

MECCA Brands

Modern Slavery Statement 2020 Published June 2021

Introduction

The International Labour Organisation (ILO) estimates that more than 40 million people are trapped in modern slavery, with women and girls disproportionately affected.

Modern slavery is a global issue; it occurs overseas and closer to home, here in Australia and New Zealand. Modern slavery is a broad term that refers to offences including human trafficking, exploitation, slavery and slavery-like conditions. It includes any situation of exploitation where a person cannot refuse to leave work because of threats, violence, coercion, abuse of power or deception.

This first statement, issued jointly by MECCA Brands Pty Ltd, MECCA Brands NZ Pty Ltd and MECCA Brands Distribution Pty Ltd (together, MECCA) and made pursuant to the Modern Slavery Act 2018 (Cth), sets out the actions taken by MECCA to address modern slavery in our business and supply chain in the financial year ending 31 December 2020, and our plan to address these risks in the future. Our vision for gender equality and empowering women and girls will be at the heart of our program for addressing modern slavery risks in our business and supply chain moving forward.

Our structure, operations and supply chain

MECCA is a specialty beauty retailer with over 100 stores in Australia and New Zealand, two online websites: mecca.com.au and meccabeauty.co.nz, and a presence on T-Mall, which operates via cross-border e-Commerce. We have two distribution centres in Melbourne, Australia and in Auckland, New Zealand. Our head office is in Melbourne.

MECCA distributes over 180 international and local brands, and we are responsible for importing many of our international brands into Australia. MECCA also manufactures four MECCA-owned brands: Mecca Cosmetics, MECCA MAX, Mecca-essentials, and KIT. We are committed to sourcing and developing high quality products consisting of ethically-sourced raw materials. Throughout our product development process, we make it a priority to only engage raw materials suppliers that align with our ethical standards. To ensure this, we ask all our contracted suppliers to commit to our Ethical Sourcing Code (Code).

The Ethical Sourcing Code reflects MECCA's commitment to:

- a) promote environmental sustainability;
- b) operate professionally and with integrity;
- c) respect the work standards established by the ILO;
- d) protect the human rights standards set out in the United Nations Universal Declaration of Human Rights; and
- e) maintain consumer protections.

Our policies

MECCA's commitment to equality and empowerment is echoed in our policies, procedures, and supplier codes of conduct. In addition to the Ethical Code of Conduct for our raw material and manufacturing suppliers, MECCA has a number of policies that apply to all of our employees, unless otherwise specified, and outline our code of conduct and standards of acceptable behaviour. Treating others with respect and courtesy is intrinsic to MECCA's values and guides all of our company policies.

Of relevance, we have a set of policies which define MECCA's approach to:

- equal employment opportunities;
- discrimination, bullying and harassment; and
- workplace health and safety; and

All of our employees across stores, distribution centres and head office are expected to read and understand these policies once they begin their employment with us and commit to upholding these high standards throughout their journey at MECCA.

For breaches of any of our policies or contracts, our employees can make a report or complaint to an independent and confidential reporting service, Stoptime. We want to ensure employees feel comfortable and empowered to report ethical breaches, whether they have occurred inside MECCA or within the operations of our brand partners or suppliers. This will encourage employees to hold one another, and our brands and suppliers, to a high ethical standard.

Risks of modern slavery in our operations and supply chain

As a retailer and manufacturer of high-quality cosmetics, MECCA recognises the importance of considering how the cosmetics and retail industries, and our supply chains, can be linked to modern slavery. Some of the possible risks identified within our operations and supply chain include:

- traceability of the supply chain, given our expansive network of suppliers internationally and within Australia;
- supply of raw materials, especially from countries more vulnerable to modern slavery risks;
- the manufacture of products; and
- the procurement of services in industries more vulnerable to modern slavery risks

Actions taken to assess and address modern slavery risks

Our approach to addressing modern slavery risks within our business and supply chain predominantly focused on identifying the risks within our operations. We also began the process of engaging our suppliers and service providers to better understand the risks of modern slavery within their operations.

As a retailer, we believe the greatest risk for MECCA in regard to modern slavery is within our supply chain, with most of the products we distribute manufactured by our third-party, brand partners.

Expansive network of international brands

The nature of our brand network, being global and far-reaching, increases the risk of modern slavery within MECCA's operations and supply chain.

A large majority (approximately 90 percent) of our brands are in first-world countries that are highly industrialised, have advanced economies, and in many instances have robust modern slavery legislation. These countries include the United States, United Kingdom, Western-European countries, Australia and New Zealand.

As our brands are predominantly located in developed, democratic countries, the risk of modern slavery in their operations is reduced, as compared to less developed countries. While we believe the risk of modern slavery to be reduced, there is clearly still a risk of modern slavery in our brands' supply chains.

In December 2020, we contacted all our brands to better understand the risk of modern slavery in their operations. In doing this, we would be better placed to properly assess the magnitude of risk in our own supply chain.

