

KEVIN MURPHY GROUP AUSTRALIAN MODERN SLAVERY STATEMENT 2023

For Financial Year 2023 – 1 July 2022 - 30
June 2023





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INTRODUCTION

This statement has been prepared in accordance with the Modern Slavery Act 2018 (Cth) (The Modern Slavery Act). It outlines the actions undertaken in the financial year ending 30 June 2023 to identify, understand and minimise any modern slavery risks in our global operations and supply chain. It also outlines key areas for future focus.

The following entities are reporting under the Modern Slavery Act:

- Kevin Murphy Group Pty Ltd ACN 122 518 361

This statement has been prepared in consultation with consolidated entities and has been reviewed and approved by the CEO on behalf of the Board of Directors.

STRUCTURE, OPERATIONS AND SUPPLY CHAINS

Headquartered in Brisbane, Queensland, Australia, Kevin Murphy Group specialises in promoting and selling professional hair care, hair colour and hairstyling products.

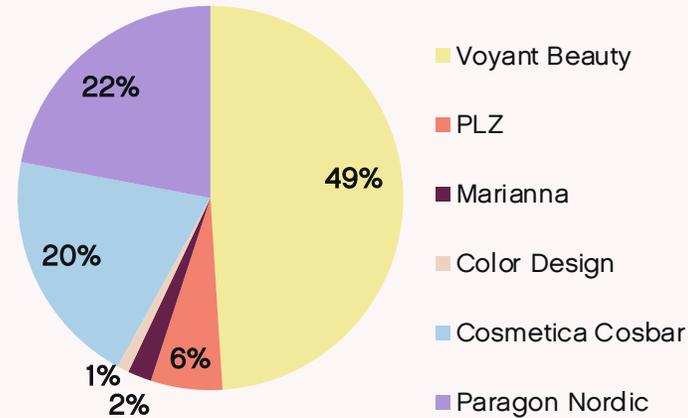
The company has established a robust global presence, operating across North America, EMEA (Europe, Middle East, and Africa), and the APAC (Asia-Pacific) regions. This expansive reach is facilitated through a network that includes 64 partner distributors across more than 50 countries, supported by collaborations with 16 contract manufacturers and suppliers.

Kevin Murphy Group strategically outsources its production processes to trusted partners. The key manufacturers for KEVIN.MURPHY involved in this collaborative approach include Voyant Beauty, Cosmetica Cosbar, Paragon Nordic, PLZ, Marianna, and Color Design.

The manufacturers primarily responsible for the COLOR.ME by KEVIN.MURPHY production include Pettenon, Sabrina and Cosmetica Cosbar. These manufacturers are based in Europe and North America and have no outsourced manufacturing in countries with high prevalence of modern slavery.

The concentration of Kevin Murphy Group's manufacturing in highly regulated geographies such as Europe and North America limits its exposure to modern slavery risks.

FIGURE 1: Contract manufacture % of KEVIN.MURPHY



To manage the intricate logistics associated with its global operations, Kevin Murphy Group relies on the expertise of two freight forwarders, Clearfreight NL and PGS (Pacific Global Services). Clearfreight NL collaborates with DVR to hold Kevin Murphy Group's stock, while PGS engages a comprehensive network, including PGS360 Freight, Clearfreight, C.H. Robinson, and Norman Kreiger.

Our overall supply chain structure is characterised by its complexity, involving a network of distributors, manufacturers, and logistics partners.

A visual representation of this supply chain structure is provided in the accompanying figure, offering insight into the dynamics of the company's operations.



FIGURE 2: Supply chain distribution of KEVIN.MURPHY

As Kevin Murphy Group continues its expansion and places a growing emphasis on ethical and sustainable business practices, it is essential to evaluate and address potential risks within this multifaceted supply chain. The identified modern slavery risks, as detailed in the following sections, will be systematically addressed from 2024 onwards to uphold Kevin Murphy Group's commitment to responsible business practices and ethical standards across its operations and supply chain.

MODERN SLAVERY RISK ASSESSMENT

In the reporting year no human rights concerns were raised or reported in our value chain. Despite this, we acknowledge the inherent risks of modern slavery associated with the many raw materials and geographic regions involved in the production of our products.

We have conducted a preliminary risk assessment and identified certain areas with heightened exposure to modern slavery risks. In acknowledgment of the critical significance of risk identification for subsequent strategic mitigation, we plan to continue our risk assessment efforts into the year 2024.

