

MODERN SLAVERY STATEMENT **BLACKMORES GROUP**

2019 – 2020

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OUR COMMITMENT

Blackmores Group is committed to assessing, addressing and eradicating child exploitation, debt bondage, deceptive recruiting for labour or services, forced labour, forced marriage, human trafficking, servitude and slavery across our operations and supply chains.

This Modern Slavery Statement details the governance framework that underpins this work and the progress we've made to demonstrate our respect for people, acknowledging that we are empowered to improve their lives by aligning our procurement practices to our company values.

This program of work, which we call Partnering for People, would not have been possible without the support of our valued suppliers. We have been working together to ensure that the way we work does not either directly or indirectly result in the exploitation of people or inhibit their fundamental human rights.

Covid-19 is likely to have exacerbated supply chain human rights risk as supply chains are under pressure and physical visits to certain locations limited.

To address our heightened concern, we utilised local auditors in higher-risk geographies and increased our dialogue with suppliers about the impact of supply constraints on conditions for workers.

We acknowledge the United Nations Guiding Principles on Business and Human Rights. We are committed to supporting the International Bill of Rights and the ILO's Declaration on the Fundamental Principles and Rights at Work.

We welcome the Australian Modern Slavery Act 2018 for shining a light on the role we play in helping to eradicate the issue of modern slavery which affects more than 40 million people worldwide.

This legislation was the catalyst for starting an important dialogue and maintaining the controls that will improve the lives of workers and their families all over the world.

Wishing you the best of health.



Alastair Symington
Chief Executive Officer

This statement was approved by the Board of Directors, Blackmores Ltd on 24 February 2021.



ABOUT BLACKMORES GROUP

Sources more than

1,000
INGREDIENTS



SOLD IN

12
markets



4

BRANDS



600

product formulations
and approximately

1,500

INDIVIDUAL
PRODUCT UNITS

Employs

1,278

PEOPLE

across Asia Pacific
(excluding employees of our
joint venture in Indonesia)



This report details the governance, systems and progress for assessing and addressing the risk of modern slavery in the Blackmores Group supply chain, developing products under the Blackmores, BioCeuticals, PAW and Impromy brands and sold across Australia, New Zealand and the Asia Pacific region.

BLACKMORES' VALUE CHAIN



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BUSINESS OPERATIONS & SUPPLY CHAINS

Blackmores formulates more than 600 natural healthcare products using more than 1,000 ingredients. More than half are manufactured at our Braeside manufacturing facility using ingredients sourced directly from more than 150 raw material suppliers.

Contract manufacturers are used to produce products based on their specialised capability; all have passed Blackmores' quality audit standards. They produce products to Blackmores' specifications using a combination

of raw materials procured by Blackmores, those selected by Blackmores and their own supply partners.

These products are sold in retail outlets and online in 12 markets across the Asia Pacific region. Products sold in Indonesia are through a joint venture with Kalbe Farma - Kalbe Blackmores Nutrition which has exclusive sales, marketing and distribution rights in that market.

Blackmores Group is an ASX 200 publicly-listed company employing over 1,200 people, and presence in Asia Pacific.

Founded by visionary naturopath Maurice Blackmore in 1932, our vision is to connect every person on Earth to the healing power of nature by combining our knowledge of nature and science to deliver quality health solutions to people and their pets everywhere, every day.

Our high quality, evidence-based range of brands includes Blackmores - Australia's No.1 natural health brand; BioCeuticals - Australia's leading practitioner range; PAW by Blackmores - natural health products for pets; and Impromy - our pharmacy-based weight management program developed in collaboration with CSIRO.

Blackmores Institute is the research and education arm of Blackmores Group; a centre of excellence established to improve and promote the quality use of natural medicine.

At Blackmores Group we seek to never compromise on quality, and always place the health and safety of our consumers at the heart of our business. Our supply chains involve premium ingredients from 38 countries across the globe (detailed on page 9). Our products are made to strict Australian therapeutic goods standards, and manufactured at TGA-licensed facilities including our manufacturing plant in Braeside, Victoria.

Recognising that you can't have healthy people without a healthy planet, we're strongly committed to embedding sustainability across our business. This includes a 2030 Net Zero Carbon Emissions target and giving back to the communities in which we operate.

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RESPONSIBLE SOURCING PROGRESS

Pre 2015

Blackmores' quality sourcing program includes tight controls to ensure quality, identity, potency and purity of ingredients is known.

