

Introduction

'Modern Slavery' is the phrase used to describe the crimes of human trafficking, slavery and slavery-like practices such as servitude, forced labour, forced or servile marriage, the sale and exploitation of children, and debt bondage. A common thread runs through all of these offences: they involve one person depriving another person of their liberty, in order to exploit them for personal or commercial gain.

The United Nations (UN) and Walk Free Foundation estimate there are approximately 40 million victims of modern slavery around the world. 16 million of these victims are exploited in the private economy.

Australia is not immune from modern slavery.

In 2021 alone, [Anti-Slavery Australia](#) helped over 400 people who had been trafficked to or from Australia, or had faced modern slavery while in Australia, including forced marriage, servitude and forced labour.

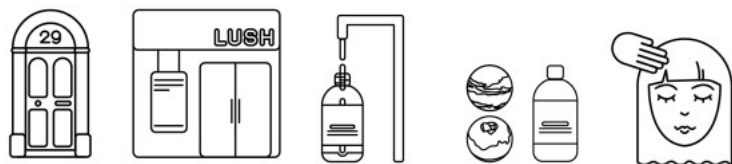
Modern slavery can occur in every industry and sector. It is also often linked to other crimes and activities that adversely impact human rights, such as corruption and environmental damage.

Finding a reliable way to measure the full magnitude of modern slavery is universally acknowledged as a complex and challenging issue. The varied nature and forms in which Modern Slavery can be defined are vast, and the level of sophistication of the systems which have been developed to ensure that those who encourage or facilitate these horrific crimes remain undetected is sadly increasing.

Whilst some forms of Modern Slavery are overt, there are also much more subtle forms of coercion and control. Situations where a victim's vulnerability or lack of choice has been abused; where there is a hold over family back home through debt; or where the threat of deportation deprives them of any real freedom and choice.

At LUSH, we have a corporate responsibility to take an active role to address and mitigate potential modern slavery risks. This statement sets out the steps aimed to identify and eradicate modern slavery in our business and supply chain in accordance with the criteria set out in the Australian Modern Day Slavery Act 2018. This statement also provides an update on the activities and commitments detailed in our previous Modern Slavery Statement and the steps taken during our financial year July 2021 - June 2022.

About Our Company



Lush is a cosmetics company, founded by a close knit team that wanted to create cosmetic products that contained fresh, quality, natural and effective ingredients. Lush uses ingredients such as fruits and vegetables, herbs, flowers, butters and essential oils - organic wherever possible - and with minimal synthetic preservatives. All products are vegetarian, and the majority are vegan too.

Lush Australasia Retail Pty Limited ("LAR") and Lush Australasia Manufacturing Pty Limited ("LAM") are large privately owned companies registered in Australia. The two entities belong to the Lush group of companies

and the ultimate parent company is Lush Cosmetics Limited, a UK registered company. Neither LAR or LAM owns or controls any subsidiaries.

The Lush group of companies operate in the cosmetics manufacturing and retailing sectors in 47 countries. There are currently 880+ shops worldwide and are present in 47 countries with manufacturing operations in 6 countries (United Kingdom, Croatia, Germany, Japan, North America and Australia).

In Australia, LAR operates 35 stores and one e-commerce site. LAM operates one manufacturing unit which supplies products to Australia and New Zealand.

LAR currently employs approximately 600 staff whilst LAM 200 employs approximately staff in Australia.

The Lush business is run in accordance with a set of founding ethical principles written by our founders at the very beginning of Lush's life, commonly known as our '[We Believe Statement](#)'. These principles underpin all that we do and run through every vein of our business.

Globally, Lush has many supply chains that contribute to the operation of our business and as the Lush business continues to grow in size, so do our supply chains.

The Australian entity purchases raw materials from related parties based in the United Kingdom, Japan and North America, global suppliers and local (domestic) suppliers. Globally, our raw material supply chains are made up of a large network of raw material and packaging suppliers from all over the world. This number continues to evolve as we discover new materials and meet new suppliers. Locally, we have over 70 raw material, packaging and consumable suppliers that we work with.

Although our parent company in the UK has submitted a statement in the last 6 years in compliance with the UK Modern Day Slavery Act, LAM and LAR have chosen to release their own statement that meets all the requirements of the Australian Modern Slavery Act 2018 and risks associated with our own operations.

