

MECCA

MODERN SLAVERY STATEMENT 2023



MECCA
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ACKNOWLEDGEMENT OF COUNTRY

We commit to being allies and to working in solidarity with First Nations people. We recognise their ongoing connection to this beautiful country, with knowledge and stories that have been handed down over the past 60,000 years. We're inspired by the power and resilience of First Nations women and girls and pay our respects to the strong matriarchal role models who continue to guide them, and to Elders, past and present. We acknowledge that the land on which we live and work always was, and always will be, Aboriginal Land.

To view a copy of MECCA's Reconciliation Action Plan, visit www.mecca.com



MECCA'S COMMITMENT

MECCA wants to be a force for good in the beauty industry and beyond, having a positive impact in all that we do. We're committed to mitigating any form of modern slavery or exploitation within our value chain, where an individual is exploited by others, for personal or commercial gain.

We also understand that instances of modern slavery can occur across a spectrum from unfair working conditions to bound labour, and can occur in any region of the world. So, while we are committed to upholding human rights and ensuring that our team members, direct suppliers and brand partners work within supportive, fair and safe workplaces, we're also taking steps to identify potential risks of modern slavery further down our supply chain.

This document, our fourth annual Modern Slavery Statement, sets out the steps we have taken from January to December 2023 (Reporting Period), and the related policies of our business. This statement is issued jointly by MECCA Brands Pty Ltd, MECCA Brands NZ Pty Ltd and MECCA Brands Distribution Pty Ltd (together, 'MECCA') and is made pursuant to the Modern Slavery Act 2018 (Cth) (the Act).

ABOUT MECCA

Since opening the doors to our first store in Melbourne in 1997, MECCA has grown to become Australia's largest prestige beauty retailer, serving more than 4.5 million customers each year. With more than 110 stores across Australia, Aotearoa (New Zealand) and online, we offer an exclusive edit of the best in beauty from more than 200 brands, including three MECCA-owned brands: MECCA COSMETICA, MECCA MAX and kit:.

We are committed to being a force for good through our sustainability program, M-PACT, and our social change movement, M-POWER, which was established in 2017 and aims to educate, elevate and empower women and girls to create a more equal world.

At the end of 2023, we had a growing team of more than 8,000, all working towards a shared purpose of helping people to look, feel and be their best. Our Support Centre and Distribution Centre are both based on Wurundjeri Country in Naarm (Melbourne), Australia. Our Customer Fulfillment Centre is based in Aotearoa (New Zealand).

OUR COMPANY STRUCTURE, OPERATIONS AND SUPPLY CHAINS

MECCA operates not just as a specialty beauty retailer, but also as a distributor and brand owner. Our operations include product retail, importation and distribution; product development and sourcing; product safety and compliance; and team member education. Our operations are supported by a range of departments including, but not limited to, procurement, digital, IT, sales, marketing, human resources, and finance.

We work with a range of suppliers to support our business operations. These include the brands that we sell, suppliers that are critical in the development of MECCA-owned brands, as well as the suppliers and services that assist in the day-to-day running of our business.



RISKS OF MODERN SLAVERY IN MECCA'S OPERATIONS AND SUPPLY CHAINS

With more than 90 per cent of our general procurement suppliers operating within Australia or Aotearoa (New Zealand), we recognise that modern slavery risks within our organisation and direct supply chains are relatively low. However, we're also aware that there is a potential risk to inadvertently contribute to, or be linked with, modern slavery further down the supply chain, and so we're committed to taking actions to mitigate these risks as best we can.

As a retailer, distributor and brand owner, our supply chains are complex and so we require commitment from all involved to ensure that we can identify and address modern slavery. This has been our focus and we'll continue to work towards this in 2024.

(1) SUPPLY CHAIN RISKS

Some of the possible risks identified within our supply chains include:

- Traceability and transparency of complex lengthy supply chains internationally and within Australia and Aotearoa (New Zealand)
- The supply of raw materials – particularly those sourced from countries more vulnerable to modern slavery risks; and
- Development of our products through our MECCA-owned brands.

(2) OPERATIONAL RISKS

Some of the possible risks identified within our operations include:

- Contracting and sub-contracting through direct and indirect third-party suppliers; and
- Provision of products and services including operational, facilities management and transportation.