In responding to us, approximately 30 per cent of our brands shared with us their own modern slavery statements, ethical or supplier codes of conduct and other relevant policies. While it was evident that some brands were at the very early stages of this process, some companies were quite advanced in this area, having undertaken significant research to develop a thoughtful and considered statement on modern slavery and prepare an action plan.

We view this to be a positive first step, especially given the timing of our request, which was during the peak of the global pandemic for many countries. We believe that due to the unprecedented pressures and limitations of the pandemic, many brands were not able to respond to our modern slavery request in a timely manner. We continue to engage our suppliers in this area, with a view to working with our brands to ensure that all our brands are employing ethical suppliers and proactively working to mitigate modern slavery practices. To support this, we have incorporated more overt contractual requirement around this area in our agreements.

Raw material extraction

The process of raw material extraction poses a significant risk to MECCA of modern slavery practices. Therefore, we need to work with our brands to understand the risk of modern slavery in their supply chains, stretching as far back as raw material extraction. We recognise that some ingredients are mined and extracted in countries that are more vulnerable to modern slavery risks due to their social and political climate, and process of extraction. We have identified these ingredients to include tin, gold, mica, cocoa and vanilla. These ingredients are present in many products that we import and distribute to our customers.

Due to the increased risk of modern slavery practices linked to the extraction of these ingredients, we intend to work with our brand partners even more closely to ensure these ingredients are ethically sourced, in partnership with ethically conscious suppliers.

We are also mindful of the negative environmental impact caused by the production of certain ingredients, including palm oil. MECCA wants to ensure we are not further contributing to the unsustainable production of palm oil, which is causing severe damage to tropical rainforest habitats.

In 2020, we conducted an audit of all our brands to determine whether their suppliers had attained certification from the Roundtable on Sustainable Palm Oil (RSPO). This certification provides an assurance that the supplier has met strict criteria and been able to verify that their standard of palm oil production is sustainable. In 2021 we will be continuing this work as well as commencing a similar audit for other ingredients which pose a risk to sustainability and modern slavery.

Product manufacturing

As a manufacturer, MECCA also faces risks of modern slavery practices in the supply chain of its four MECCA-owned brands.

We expect all our contracted manufacturers, raw material vendors, factories and authorised subcontractors to uphold the obligations set out in our Ethical Sourcing Code as a condition of doing business with MECCA, in addition to complying with all applicable laws and regulations of all the countries in which we operate. And, we are working to incorporate our Ethical Sourcing Code into the supplier onboarding process for all suppliers. We want to do business with suppliers who share our views, and respect and embrace our values in the way they conduct their own business.

For those suppliers who refuse to adhere to our ethical standards of operation, we reserve the right to not do business with them or discontinue doing business with them. We have previously taken this approach in discontinuing working relationships with suppliers where they were unable to provide adequate documentation with regard to illegal logging practices; this demonstrates our firm and unwavering commitment to upholding high standards of practice. Our preferred approach, however, is to work closely with our suppliers to ensure that we are meeting the highest ethical standards throughout our supply chain. Additional investment in resources this year will support this approach.

Procurement of services

We have identified that another significant risk to MECCA exists in the service procurement sector. This is particularly relevant in industries that have lower barriers to entry, including for cleaning and building services.

In 2020, we reviewed our existing procurement contracts and identified a gap in addressing modern slavery risks. In response, we drafted a new clause to include in our standard form service agreement, which addresses modern slavery compliance. This clause has been incorporated into our new MSA template which will be used to enter into new service agreements, including agreements with providers of our cleaning, building and IT hardware and software. We will continue to work with our suppliers of services to proactively identify and mitigate risk factors.

Assessment of effectiveness of these actions

Through our internal policies, and external Supplier Code of Conduct and procurement contracts, we are working on reducing the risk of modern slavery within our supply chain. Furthermore, by engaging our brand partners to better understand the risk of modern slavery within their operations, we are ensuring that our brand partners are aware of these risks and will allow us to work together moving forward in an open and transparent way.

To improve the efficacy of and to build on these actions, we are exploring how we can effectively conduct compliance audits and monitor our brands and suppliers' conduct on a regular basis. As we have more oversight over the product development of our MECCA-owned brands, we can more readily engage with suppliers further up the supply chain. However, we are not yet at this same stage with our brand partners. As we become more advanced in this space, we aim to connect with not only our brand partners, but their suppliers too; this will reveal a more insightful and comprehensive landscape.

As this is MECCA's first Modern Slavery Statement, the effectiveness of these initial actions will be compared to the level of engagement and quality of responses we receive from our brands and suppliers in the future. We look forward to further strengthening our approach to reducing modern slavery risks, and are committed to working with our brands and suppliers to make meaningful change.

Further information


If you have any questions about this statement, please contact us via compliance@mecca.com.au

This statement was approved and signed by Joanna Horgan as the Sole Director of MECCA Brands Pty.



Joanna Horgan
Sole Director of MECCA Brands Pty
on 24th June 2021

This statement was approved by the principal governing body of MECCA Brands Distribution on 24th of June 2021



Joanna Horgan
Managing Director of MECCA Brands Distribution Pty Ltd

¹ <https://www.ilo.org/global/topics/forced-labour/lang--en/index.html>