2016

Introduction of a comprehensive Supplier Code of Conduct with increased oversight of business governance, a clear position opposing bribery and corruption and detailing commitment to environmental management and human rights for all workers.

2018

Blackmores launches Partnering for People and commits to work with suppliers to assess and address the risk of exploitation in supply chains.

2019

Blackmores acquires the Braeside manufacturing facility, increasing the number of Tier One Direct suppliers from 76 to 210.

Implementation of a software solution to support supplier management and risk assessment.

Risk assessments completed on 52 key suppliers.

Commencement of SMETA* audit program of selected suppliers.

All supplier contracts signed after 1 January 2019 include modern slavery clauses.

2020

39 suppliers from 27 companies were engaged on modern slavery training through Blackmores-facilitated webinars.

Partnered with industry colleagues to form the Complementary Medicines Australia Modern Slavery Working Group.

Post 2020

Goals for the coming reporting period:

- All suppliers committing to the Blackmores Group Supplier Code of Conduct.
- All Braeside suppliers assessed through Risk Assessment Framework.

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* Sedex Members Ethical Trade Audit, a best practice methodology assessing covering labour practices, health and safety, environment and business ethics. safety, environment and business ethics.

BLACKMORES' WORKFORCE

Our people and remuneration structures are governed by the People & Remuneration Committee of the Board of Directors.

Key controls informing the Board include Workplace Health and Safety reporting, a Speak Up portal powered by Whispli (whistleblower service), regular Pulse surveys monitoring employee sentiment and a Staff Liaison Committee who are staff advocates and intermediaries supporting employees and management.

Employing over

1,200
people



184

employees covered
by a union agreement

375

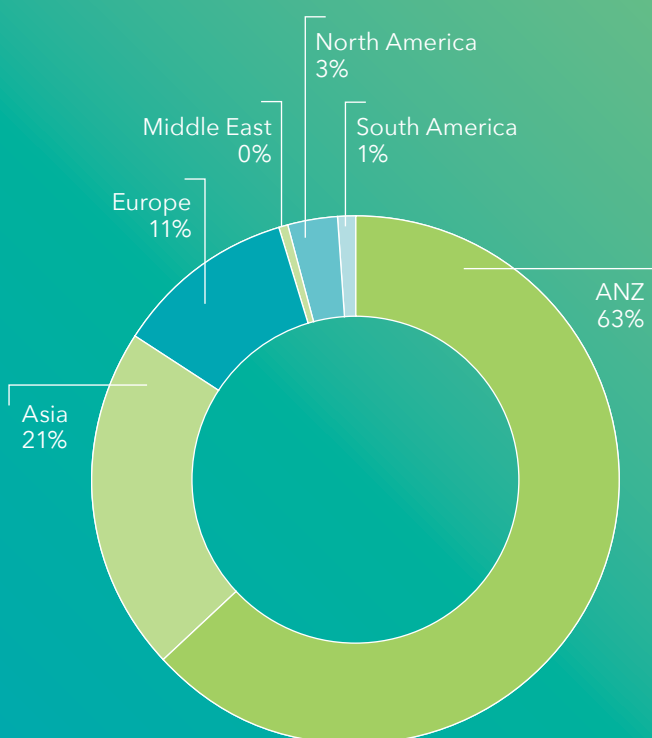
with workplace
agreements in Asia

740

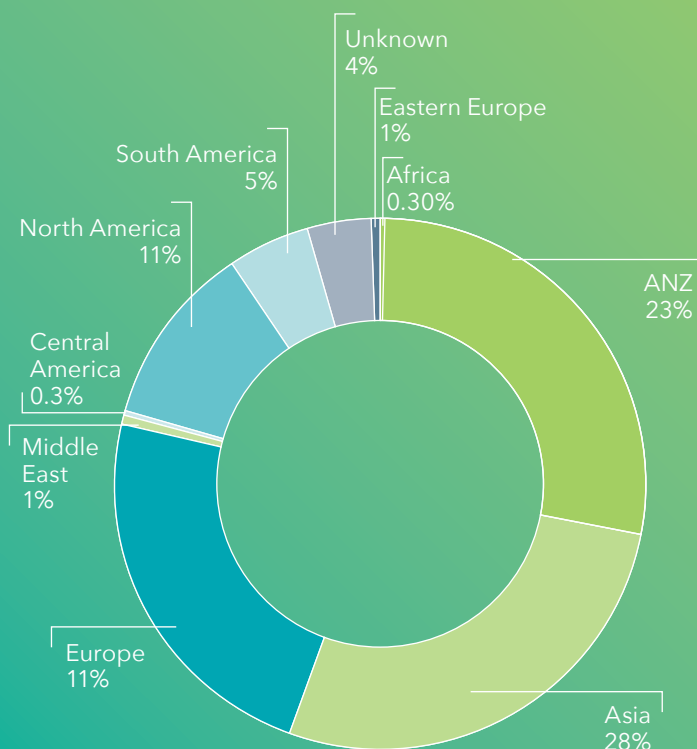
employees on the
Blackmores and
BioCeuticals Working
Together Enterprise
Agreement

