

Baby Bunting Modern Slavery Statement 2020

This statement, pursuant to the Modern Slavery Act 2018 (Cth), describes the risks of modern slavery in the operations and supply chains of Baby Bunting¹ and includes information about actions taken to address those risks for the financial year ended 28 June 2020.

Modern slavery includes trafficking in persons, slavery, servitude, forced marriage, forced labour, debt bondage, deceptive recruitment for labour or services; and the worst forms of child labour. Modern slavery has severe consequences for its victims and often disproportionately impacts women and girls. Minimising the risk of modern slavery in its supply chains and, in particular, ensuring that women and girls can exercise their own choices free from the undue influence that arises in modern slavery is a critical focus for Baby Bunting.

This is Baby Bunting's first modern slavery statement. During the financial year, Baby Bunting has introduced a number of new processes intended to help it assess modern slavery risks in its supply chains and to seek to work with its suppliers to address those risks and to seek improvement in the labour, social and environmental aspects of its supply chains. Baby Bunting has also implemented training for its merchandise team to raise awareness of the risks of modern slavery in Baby Bunting's operations.

In the years ahead, Baby Bunting's focus will be on further developing and enhancing its ethical sourcing practices to reduce Baby Bunting's exposure to modern slavery risks, as well as seeking to work with suppliers to provide appropriate remediation of modern slavery risks in the supply chain.

¹ Baby Bunting means Baby Bunting Group Limited (ABN 58 128 533 693) and its wholly-owned subsidiary Baby Bunting Pty Ltd. Baby Bunting Pty Ltd is the operating entity of the group. This statement covers both Baby Bunting Group Limited and Baby Bunting Pty Ltd

OUR STRUCTURE, OPERATIONS AND SUPPLY CHAIN

Baby Bunting's business is the retail supply of nursery and maternity goods and related complementary services.

Baby Bunting operates 56 stores around Australia as well as an online store at babybunting.com.au.

Baby Bunting employs more than 1,270 team members in Australia, with the majority employed in Baby Bunting's stores. The balance are located at Baby Bunting's Store Support Office and Distribution Centre, at Dandenong South in Victoria. Baby Bunting engages a small number of contractors, primarily for short-term or ad hoc roles in the Distribution Centre. Contractors are also engaged for specific project or specialist roles in the Store Support Office from time to time.

Further information about Baby Bunting's business and operations, including its corporate governance arrangements, are available at babybunting.com.au/investor.

Baby Bunting's core purpose is to support new and expectant parents in the early years of parenthood. Our vision is to be the most loved baby retailer for every family, everywhere.

Baby Bunting is committed to the elimination of modern slavery and we recognise that the management of suppliers in our supply chains is critical to addressing these issues.

Baby Bunting's principal product categories include prams, cots and nursery furniture, car safety, toys, babywear, feeding, nappies, manchester and associated accessories. Baby Bunting sells national branded products as well as its own private label products, currently under the brands of "4baby" and "Bilbi". There are over 6,000 unique products available in Baby Bunting stores.

The majority of products sold in Baby Bunting stores are purchased from distributors and suppliers based in Australia, with almost all of these products manufactured overseas. Baby Bunting also purchases products directly from suppliers or agents based overseas. A very high proportion of these products originate from supply chains based in the Asia region, with most products manufactured from supply chains based in, or connected with, China.

Baby Bunting also procures a diverse range of goods and services in connection with its business operations at its retail stores, Distribution Centre and Store Support Office including office supplies (IT equipment, stationery and furniture), cleaning services (retail stores and Store Support Office and waste disposal services), store development services (store fit out) and other services (marketing, consultancy and professional services).



BABY BUNTING'S APPROACH TO MODERN SLAVERY RISKS IN OUR OPERATIONS AND SUPPLY CHAINS

As the supply chains associated with Baby Bunting's products are diverse and extend through various geographic locations, there is the potential for modern slavery risks to be present in these supply chains.

Ethical Sourcing Code

During the financial year, Baby Bunting established an *Ethical Sourcing Code* that set out the minimum standards expected of Baby Bunting's suppliers in areas of labour, environment and governance matters. If suppliers are unable to demonstrate a commitment to comply with Baby Bunting's Ethical Sourcing Code, Baby Bunting may choose to cease trading with that supplier.

Baby Bunting's core values, which include being passionate, being considerate and being honest, are standards of behaviour that are fundamental to being who we are at Baby Bunting. Baby Bunting seeks to act with integrity and to use good judgement. We want all our team members to think about how our actions impact others.

Baby Bunting provides products, services and advice to parents and parents-to-be and their families. We rely on their trust, as well as the trust of the communities in which we operate, our investors and other stakeholders. Our suppliers play a critical role in helping Baby Bunting to meet our standards of behaviour and our values. Our mutual success depends on building and maintaining trust in the way each of us conducts our business.