The identified risks include the following:

1. Geographic distribution of Distributors and Suppliers
2. Concentration of packaging suppliers in China
3. Use of high-risk goods
4. Vulnerabilities in logistics sector
5. Risk associated with hair extensions business
6. High risk products



MODERN SLAVERY RISK ASSESSMENT

1. Geographic distribution of Distributors and Suppliers

Kevin Murphy Group's value chain encompasses production and distribution activities within countries considered to have a higher risk of modern slavery, including China, the United Arab Emirates (UAE), South Africa, Iraq, and India. The presence of distributors in these regions increases the likelihood of exposure to modern slavery risks as distributors may operate within environments with varying degrees of legal oversight and enforcement. Disparities in labour laws, regulatory frameworks, and enforcement mechanisms can lead to inconsistencies in safeguarding against modern slavery thereby increasing the risks. The influence of distinct cultural norms and practices further complicates efforts as that can result in varied attitudes towards labour and impact worker rights awareness. Additionally, limited resources, differing priorities and varying levels of commitments to enforcing labour standards across geographies also worsens the risks. Vigilance and targeted risk mitigation measures are essential to address potential challenges associated with activities in these high-risk countries.

2. Concentration of packaging suppliers in China

The concentration of packaging suppliers in China, a country with well-documented modern slavery risks, poses a significant challenge. Dependencies on suppliers from regions with known ethical concerns can expose Kevin Murphy Group to risks

related to labour exploitation and human rights violations. Kevin Murphy Group has identified that diversifying sourcing strategies and implementing rigorous supplier assessments are imperative to mitigate the specific risks associated with the packaging supply chain and plans to incorporate necessary steps in its strategy in the future.

3. Use of high-risk goods

In the production of its diverse range of products, Kevin Murphy Group incorporates a spectrum of raw materials, encompassing natural ingredients like rice and cocoa, alongside chemical substances such as solvents and propellants, among others. The production of natural ingredients such as cocoa, rice and palm oil are identified as high-risk goods in terms of modern slavery according to Global Slavery Index published by Walk Free in 2023. The production of these commodities often involves complex and opaque supply chains, making it challenging to trace and verify if human rights are upheld throughout. Enhanced due diligence, transparency, and collaboration with suppliers are crucial to ensure responsible sourcing and minimise the risk of modern slavery in the production of these critical materials.

4. Vulnerabilities in logistics sector

Kevin Murphy Group so far has had limited focus on the human rights concerns within their freight forwarders and logistics partners owing to the prevailing emphasis on environmental

considerations, particularly the prioritisation of emission reduction strategies through the preference for ocean freight over air freight. But we acknowledge that within the logistics sector, characterised by its transient and often temporary employment structures, there exists an elevated risk of modern slavery. Extensive research indicates that temporary workers in the logistics industry frequently encounter challenges such as inconsistent employment terms, inadequate job security, and limited access to benefits. The absence of long-term commitments from employers may contribute to an environment where labour standards are not consistently upheld, potentially resulting in situations where exploitation can occur.

MODERN SLAVERY RISK ASSESSMENT

5. Risk associated with hair extensions business

Kevin Murphy Group recently expanded its business into the hair extension industry by acquiring a hair extension company. The foray into the hair extension business marks a strategic expansion for our company, yet it presents distinct challenges, notably in the intricate process of sourcing real hair, especially from countries deemed high-risk, such as China and India. The nature of the hair extension industry raises concerns regarding the potential for exploitation in the harvesting and processing of human hair with a heightened risk of breach of the Convention on the Rights of the Child as the human hair harvesting is often associated with children under the age of 18. This also enhances the importance of ensuring that the sourcing process aligns with international labour standards, fair labour practices and ethical treatment of workers.

6. High-risk products

We have identified specific gaps in our raw material procurement processes, particularly concerning colour. Certain raw materials used in the colour products are natural and mined such as the iron oxides and mica while others are chemically synthesised in production facilities. This wide array of raw material procurement and production activities diminishes the transparency in the supply chain and therefore increases the risks associated with modern slavery. Furthermore, the manufacturing of merchandising and marketing materials, such as hairbrushes, is predominantly undertaken in Asia

and involves smaller vendors. The expedited nature of these transactions along with the requirement for short turnaround times often limits transparency. Consequently, this raises the risk of modern slavery, attributed to the prevalence in high-risk geographies and the diminished transparency in the supply chain.