OUR SOURCING

Locations of Tier One Direct Suppliers*



Locations of Workers



We source more than 1,000 ingredients that are used in our 600 product formulations and approximately 1,500 individual product units across four brands, sold in 12 markets.

More than 60% of the Group's Tier One Direct suppliers are located in the Australia New Zealand region, approximately 20% in the Asia region, 10% in Europe.

However, the spread of workers is more disparate with 28% of workers in our supply chain in Asia, 27% in Europe, 23% in Australia and New Zealand and 10% in North America.

Less than 7% of workers are in Africa, Eastern Europe, Central America, South America and the Middle East. However, these regions are more vulnerable to the risk of modern slavery.

Full transparency of the location of workers is not known for less than 5% of suppliers.

1,000
INGREDIENTS
are used in our
600
product formulations

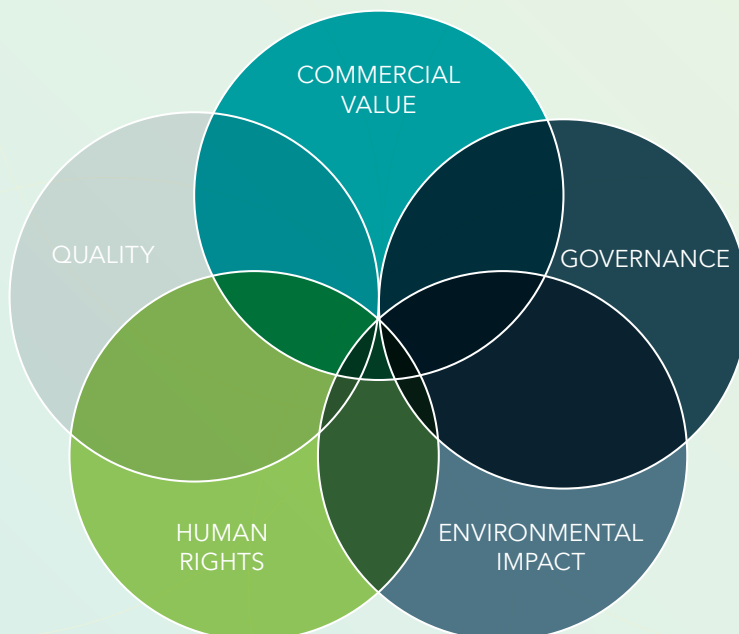
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* 210 Tier One Direct Suppliers

BLACKMORES PROCUREMENT FRAMEWORK

A strengthened Procurement Framework has been embedded into key processes and systems to better understand the risk profile of suppliers and underpins a continuous improvement program.



Blackmores acquired a manufacturing facility in Braeside, Victoria in October 2019 (during the reporting period) which tripled the number of suppliers for the Group. Integrating these into the Partnering for People program and introducing new suppliers to the Blackmores Group Supplier Code of Conduct is a current priority.

Our major categories of procurement are:



Raw materials including herbal extracts, marine oils, vitamins and minerals and a number of other excipients and components for the manufacture of tablets, capsules, powders and liquid nutritional supplements.



Packaging including amber glass bottles, high density polyethylene tubs and closures, polypropylene tubs and cardboard shippers.



Contract manufacturing is used for a number of specialty formulations and product formats and as a dual source of supply for key lines. All contract manufacturers meet the regulatory requirements as well as Blackmores' own audit criteria.



Indirect suppliers are not related to the supply of products, but support the running of the business (such as waste contractors and cleaners).

