



BEAUTY  
INDUSTRY  
GROUP

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**- 2023 -**  
**Report on Forced Labor**  
**and Child Labor**



# Report on Forced Labor and Child Labor

## **Introduction**

For nearly two decades, BIG Pledgeco, LLC dba Beauty Industry Group (“BIG”) has been guided by core principles, one of which is recognizing the value of people. People are at the center of everything we do, and we know they are BIG’s greatest strength. BIG has always sought to promote shared values and ethics across our entire value chain, beginning with our suppliers and extending through our team members, customers and other stakeholders. BIG is committed to supporting human rights; promoting transparency throughout its value chain; requiring suppliers to uphold high ethical and social standards, including fair wage and working conditions; and collaborating with our suppliers to commit to ethical procurement of raw materials.

As part of its commitment, BIG has adopted a Supplier Code of Conduct (“COC”) and supports laws that seek to prevent and eliminate forced labor and child labor, including California’s Transparency in Supply Chains Act and Canada’s Fighting Against Forced Labour and Child Labour in Supply Chains Act. BIG is also a participant in the United Nations Global Compact (“UNGC”), a voluntary initiative through which companies commit to implement universal sustainability principles and take steps to support UN goals and align strategies and operations with universal principles on human rights, labor, environment and anti-corruption.

## **Business Structure**

BIG is a global leader in hair solutions, namely supplying hair extensions and related accessories under multiple subsidiaries and brands through both direct-to-consumer and professional channels. BIG controls 12 different brands operating under numerous subsidiaries. BIG’s entities subject to the requirements of Canada’s Modern Slavery Act and covered by this joint report are: (1) BIG Pledgeco, LLC dba Beauty Industry Group (a Delaware limited liability company), (2) Bellami Hair, LLC (a Delaware limited liability company) and (3) Ecotrade Europe Limited (a U.K. private limited company).

## **Supply Chain Overview**

BIG continuously works on developing a reputation for high quality products, innovation, expertise, and supply chain transparency in hair extensions, and related hair wellness products. Headquartered in Salt Lake City, Utah, USA, BIG has a consolidated supply chain for all its subsidiaries, has eight countries in its supply chain, does business with multiple suppliers in geographic regions throughout Asia and China, employs more than 500 people worldwide, and serves customers globally. In 2023, the majority of BIG’s hair extension products came from multiple Tier 1 suppliers. The exact number of Tier 1 suppliers changes from time to time based on newly accepted Tier 1 suppliers and exiting suppliers who do not meet BIG’s performance standards. Tier 1 suppliers supply finished hair extension product to BIG and may also perform the following activities: processing and treating collected hair, producing a finished hair extension product ready for installation, and packaging product. Generally, Tier 1 suppliers purchase raw hair from subcontractors. BIG conducts inspections and audits of its Tier 1 suppliers. BIG does not currently conduct formal audits of the referenced subcontractors; however, Tier 1 suppliers are contractually bound by a Code of Conduct which establishes ethical standards by which Tier 1 Suppliers obtain raw hair. These standards include fair compensation, prohibition of coercion, prohibition of hair collected from children, and a respectful and dignified collection process. In addition, BIG strictly prohibits obtaining hair from regions where there are known human rights violations.

### **Supplier Code of Conduct ("COC")**

At BIG, our Company Values form the foundation of everything we do, including the establishment and enforcement of our COC, which is contractually enforced with 100% of BIG's Tier 1 hair extension suppliers. Our COC establishes standards to ensure that working conditions in the hair extension industry and its supply chains are safe, that workers are treated with dignity and respect, and that business operations are conducted ethically and in an environmentally responsible manner. Our COC specifically addresses the following labor and human rights issues:

- **Compliance with Laws.** Suppliers shall operate in full compliance with the laws of their respective countries and with all other applicable laws, rules and regulations including, but not limited to those relating to labor, worker health and safety, and the environment.
- **Labor Standards.** Supplier shall employ only workers who meet the applicable minimum legal age requirement by country. Any work which is likely to jeopardize children's physical, mental or moral health or safety shall not be performed by anyone under the age of 18 years.
- **Health and Safety.** Worker potential for exposures to safety risks are to be identified and assessed, and controlled through proper design, engineering and administrative controls, preventative maintenance, safe work procedures, and ongoing safety training.
- **Business Ethics.** Supplier shall uphold the highest standards of integrity in all business interactions.
- **Inspections and Audits.** BIG reserves the right to confirm compliance with the principles of the Supplier Code of Conduct and to audit Supplier's facilities.