Overall, we recognise that our value chain is exposed to certain human rights and modern slavery risks which need our careful consideration moving forward. The absence of formal risk assessments for our business partners leaves a potential gap in identifying and addressing modern slavery risks. For instance, relying solely on the Good Manufacturing Practices (GMP) certification which covers personnel management, hygiene and safety considerations manufacturers without comprehensive human rights risk assessments may expose Kevin Murphy Group to unforeseen human rights and modern challenges in its supply chain. Implementing a robust risk assessment process for all vendors and business partners, regardless of size, is essential to ensure a comprehensive approach to modern slavery prevention



OUR ONGOING EFFORTS TO COMBAT MODERN SLAVERY

In our commitment to responsible business practices, we address the imperative of combating modern slavery risks. This section provides a comprehensive overview of our ongoing endeavours, highlighting the multifaceted strategies and initiatives implemented to mitigate the potential impact of modern slavery within our operations and supply chain.

The following efforts are elaborated on below:

1. Integration of ESG Strategy
2. Transition of Packaging Production
3. Establishment of Long-Term Contracts
4. Informal integration of Human Rights in Supplier Audits



OUR ONGOING EFFORTS TO COMBAT MODERN SLAVERY

1. Integration of ESG Strategy

As part of our immediate initiatives, the development and implementation of a new Environmental, Social, and Governance (ESG) strategy have been identified as one of the top priorities on our corporate agenda. This strategy is slated to become an integral component of the policies governing all departments within Kevin Murphy Group. By weaving ESG considerations into the fabric of our organisational policies, we are not only acknowledging the significance of sustainability and responsible practices but also setting the groundwork for robust human rights efforts throughout our value chain.

2. Transition of Packaging Production

With the aim of aligning our operations with sustainable and responsible practices, we are actively working towards relocating our packaging production from China to Europe. This strategic move aims to mitigate potential risks associated with the supply chain and enhance our control over responsible business practices and value chains. By the next calendar year, we anticipate the completion of this transition, marking a significant milestone as nearly all our products will be manufactured in Europe. Post this transition the packaging production that will continue in China will be hotel amenities for the Asian market and certain components of the PET packaging bottles. These hotel amenities produced by Vanity, a business separate from, Kevin Murphy Group and are

licensed by Kevin Murphy Group and therefore are a part of their value chain. Regarding the PET manufacturing in China, we are committed to work towards enhancing vendor contracts and transparent supplier reporting. This step reinforces our dedication to responsible sourcing and environmental stewardship.

3. Establishment of Long-Term Contracts

Changing a manufacturer is a lengthy procedure, owing to which Kevin Murphy Group has long lasting relationships with its big vendors and manufacturers. These partnerships are designed not only to ensure the stability of our operations but also to ensure alignment with our values and sustainability strategy thereby reducing the risk of modern slavery in our supply chain. By forging enduring relationships with trusted manufacturers, we are fostering an environment of accountability and responsible conduct, further safeguarding against potential human rights violations.

4. Informal Integration of Human Rights in Supplier Audits

As part of Kevin Murphy Group's due diligence in assessing and onboarding new suppliers, the consideration of adherence to human rights principles is informally integrated into our audit procedures. This discussion serves as a proactive measure to gauge the commitment of potential suppliers to responsible practices before formalising contractual agreements.



POLICIES ADDRESSING THE RISKS OF MODERN SLAVERY

Code of Business Conduct and Ethics policy

- a. All employees, officers and directors of the Company must respect and comply with all applicable laws, rules and regulations of countries, states, provinces, and municipalities in which the Company does business or is otherwise subject to jurisdiction.
- b. To ensure the safety and security of all employees and visitors, and to provide an exemplary work environment, employees are expected to follow certain basic rules of conduct.
- c. Any contrary conduct or behaviour may result in disciplinary actions up to and including termination of employment with or without notice in accordance with applicable law.
- d. The Company prohibits retaliation of any kind against any individual who, in good faith, reports or complains of violations or suspected violations of the Code of Business Conduct & Ethics or other illegal or unethical conduct, or who participates in any investigation or testifies or assists in any proceeding relating to any such report or complaint (or who engages in any other legally protected activity).