BLACKMORES' HUMAN RIGHTS GOVERNANCE FRAMEWORK

BLACKMORES GROUP

BOARD OF DIRECTORS

Approves policies, reviews performance and aligns KPIs through biannual reporting to the Risk Committee

EXECUTIVE TEAM SUPPORTED BY THE ETHICAL SOURCING WORKING GROUP

Strategic Sourcing

Sustainability

Compliance / Legal

EDUCATION

SUPPLIER EVALUATION

Supplier Code of Conduct
Due Diligence
ESG Self-assessment
CMA Supplier Questionnaire
Procurement Risk Assessment
Supplier Management Software

INTERNAL ALIGNMENT

Human Rights Policy
Source Responsibly Policy
Source Responsibly Principles / Standard Operating Procedure
Group Formulation Philosophy

TRAINING

CONTROLS

Pre-tender Briefing
Supplier Risk Assessment
Supplier Code of Conduct
Supplier Contracts
Supplier Performance Evaluation
Corrective and Preventive Action protocol in Supplier Relationship Management System
Speak Up Portal, powered by Whispli

Third Party Audit

REMEDiations / CONTRACT MANAGEMENT / INSPECTIONS AND AUDITS

Third Party Consultation

REPORTING & CONTINUOUS IMPROVEMENT

BLACKMORES' APPROACH

Modern slavery is an extensive and endemic justice issue. Further to the requirement for all wages and working conditions to be lawful, Blackmores has identified the five principles that should apply to every worker. They apply to every Blackmores employee and are appropriate for every size of workforce and type of work. We also have mechanisms through our supplier assessment and audit program to observe issues relating to each principle, empowering us to identify areas of concern.

Five principles for protecting people in our supply chain

EVERY WORKER IS ENTITLED TO:



FREEDOM

Work is voluntary. Everyone has the right to freedom of association with others and to collective bargaining.



FAIR PAY

Workers are paid, at minimum, a living wage. As well as meeting the legal local requirement their pay is enough to meet basic needs and provide some discretionary income.



GOOD WORKING CONDITIONS

Working hours are not excessive, employees are of an appropriate age, and adequately trained to perform their tasks. The workplace is hygienic, with potable water freely available, sufficient clean toilets, adequate ventilation and lighting, emergency exits, evacuation diagrams posted and evacuation drills regularly organised.



HEALTH & SAFETY

A clear health and safety policy exists. Employees have access to training and safety equipment. Safety incidents and accidents are recorded and investigated. Medical services are available and first aid kits are accessible.



THE RIGHT TO BE HEARD

All workers have access to a grievance procedure. Workplaces promote an independent whistleblower hotline and ensure workers have access to the service.



Though the new legislation has accelerated our progress, our ambition is to build a sustainable supply chain that values people, the environment and justice as much as commercial benefits.

SPEAK UP

Blackmores introduced Speak Up, a whistleblower portal powered by Whisppli, to enable discreet and anonymous reporting of inappropriate or illegal conduct in our workplaces and supply chain. The portal enables anonymous reports to be received and two-way communication to occur without compromising a complainant's anonymity.

Group-wide employee education was completed during the period covering the Speak Up portal, Employee Code of Conduct and new or amended policies. Excluding staff on maternity or extended leave, completion rates were as follows:

Business Unit / Region	Completion Rate
ANZ (excluding Braeside)	97%
Braeside	94%
International markets	100%

Since its launch in the reporting period, seven reports have been received via the Speak Up portal including from our international markets and our manufacturing operations in Braeside. Matters requiring investigation were further explored and follow-up actions determined. The number of reports received is reported to the Executive Team and the Audit & Risk Committee of the Board at every committee meeting. Reports relating to material matters are reported in more detail. In the reporting period, there were no reports of modern slavery.

THE IMPACT OF COVID-19 ON MODERN SLAVERY RISK

Accepting that the global pandemic was likely to increase human rights risk for vulnerable workers, Blackmores proactively addressed areas of concern with suppliers through virtual webinar sessions and industry-wide communications outreach supported by Complementary Medicines Australia.

During this reporting period, no instances of modern slavery were reported using 'speak up', and Blackmores Group will continue to encourage discreet and anonymous grievance mechanisms for our workplaces and supply chain.

RISK ASSESSMENT

GROUP RISK ASSESSMENT FRAMEWORK

1. Use of supplier management software

Data, supplier responses and evidence of compliance is captured in Blackmores Group's supplier management portal.

2. Risk by geographic location

Using the Global Slavery Index, each supplier is rated by both the location of the supplier and also by where the workers are based. For example, a herbal medicines supplier may be based in Australia but if they are procuring raw materials from numerous farms in India then risk would be assessed for both Australia and India.

3. Risk assessment

Using a weighted criteria, Blackmores' Ethical Sourcing Manager and the relevant Procurement Category Manager evaluate factors that would create an elevated risk such as type of work, use of contract or migrant labour, seasonal work, skill level required to complete work and geographic isolation of the facility.