### **Compliance Verification**

BIG has established an enterprise-wide supplier assessment system and scorecard to expand our controls and maintain high ethical standards. In 2022, we enhanced our quality assurance team, which has since continued to grow. Many members of our quality assurance team reside near our suppliers in Asia and conduct frequent, formal and informal, quality and social inspections relating to our supply chain. Also, we ensure that relevant employees have the necessary knowledge to liaise with suppliers and analyze results from supplier audits.

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BIG's global supply chain comprises a comprehensive network of trusted suppliers, logistics providers, distributors, and employees. BIG has established long-term relationships with many of its suppliers, and we award business only to those suppliers who commit to and uphold our quality and ethical standards. These standards include requirements for labor practices, fair compensation and wages, freedom of association, no child labor or forced labor practices, health and safety, anti-corruption, environmental protection, business integrity and legal compliance.

In addition, we support internationally proclaimed human rights and are committed to ensuring we are not complicit in any human rights abuses. To support these commitments, BIG has established the following activities for managing our supply chain:

- **Independent Social Compliance Audits, with Corrective Actions completed at 100% of Tier 1 Hair Extension Suppliers.** We assess compliance with the Supplier Code of Conduct through detailed questionnaires, supplier scorecards, in-factory visits and inspection, and third-party social compliance audits.
- **Ethical Sourcing and Human Rights Training for 100% of Tier 1 Suppliers.** To better align our COC with our Suppliers, we conduct multiple hours of human rights training with each of our suppliers and their employees. This training includes an opportunity for the suppliers' employees to receive certification based on the successful completion of the training course and subsequent testing to ensure that the employees learn and retain the information presented. Also, we ensure that relevant employees have the necessary knowledge to liaise with suppliers and analyze results from supplier audits.
- **Annual Review of BIG's Manufacturing Supply Agreement ("MSA") and COC.** We review our MSA and COC at least annually to ensure that our Suppliers are bound by contractual terms pertaining to human rights issues.

### **Identification and Remediation of Risks relating to Forced Labor and Child Labor**

BIG is aware that the hidden nature of labor abuses in supply chains can be challenging to detect, and BIG is committed to continue exploring and implementing solutions to address this issue. BIG is also committed to producing hair extensions in a way that protects the dignity of human rights in every facet of our supply chain process. With stringent policies in place, BIG requires respectful, fair compensation for our workforce and suppliers. Child and forced labor are strictly prohibited; and working hours, wages and benefits must meet local regulations, including at factories where the hair is cleaned, treated, processed, prepared for installation and use by consumers, and packaged for delivery. BIG has not identified any circumstances in which vulnerable families have experienced loss of income as a result of our practices to mitigate forced and child labor.

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Under the guidance of its Board of Directors and in connection with its commitment to human rights, BIG endeavors to identify and remediate risks relating to potential human rights violations within its supply chain. BIG exercises this commitment by (a) in-person factory visits by company leaders, (b) internal and external third-party audits, (c) employing a local team in an office located in close proximity to many suppliers in Asia, (d) prohibition against sourcing raw hair in regions where there are known human rights violations, (e) awarding business only to suppliers who continuously demonstrate their commitment to BIG's standards, and (f) exiting relationships with suppliers who do not timely and satisfactorily remedy deficiencies identified in BIG's audits.

## **Conclusion**

The policies and practices described in this report are key to ensuring our supply chains are free of forced labor and child labor. BIG is aware of the risks associated forced labor and child labor, and BIG understands the role it plays in global efforts to eradicate these activities. We will continue to identify risks and take actions to improve our policies and practices relating to forced labor and child labor, and we will continue to report on our progress.


For more information, please see our Corporate Social Responsibility Report available at:

[https://static1.squarespace.com/static/654adbf35d1f9f0d54efa850/t/657c5e5dc79c821ea75f7c73/1702649444551/BIG\\_2022ESGR\\_eport-FINAL.pdf](https://static1.squarespace.com/static/654adbf35d1f9f0d54efa850/t/657c5e5dc79c821ea75f7c73/1702649444551/BIG_2022ESGR_eport-FINAL.pdf)

## **Approval**

This report was prepared using first-hand information as well as representations from BIG's employees, vendors, suppliers, agents, external auditors, and suppliers. This report was approved pursuant to 11(4)(b)(ii) of Canada's Fighting Labour and child Labour in Supply Chains Act ("Act"). In my capacity as a board member and CEO, I have the authority to bind Beauty Industry Group, and I make this attestation in accordance with the requirements of the Act. I have reviewed the information contained in the report for the entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate, and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Derrick Porter, Board Member & CEO



May 30, 2024