Our vision is that each and every ingredient we purchase is contributing to a positive future. We are already building a web of like-minded pioneers who wish to become part of the answer to the problems we all see every day. Through the ingredients we buy and through the people we meet and partner with, we are finding that some of these answers come through reciprocal trade.

Risks of modern slavery practices in operations and supply chains

As a retailer and manufacturer of cosmetics it is important that we consider how the cosmetics and retail industries and our supply chains can be linked to modern slavery.

Some of the possible risks identified in our operations and supply chains are;

- Working with suppliers in farming and/or rural regions that employ temporary, seasonal and/or migrant workers.
- Traceability of the supply chain - when working with distributors it can be more challenging to obtain the same level of supply chain transparency and to ensure our ethics are upheld in the same way as with direct supplier relationships. Working with distributors can mean varying networks of suppliers and the accessibility of information is reliant on the relationships formed with distributors and requires shared values.

- Materials sourced from countries with a high prevalence of modern slavery and / or labour rights violations, as well as other human rights violations and/or child labour as reported by international organisations and/or NGOs.
- The procurement of services in industries more vulnerable to modern slavery risk, which extends to cleaning services, building services and recruitment services

Actions to manage modern slavery risks and due diligence processes

Product supply networks are complex, involving a number of different processes; and Lush's supply networks are no exception. Although we try wherever possible to buy as direct to source as we can, most supply networks are made up of several tiers stretching over numerous countries.

This year, we will be focusing heavily on our raw material supply chains and have raised the bar on our standards and measures ensuring our suppliers are consistently up to the mark.

We have several practices in place that help us to enforce the standards set to minimise the risk of Modern Slavery in our supply chains and to encourage disclosure of any such practices within our business and throughout our supply chains.

Supplier Management Software

A key piece of work that LUSH has undertaken globally is the introduction of Supplier Management Software that helps to automate ethical sourcing practices across global supply networks.

The software has the ability to support:

- Supply Chain Mapping
- Supplier benchmarking
- Risk analysis
- Reporting
- Gaining more transparency

The use of this software will help us to raise standards and enforcement measures throughout our supply networks, encourage disclosure, enable us to review policies & get acknowledgment of our policies from suppliers annually, benchmarking suppliers & tracking progress over time, help us decide where to utilise the help of third party auditing and set development targets for suppliers who might not meet our buying policy standards yet.

This has been rolled out in Australia for the first time in 2022. A piece of work will be completed in 2022/23 financial year to collate the data globally and locally and form actions based on the information obtained via the Supplier Software Management.

More locally, there will be a focus on collating information from our dried flower and herb suppliers and laying this information across a modern slavery heat map to identify the origin of materials that will need a higher level of auditing.

Supplier Site Visits

We have a global network of buyers within Lush that visit suppliers directly. Equally important is meeting our suppliers based in Australia and New Zealand. In the last year our Buyer for Australia and New Zealand has visited the sites of over 10 of our suppliers, spread across Australia.

These visits are designed for several purposes; both to encourage a direct relationship and disclosure of challenges suppliers are facing, to learn about the material which we purchase and how it is processed or harvested and to audit the supplier. Auditing includes actions such as reviewing the working conditions for employees and asking probing questions around working conditions. In the last year Australia has faced extreme weather conditions, from severe flooding to scorching heat. The way suppliers manage these working conditions for employees is important information to obtain that is often unique to Australia. An example of this would be to enquire what measures are in place on days of extreme heat or whether the supplier has a Heat Policy.

With the freedom of movement improving as COVID restrictions have eased, Lush Australia intends to continue its commitment to site visits in 22/23 with a view of increasing the site visits to rural and regional areas.

Globally, Lush has worked on an audit plan of our high risk suppliers (based on spend, country of origin and industry) and will start conducting visits during FY 22/23. Lush will be using a mix of different approaches eg. commodity assessments, 3rd party audits etc.

Communication of policies and values

LUSH has several policies in place that help us to enforce the standards set to mitigate the risk of Modern Slavery and also encourage disclosure of any such practices within our business and throughout our supply networks. These policies are reviewed, communicated to and acknowledged by new and existing suppliers and also communicated to all Lush business partners.