This determines the **risk to people**.

A second risk criteria evaluates whether any procurement practices would be likely to heighten risk (such as extended payment terms or short lead times) and other commercial factors such as an excessive reliance on any single supplier.

This determines the **risk to Blackmores**.

These categories of risk are consolidated to determine a risk rating that aligns to the Enterprise Risk Framework.

4. Supplier assessment

A supplier evaluation is completed to build understanding of the approach and governance each supplier takes to address areas of risk. This enables the Ethical Sourcing Team to adjust the risk rating and determine the residual risk.

The frequency of repeating this evaluation is determined by the level of risk assessed and whether or not there has been any significant change to the supply contract such as the supplier changing the source of a component.

Quality audits undertaken of supplier facilities are a further opportunity to identify areas of concern and support risk assessments.

5. Third party audit

Qualified audits are commissioned by Blackmores Group to provide a more detailed assessment for select suppliers. In the reporting period, Blackmores utilised authorised audit partners (BSI) using the Sedex Members Ethical Trading Audit (SMETA) protocol four-pillar audit covering practices relating to labour, health and safety, environment and business ethics.

The total number of audits completed in the reporting period was limited by restrictions to travel and access to sites as a result of the Covid-19 pandemic. Corrective actions have been progressed following audits undertaken in the reporting period.

6. Continuous improvement and corrective actions

A cross-functional review team has responsibility for determining follow-up actions arising from the audit.

Using a documented framework, the cohort reports back to members of the Executive Team including the Chief Governance Officer and the Chief Operations Officer. Outcomes are reported to the Risk Committee of the Board of Directors.

The Group utilises a CAPA (Corrective and Preventive Action) protocol that exists in the Supplier Relationship Management System to work with the supplier to better understand the cause of the concern as well as the action and timing to remediate.

GROUP RISK AREAS

Following a review of Tier One Direct suppliers of the Group, the current areas of human rights risk include:

Regional hotspots: The locations of workers for many suppliers are in regions identified using the Global Slavery Index as more vulnerable to the risk of modern slavery such as the Asia Pacific region. Blackmores will prioritise attention on regional hotspots that may represent increased levels of risk of harm to people.

Type of work: Using a broad number of naturally-sourced materials from different countries and regions increases the potential risk of harm to vulnerable people associated with labour practices and types of work such as fishing and herb-picking. Blackmores will prioritise attention on types of work that may represent increased levels of risk of harm to people.

Working condition visibility deeper in the supply chain:

While Blackmores has visibility over direct supply partners and their work practices, many of these suppliers do not conduct the same reviews of their suppliers. Existing systems are strongly weighted to knowing the quality, purity and identity of the ingredients we work with and not necessarily the working conditions of those further down the supply chain.

Increased supply chain transparency as a result of audits conducted in the last two years resulted in corrective actions focusing on:

- Adjustments required to remunerate fairly for overtime worked.
- Enforcing an appropriate number of rest days for workers.
- Improving emergency evacuation signage and training.
- Improvements to the physical environment for worker comfort.



ACTIONS TO ASSESS & ADDRESS RISK

In the reporting period, the following actions have been progressed:

In December 2018, Blackmores launched Partnering for People, a commitment to understand and address the risk of modern slavery in our supply chain.

The intended approach in bolstering the Group's human rights program was to foster good governance and effective collaboration.

The program was developed to align to the international guidance standard ISO 20400 which informs Blackmores' sustainable procurement framework.

This includes considering the most sustainable environmental, social and economic impacts across the lifecycle of the materials and services we use, with a focus on minimising adverse impacts.

POLICY	SOURCING STANDARDS	RISK ASSESSMENT	THIRD PARTY AUDIT AND REMEDIATION PROGRAM	INDUSTRY WORKING GROUP
Blackmores Group published a CEO-endorsed, enterprise level Human Rights Policy with progress and compliance reports through to the Board of Directors.	Group sourcing standards have been bolstered to support due diligence and ensure high compliance across: <ul style="list-style-type: none"> • Commerical and financial • Environmental • Governance • Human rights • Quality. 	A risk assessment process has been systemised into supplier assessment covering: <ul style="list-style-type: none"> • Risk to people • Risk to Blackmores • Capacity to influence. 	Blackmores uses the Sedex Members Ethical Trading Audit methodology. Accredited auditors complete a comprehensive assessment of supplier practices covering labour, health and safety, environment and business ethics. Blackmores has developed a structured approach for progressing remedial actions with suppliers to ensure decision-making is not discretionary and to ensure better outcomes for people.	Blackmores partnered with industry peers through the Complementary Medicines Australia (CMA) Modern Slavery Working Group to develop an industry-wide approach to assessing human rights risk in our supply chain.