(3) ONGOING WORK AND POLICIES IN PLACE TO MITIGATE MODERN SLAVERY RISKS

As a retailer

It's important to us that all of our suppliers adhere to our principles to prevent modern slavery. We want to work with suppliers that hold the same quality, sustainability and ethical standards, and who govern their supply chain to eliminate modern slavery regardless of the local regulatory standards they operate under.

Across our general procurement, all our central agreement templates, executed through our Procurement team, now include a modern slavery clause. In 2023, we engaged a total 1,573 suppliers across the business to support our operations, with more than 90 per cent of suppliers operating within Australia and Aotearoa (New Zealand).

Our Timber Products Procurement aims to eliminate the risk of illegal logging through our operations, or those of our suppliers. As such, this policy outlines the requirements to source timber-related products, which are legally logged and recognises that credible, independent certification and verification of forest management and chain of custody can significantly reduce the risk of illegally harvested timber.

This policy ensures that regulated timber products imported by MECCA are ethically and sustainably sourced. Alongside this, an 'Illegal Logging' education module is available for any team members who are involved in the importation of timber as part of their roles.

As a distributor

MECCA's brand agreements include provisions to ensure that third party brands, and their potential subcontractors, do not engage in modern slavery practices. Our brand agreements also require brands to notify MECCA promptly upon becoming aware of any incident, complaint, allegation or risk, that they, or any entity in their supply chain or connected to its business operations, has engaged in, contributed to, or is, or may be connected with, modern slavery. The business has set up contractual processes in pursuit of ensuring that brands agree to this standard provision.

As part of our brands and buying strategy in 2023, we began reviewing our brands' public modern slavery commitments to understand if there are any opportunities for us to work together to drive positive change. We will complete this review in 2024-25 in line with any new modern slavery requirements.

As a brand-owner

Across our MECCA-owned brands, in 2023 we continued to run our new supplier approval process that includes completing our supplier questionnaire, which enables MECCA to review quality and sustainability credentials. We also request all product suppliers for our MECCA-owned brands commit to our Ethical Sourcing Code, which reflects our commitment to environmental, sustainability and responsibility, integral working practices; adherence to work standards established by the International Labour Organisation (ILO); and the maintenance of consumer protections.

As of December 2023, 100 per cent of our total direct active product suppliers for MECCA-owned brands, have committed to our Ethical Sourcing Code or an equivalent code.

As an employer

We have a series of policies and procedures in place for our team members to help reduce the risk of modern slavery, and we encourage our team members to report →



any breaches of the below policies. There are several ways they can do this, which are outlined in the Whistleblower Policy and Complaints Resolutions Policy, including an independent and confidential reporting service, Stopleveline.

- **Whistleblower Policy** – this policy sets out the avenues open to team members and other MECCA personnel who wish to raise issues about whether MECCA or our team members have complied with applicable laws and standards of behaviour. It is designed to provide a safe and confidential environment for team members to raise any such concerns without fear of reprisal.
- **Complaints Resolution Policy** – this policy sets out the steps encouraged to be taken to resolve any workplace issues or concerns at the earliest opportunity, with open communication and a focus on resolution.
- **MECCA Brands Code of Conduct** – this policy outlines the obligations of MECCA to its team members and the standards of behaviour and expectations of team members held by the company. This includes MECCA's dedication to Equal Employment Opportunity (EEO) in the workplace.
- **Respect in the Workplace Policy** – this policy outlines MECCA's commitment and each team member's responsibility to foster a workplace free of discrimination, bullying, sexual harassment, victimisation, vilification and harassment.
- **Workplace Health and Safety Policy** – this policy outlines the standard for workplace health and safety across MECCA and our obligation in meeting relevant workplace health and safety laws. It highlights the important role that each MECCA team member plays in maintaining healthy and safe workplaces.

As part of our induction and onboarding process, all new team members also complete mandatory education modules including: Whistleblowing; Respect in the Workplace; and Privacy and Confidentiality. This education empowers our teams to understand their rights and responsibilities and promotes collaborative and supportive ways of working with each other, our suppliers and brands.

MECCA'S 2023 ACTIONS

This year, we continued to deepen our knowledge and understanding of modern slavery risks within our operations and supply chains and take actions to reduce these risks where possible.

We continued the work of our sustainability taskforce, a cross-business group who are focused on sustainable procurement, including mitigating risk of any modern slavery. We have conducted internal risk profiling to identify high risk suppliers across our business and specifically associated with our MECCA-owned brands.

