suppliers to ensure that the suppliers of finished goods to these businesses have met criteria around organic, natural or eco-certification; the sourcing and use of ingredients in products; no animal testing; demonstrable commitments to minimising environmental impact; and having undertaken a product lifecycle assessment. The in-depth work undertaken by Flora & Fauna and Nourished Life to review its suppliers before engaging with them helps to mitigate the risk of modern slavery in the supply chain of this business.

3. Assessment of the effectiveness of the program

The Board of BWX has the ultimate responsibility to assess the ongoing effectiveness of the anti-modern slavery program of BWX.

The anti-modern slavery program of BWX is currently early in its maturity model, with a Supplier Code of Conduct and risk management tools being created and implemented by a Group Procurement. Having now had all existing raw material and packaging suppliers and co-manufacturers sign up to the Supplier Code of Conduct, measures were taken in FY22 to create new onboarding procedures to ensure that all new suppliers were immediately signed up to the Supplier Code of Conduct. The Supplier Code of Conduct were also incorporated into all standard supplier trading terms.

The Group Procurement function also worked to put in place individual direct contracts (incorporating the Supplier Code of Conduct) with key suppliers such that by the end of FY22, more than 50% of the total spend on procurement are with suppliers on direct contracts. These measures ensure that there is greater control and scrutiny over key suppliers in terms of the anti-slavery measures, as well as matters such as labour relations, etc.

The Board will periodically assess the effectiveness of the anti-modern slavery program of BWX including:

- (a) Monitoring the procedures of the Group against global best practices as well as industry peers;
- (b) Ensuring that the processing to assess risk are relevant and up-to-date;
- (c) Encourage Group Procurement to develop benchmarks concerning monitoring of suppliers and refine the process for onboarding and assessing new suppliers;
- (d) Confirm that employees are trained in the Code and are aware of the risks of modern slavery; and
- (e) Engage specialist providers to test the anti-modern slavery procedures.

4. The process of consultation

This Modern Slavery Statement is made by BWX Limited and its wholly-owned subsidiaries. In creating this statement, the relevant directors and officers of all the entities making the statement were consulted and provided with an opportunity to review the statement prior to its approval.

5. Adoption by the Board

This Modern Slavery Statement has been approved by the Board and is signed by the Chairman of the Board.



Steven Fisher

Chairman BWX Ltd

23 December 2022