MEASURING EFFECTIVENESS

The cross-functional ethical sourcing working group reports to the Audit & Risk Committees of the Board of Directors, evaluating progress to:

- Continue to strengthen the governance framework, including review of risks, audit progress, corrective actions and stakeholder engagement.
- Seek external counsel and support from third party experts and human rights organisations to guide progress and further workshop identification of potential areas of risk to people and actions to address these risks. Ensure Blackmores considers risks that exist within our own Group.
- Deliver a program of training and education including the development of tools to help frontline workers better identify vulnerable people and to understand a clear process for escalating concerns.
- Ensure strong supplier on-boarding aligned to the Group Supplier Code of Conduct.
- Conduct annual risk assessments for all Tier One Direct suppliers to identify potential areas of risk and understand their nature, context and extent.
- Progress an audit program.
- Ensure corrective and remedial actions are timely and effective.

OUTCOMES AND CONSULTATION

14 Good Manufacturing Practice (GMP) quality and sustainability audits were undertaken.

2 human rights audits were also undertaken using the SMETA methodology, including an audit of a Tier Two supplier. Three SMETA audits were undertaken in 2018/19.*

52 risk assessments were completed, representing 25% of total Tier One Direct Suppliers. No supplier was given a red rating, which would indicate an unacceptable risk profile or inadequate risk mitigation framework.

100% of new supplier contracts introduced since the introduction of the *Australian Modern Slavery Act 2018* include human rights clauses.

97% of Tier One Direct Suppliers have signed the Blackmores Group Supplier Code of Conduct or an equivalent standard. Active discussions are underway to ensure 100% of suppliers are signatories in the next reporting period.

39 suppliers from 27 companies attended Blackmores' webinars to collaborate on assessing and addressing modern slavery risk in our supply chain.

400 Blackmores employees participated in awareness raising sessions.

2 members of the Blackmores Working Group participated in the NSW Government's Sustainability Advantage Modern Slavery Masterclass education program

Blackmores chaired the Complementary Medicines Australia Modern Slavery Working Group

OUR FUTURE COMMITMENT

We are committed to extending
the reach and effectiveness
of this program.

Our goals for the coming reporting period include:

Continuing to build capacity and capability by increasing training and education and increasing supplier engagement.

Integrate 100% Tier One Direct suppliers into the Supplier Management System, including completion of self assessments and risk assessments.

Continuing to audit relative to risk.

Initiate risk assessments for key indirect suppliers.

PARTNERING FOR PROGRESS

Blackmores would like to thank the NSW Government's Sustainability Advantage program for the support provided over the last 18 months, giving us access to expertise to guide progress on this important program.

We also commend the leadership of Complementary Medicines Australia's Modern Slavery Working Group for initiating a program of industry-wide supplier assessment that will support better outcomes for Australia's natural healthcare industry.

Our thanks to our valued supply partners for recognising the importance of this program of work and for members of the investment community who have shared insights throughout the year on the value of measuring and reporting progress.



*thank
you*

Michelle Fernandez, Blackmores Group Ethical Sourcing Manager, delivered a keynote address on Modern Slavery at the annual Group Strategy Kick Off July 2019.

GLOSSARY

Tier One:

Suppliers of goods and services that Blackmores pays and can include both directly (related to our products e.g. ingredient suppliers, contracted manufacturers or packaging manufacturers) or indirectly (related to the running of the business such as cleaning and waste contractors).

Tier Two:

Suppliers contracted and paid by our Tier One suppliers (such as a grower, transporter or packaging supplier) to provide goods or services that are then sold on to Blackmores.

SMETA:

Sedex Members Ethical Trade Audit (SMETA) is one of the most widely used ethical audit formats in the world. SMETA is an audit methodology, providing a compilation of best practice ethical audit techniques. It is designed to help auditors conduct high quality audits that encompass all aspects of responsible business practice, covering Sedex's four pillars of labour, health and safety, environment and business ethics.

Supplier Code of Conduct:

Describes how Blackmores chooses to do business with its suppliers by defining expectations and mutual commitment in achieving and maintaining improved environmental, ethical and social outcomes.

BLACKMORES®
| GROUP