The minimum requirements stated in the Code are:

- being committed to the health and safety of our team;
- being committed to acting legally and ethically;
- being committed to respecting labour and human rights;
- being committed to communicating openly and honestly;
- being committed to environmentally sustainable practices.

Among other things, these requirements establish minimum standards for our suppliers that require a commitment to:

- providing a safe and healthy working environment and taking all practical and reasonable measures to eliminate workplace injuries and illness;
- complying with all applicable laws and regulations and not being involved in bribery or corruption in any form;
- maintaining policies and practices to allow violations, misconduct or grievances to be reported by workers and addressed without fear of retaliation;
- ensuring all work is freely chosen without the use of forced or compulsory labour and with a zero tolerance approach to the use of illegal child labour and respecting workers' rights to lawfully and peacefully form or join trade unions of their choosing and to bargain collectively.

Ethical Sourcing Procedures

Baby Bunting has also developed Ethical Sourcing Procedures, which are progressively being introduced as a measure to ensure that Baby Bunting's ethical sourcing expectations are met. Administration of the Ethical Sourcing Procedures is undertaken by members of Baby Bunting's ethical sourcing team.

Baby Bunting has partnered with one of the world's leading ethical trade service providers to enable suppliers and their manufacturing sites to efficiently share information with Baby Bunting to enable risk assessments to be undertaken.

The assessment of modern slavery and ethical sourcing risk can be influenced by factors such as industry and geographic location as well as some product categories. The Ethical Sourcing Procedures are intended to enable Baby Bunting to direct its focus to those suppliers for whom modern slavery and ethical sourcing risks may appear to be more immediate.

In summary, the procedures involve the following broad steps:

- Information provided by suppliers through a self-assessment questionnaire is combined with industry and country-specific risk factors to arrive at an initial risk rating.
- The risk rating is assessed by Baby Bunting's ethical sourcing team and where the risk rating is considered to be elevated further inquiries are undertaken. These inquiries can include the supplier providing an ethical sourcing audit report to provide further information and assurance to Baby Bunting about the supplier and its operations.
- Where required, Baby Bunting's ethical sourcing team will assess audit reports provided and consider instances of non-compliance identified in those reports. Where non-compliance instances are identified, the ethical sourcing team may identify corrective actions that need to be taken and specify a time by which those actions need to be undertaken. If the number or extent of non-compliance identified is critical, the Ethical Sourcing Procedures specify that Baby Bunting will not trade with that supplier. Similarly, Baby Bunting may choose to end a supplier relationship where corrective actions have not been undertaken in the time requested.

Baby Bunting recognises the importance of assisting its suppliers and others in the supply chain to continually improve their practices. At times, this can result in better overall outcomes for all relevant stakeholders in the supply chain. Of course, where parties have not achieved significant improvement in respect of identified issues over a period of time, the appropriate response to manage the corresponding modern slavery and ethical sourcing risks may be to cease to deal with that element of the supply chain.

Governance arrangements

Baby Bunting's ethical sourcing team work with, but are separate from, Baby Bunting's merchandise team. The ethical sourcing team report to the Group Legal Counsel. Baby Bunting's Audit and Risk Committee has oversight of Baby Bunting's processes to manage modern slavery risks.

Training

During the financial year, Baby Bunting's merchandise team received training in respect of modern slavery and the risks that exist in Baby Bunting's supply chains. Further training will be provided in the year ahead.

Whistleblower Protection Policy

Baby Bunting has a Whistleblower Protection Policy which is intended to ensure that concerns regarding unethical or illegal practices, which includes modern slavery concerns, can be reported. For the purposes of the policy, reports can be made via an independently operated whistleblower hotline. Reports can be made anonymously, and Baby Bunting's whistleblowing protection processes are intended to ensure that the anonymity of people making whistleblowing reports is protected as required by the Whistleblower Protection Act. Where issues are investigated and substantiated, Baby Bunting will take appropriate action.

Measuring effectiveness

Baby Bunting has a focus on further developing the systems it has in place for ensuring ethical sourcing. In the years ahead, Baby Bunting has a goal of expanding the range of suppliers who are complying with its ethical sourcing procedures, completing risk assessments and, where necessary, undertaking corrective actions.

CONCLUSION

Baby Bunting acknowledges the importance of seeking to ensure that modern slavery is eliminated from our supply chains and we understand the role we can play in achieving that. The steps we have undertaken are the beginning of our efforts in this area. We are committed to the ongoing delivery of our initiatives and working with our stakeholders to contribute to the elimination of modern slavery.

This statement was approved by the Boards of Baby Bunting Group Limited and Baby Bunting Pty Ltd.

Signed



Matt Spencer, CEO and Managing Director,
Baby Bunting Group Limited, Baby Bunting Pty Ltd