As a minimum requirement we ask all of our suppliers to acknowledge and comply to the following policies/documents (in addition to our strict [Non Animal Testing Policy](#) and declaration):

Lush has the following policies that are publicly available and are listed on the [We Are LUSH](#) site.

- [Anti-slavery and Human Trafficking policy](#)
- [Modern Slavery Remediation Policy](#)
- [People Care, Fair Share and Earth Care Buying Policy](#)
- [Global Whistleblowing Policy](#)

In 2021/22 Lush Australia hosted two workshop sessions for those in roles where there was a higher potential for them to come across potential victims of modern slavery. The departments that were trained were the leadership team for Lush Australia and New Zealand and key departments for service industries including facilities and maintenance, recruitment, people support and the It team.

This workshop covered:

- An introduction to the risks of modern slavery including where, why and when it can happen, the scale of the issue, legislative requirements
- How colleagues recruiting, inducting and working with workers can be aware of and proactively look for signs that labour exploitation might be occurring

- What to do if a suspected case of modern slavery is suspected or uncovered

Globally, all Lush buyers came together to attend training with Stronger Together in April 2022.

These two one hour sessions were co hosted alongside Stronger Together and broached the following topics:

- Where Lush stands from a policy point of view
- An overview of what Modern Slavery is - what is the problem globally, in the UK and in different sectors
- The UK Government's & International Response - a businesses' responsibility to tackle modern slavery
- Who are the victims, how are they exploited and where?
- Next steps and further resources

Procurement of Services

In 2022/23 there will be a greater focus internally on engaging with departments that work in the area of procurement of services to take a more active role in mitigating the risks of modern slavery. The IT team, facilities team and recruitment team at LUSH have been asked to identify risks in their areas of business and form a strategy to minimise the risks of Modern Slavery in 2022/23.

Measuring the effectiveness of these actions

This year we will use key performance indicators to measure how effective we've been in combating slavery and human trafficking in our business and supply chains.

The KPI's we will be using this year to measure our success are:

- Number of suppliers visited and audited by our buying team globally and locally. Locally, the key focus will be on visiting suppliers in rural and agricultural regions.
- Mapping the supply of herbs, spices and dried flowers and identifying areas of risk based on the origin of these materials. As a result of the information collated, obtaining more information from suppliers about these materials and taking corrective actions where any concerns are identified.
- Engagement of suppliers with the Supplier Monitoring Software that Lush has implemented globally and the utilisation of the insights the software provides.
- Completion of Modern Slavery training available to the entire business, with the roll out of the modern slavery handbook. Remediation training offered to areas of the business where there is the procurement of services such as IT, recruitment and facilities and maintenance.

Supporting Human Rights Charities

In the last year Lush Australia donated a total of \$362,000 to organisations that support environmental, human rights and animal rights causes. Our grants supported a total of 33 organisations. Some of the Human Rights charities supported include the Human Rights Law Centre and The Possibility Project. In 21/22 Lush donated funds to [Refugee Voices](#) and the [Moldova Project](#).

We also have a long-term relationship with ASC (Asylum Seekers Centre). Since 2015, LUSH has recruited more than 110 people seeking asylum and for many this is their first opportunity to work in Australia and gain the local experience they need to help them move into future roles.

Requirements

The Lush board of directors have overall responsibility for ensuring Lush's compliance with the Modern Slavery Act and that all those under our control comply with it. Management at all levels are responsible for ensuring those reporting to them understand the issue of modern slavery and comply with this policy.

This statement constitutes our Modern Slavery Statement for the period of 1 July 2021 – 30 June 2022. This statement was approved by the members of the Boards of Lush Australasia Retail Pty Ltd and Lush Australasia Manufacturing Pty Ltd 19/01/2023

Signed for and on behalf of Lush Australasia Retail Pty Ltd and Lush Australasia Manufacturing Pty Ltd
by Karl Bygrave - Director
19/01/23

Finding help in the Australia

If you or someone you know is being or has been exploited or you are unsure if someone is in need of help, assistance and advice is available:

- for life-threatening emergencies, call 000
- To make a report or get immediate assistance with modern slavery – call the Australian Federal Police on 131 237 (131 AFP).
- Anti-slavery Australia offers free legal services. You can call (02) 9514 8115 or email ASALegal@uts.edu.au