Whistleblower policy

- a. The Company is committed to ensuring corporate compliance and promoting ethical corporate culture by observing the highest standards of fair dealing, honesty, and integrity in our business activities.
- b. The policy is open for Employee, Officer, Director, Customer (including Distributors), Salon, Stylist, Contractor (including sub-contractors and employees of contractors), Supplier (including employees of suppliers), Consultant, Auditor; and, Relative, dependent, spouse, or dependent of a spouse of any of the above.
- c. The whistleblower policy can be used to report the following actions relating to modern slavery:
 - Illegal (such as theft, dealing in or use of illicit drugs, violence or threatened violence and criminal damage to property).
 - Unethical including any breach of the Company's policies such as the Code of Business Conduct and Ethics.
 - Oppressive or grossly negligent.
 - Potentially damaging to the Company, its employees or a third party.
 - Misconduct or an improper state of affairs.
 - A danger or represents a danger to the public or financial system.
 - Harassment, discrimination, victimisation, or bullying.

Diversity Equity and Inclusion policy

Through this policy, Kevin Murphy Group is committed to the following:

- a. A workplace characterised by mutual respect and fair treatment that is free of discrimination, harassment and bullying.
- b. Maximising opportunities to contract with diverse vendors, including businesses that fall into one or more diversity categories, and companies that themselves endeavour to promote the values of diversity and inclusion.

ASSESSMENT OF EFFECTIVENESS OF ACTIONS

Kevin Murphy Group is committed to continuous monitoring of the effectiveness of our processes and policies to address the risks that our business may potentially cause, contribute to, or is directly linked to modern slavery and human rights violations.

We acknowledge that, given our current growth trajectory and the organisational evolution, there is a necessity to emphasise and strengthen processes, policies, and efforts.

This emphasis is directed towards both mitigating human rights and modern slavery risks and evaluating the effectiveness of these measures. This agenda will be one of the focal points in the future.



LOOKING AHEAD

As part of our ongoing commitment to combat modern slavery and uphold responsible and sustainable practices throughout our supply chain, we intend to implement several initiatives to address potential risks and enhance transparency. Our proactive measures focus on the following seven key areas:

1. Risk assessments and mitigation in High-Risk Areas

We acknowledge the significance of identifying and addressing risks associated with high-risk business activities, particularly in the hair extension business, and geographies deemed high-risk, including but not limited to, China, India, and Bangladesh, from which our raw materials are sourced. Consequently, Kevin Murphy Group intends to formulate comprehensive risk mitigation measures specifically tailored to these regions.

2. Reshaping Packaging Production

To reinforce our dedication to responsible business conduct practices, we are in the process of relocating our packaging production from China to Europe. By the next calendar year, our goal is to complete this transition, ensuring that the majority of our products are produced in Europe, aligning with our commitment to responsible sourcing.

3. Enhancing Vendor Contracts

Our purchase orders with vendors serve as contracts which have general terms and conditions. Kevin Murphy Group now plans to incorporate clauses related to human rights and forced labour into our vendor contracts. Although the finalisation is anticipated by July 2024, this marks a significant step towards embedding ethical considerations into our supplier relationships

4. Introduction of a Supplier Code of Conduct and CSR Agreements

Recognising the pivotal role of our suppliers in our value chain, we are working towards developing a supplier code of conduct and establishing Corporate Social Responsibility (CSR) agreements with them. This initiative underscores our mutual commitment to ethical and sustainable business practices.

5. Transparent Supplier Reporting

We aim to enhance transparency by implementing a system that requires our suppliers to complete detailed forms disclosing the origin of their components and raw materials. This information will contribute to a comprehensive understanding of our supply chain and aid in identifying and addressing potential modern slavery risks.

6. Global Human Rights and Modern Slavery Policy

Kevin Murphy Group recognises the importance of aligning with internationally recognised guidelines pertaining to human rights which serve as a universal benchmark for ethical and responsible business conduct. Looking ahead, the company is committed to incorporating international standards, including the OECD guidelines, the ILO core conventions, and the UN guiding principles, as the foundational framework for the development of its own robust policies and procedures. This approach underscores Kevin Murphy Group's dedication to upholding the highest standards of ethical and responsible business practices across its operations.

7. Harmonising Whistleblower Policies

We are currently engaged in the process of harmonising whistleblower policies across our diverse geographical locations. This effort aims to create a consistent and effective framework for reporting concerns related to modern slavery and other ethical issues. Furthermore, we intend to expand our grievance mechanism to include suppliers, with the aim of gathering more comprehensive information across the value chain.

LOOKING AHEAD

Through these initiatives, we are actively working towards a supply chain that not only complies with legal requirements but also aligns with our values of integrity, transparency, and respect for human rights.

Our commitment to eradicating modern slavery remains steadfast as we continuously strive to improve our practices and contribute to a more just and sustainable future.



Peter McDonald
CEO Kevin Murphy Group