Through our working group, we also confirmed and launched new software to increase our visibility across our supply chain.

(1) SUPPLIER RISK ASSESSMENT

In 2023, we reviewed and re-set the criteria we use to determine high-risk vendors.

Due to our supply chain's complexity, we have also completed risk assessments to better understand the level of detail we can get from our suppliers and what work we need to do to clarify the level of risk across our value chain.

When assessing our suppliers of their risk of modern slavery, we reference the ILO Forced Labour guidelines and the Modern Slavery Inherent Risk Identification Tool issued by the Office of the NSW Anti-slavery Commissioner.

We considered inherent risk across four key factors:

- Product category
- Vulnerable populations
- Supply chain model
- Regulatory context

As a result of this review, we better understand which of our suppliers' products and services has the highest possible risk to people. We're now working on a heightened due diligence process for these suppliers, which will be finalised in line with the pending Modern Slavery guidance in Australia.

(2) USING ECOVADIS TO IMPROVE VISIBILITY ACROSS OUR SUPPLY CHAIN

To better understand potential risks of modern slavery in our supply chains, MECCA entered a partnership with a leading provider of business sustainability ratings, EcoVadis, in May 2023.

EcoVadis enables us to complete assessments of workers' rights and modern slavery, helping us to:

- Audit our supply chain to identify any high-risk vendors (across ingredients, geographic locations, and type of suppliers)
- Improve risk assessment, outlining next steps based on supplier risk profiles; and

- Assist in supplier engagements and agreements going forward.

Our partnership with EcoVadis will play a key role in progressing our work to mitigate modern slavery practices, as we work with them closely to review our supply chain, onboard suppliers and identify next steps to ensure best practice. For our MECCA-owned brands, new product design and supplier engagement will be guided by insights and compliance of suppliers against EcoVadis reporting criteria.

Results from EcoVadis

In 2023, we invited suppliers that were already actively using EcoVadis to share their scorecards with us, for review. The scorecards rate businesses across environment, labour and human rights, ethics, and sustainable procurement.

Of the suppliers that have been rated:

- 30% received a partial medium assessment score, indicating a minimum structured sustainability approach with few policies or tangible actions on selected issues.
- 40% received a good (engaged) assessment score, indicating structured and proactive sustainability approach. Policies and tangible actions on major issues and basic reporting on actions or performance indicators.
- Finally, 30% received an advanced assessment score, indicating structured and proactive sustainability approach, policies and tangible actions on major issues with detailed implementation information, and significant sustainability reporting on actions and performance indicators.
- In addition, a number of our suppliers had received silver and platinum badges, indicating the companies' recognition for best practice through EcoVadis.

(3) RAW MATERIAL EXTRACTION

Certain raw materials used across our MECCA-owned brands' products and commonly found in cosmetics, are associated with a higher risk of modern slavery within their production, growing, extraction and supply chain.

High-risk ingredients are typically found to be:

- Grown in developing countries on small land holding farms or areas associated with illegal clearing of native forests;
- Extracted, grown or produced in developing countries or regions suffering from weak rule of law, conflict, geopolitical instability, widespread poverty, discrimination of minority groups, and other areas where human rights and workers' rights are not widely protected, and workers are vulnerable to abusive labour practices; or



- Produced using hazardous chemicals, labour intensive or low skilled work often carried out in countries with low-cost labour, or by migrant or vulnerable workers susceptible to abusive labour practices.

When it comes to raw materials, our focus is on how we can improve visibility of the supply chains and understand how and where any high-risk ingredients may be used. In 2023, we began work on categorising the risk of our suppliers based on the material or service type, geographical location and associated spend.

Our focus in 2024 is on reviewing the highest risk ingredients within our MECCA-owned brands to develop a plan to improve traceability of these ingredients in the coming years, with clear ambitions towards 2030.

(4) TRACEABILITY – MICA AND PALM OIL

In 2021, we began working with our brands to conduct a risk assessment into the extraction of palm oil and mica. Since then, we have continued our work to ensure these high-risk raw materials used in products we sell come from certified sustainable sources, including the Roundtable on Sustainable Palm Oil (RSPO) and the Responsible Mica Initiative (RMI).

The farming or mining of palm and mica provides access to work and income for many communities and so ceasing the use of these two ingredients completely could cause compounding negative effects on the livelihood of workers. Instead, our intention is to ensure the safety for these communities during collection and processing, and to protect the environment, contributing towards long-term positive change for these communities.

Palm oil and palm derivatives

Palm oil is a vegetable oil used in cosmetics for its moisturising and texturing properties. Palm oil derivatives are glycerol, fatty acids or fatty alcohols, ingredients used in products for their emollient or foaming properties.

The palm oil industry faces criticism for causing deforestation which results in the clearing of wild animals' natural habitat and depletion of valuable carbon sinks. In addition, there are also concerns around child and trafficked labour in certain geographies where palm oil is sourced. However, when harvested responsibly, palm oil can be less environmentally impactful than other vegetable oils and so replacing it is not necessarily the best solution.

Mica

Mica is a naturally occurring mineral. It is used in pigmented products like powdered foundation to provide opacity and give pigments a pearly, shiny appearance. In India, mica mainly originates from socially and economically challenged regions where there is a risk of child labour, unsafe working conditions, and where the supply chain involves multiple entities, which makes it difficult to completely assess risk.

Working towards sustainable sourcing

Of the third-party brands who have shared this information with us, 85 per cent use palm or palm derivatives in their products. All these brands have confirmed they are actively working with their suppliers to sustainably source palm or palm derivatives, with some more advanced than others. 92 per cent use either natural or synthetic mica, and all have confirmed they are actively working to ensure no forced or child labour contributed to the sourcing of the natural mica used, with many working with RMI or equivalent. While not all our brands can confirm that the palm and mica used in their products is sustainably sourced, from our conversations with them, it's clear that they are all working towards better visibility through improved engagement with their suppliers. We will continue to support our brands through this process as we work to improve clarity and transparency.

For our MECCA-owned brands we request confirmation from our suppliers that any palm oil or its derivatives is responsibly sourced. Similarly, we verify that any mica used in our MECCA-owned brands is sourced from suppliers that are members of RMI or an equivalent.

(5) DIVERSITY AND INCLUSION

Inclusive thinking is critical in identifying and addressing any modern slavery risks related to human rights, and creating awareness of communities that may be more vulnerable to modern slavery.

During 2023, we partnered with external experts with lived experience to co-create more than 20 education opportunities for our team members across a range of diversity and inclusion topics, including 'Inclusion, Equity and Diversity Foundations', 'Inclusive Language' and 'Conscious Inclusion'. Along with MECCA's policies and Code of Conduct, this education helps ensure our workplace, retail stores and supply chains are free of discrimination, victimisation, vilification, bullying, sexual harassment and harassment.

Alongside this, as a business operating in Australia and Aotearoa (New Zealand), we're committed to working in solidarity with First Nations communities in both countries to recognise and celebrate their unique cultures, and to help ensure they have equal access to opportunities.

In 2023, in Australia, we launched our first Reconciliation Action Plan (RAP), which will guide our efforts on contributing to national reconciliation and highlights some of the initiatives we've introduced so far. Our RAP is available via www.mecca.com. Through our partnership with Evolve Communities, we also offer all our team members access to regular education on Aboriginal and Torres Strait Islander cultures, as well as access to their foundation program – Seven Steps to Reconciliation.

To help ensure we're meeting the needs of Māori community, we have been working closely with Māori cultural expert, Janelle Riki-Waaka, to consider our support for Māori team members, customers and community.



(6) SUPPORTING GENDER EQUALITY THROUGH MECCA M-POWER

M-POWER is MECCA's movement for social change, embodying the spirit of positive progress on which the brand was founded, and putting women's rights at the heart of MECCA's business. We champion equal rights, freedoms and opportunities for women and girls through public campaigns and activities and through investing in support for more than 20 social change organisations all working towards gender equality. A number of our M-POWER community partners actively advocate for changes to modern slavery practices impacting women and girls globally and deliver programs that work to create systemic change, including:

- **International Women's Development Agency (IWDA)** – resources women's rights organisations in the Asia Pacific region providing counselling, legal information and emergency accommodation to women survivors of trafficking and policy advocacy for stronger protections and responses to human trafficking and child marriage.
- **ActionAid Australia** – through its 'She Wears the Cost' campaign, works to support garment workers who are some of the most vulnerable women workers in global supply chains and are often subject to exploitative wages and conditions.
- **CAMFED** – through education and peer support, helps young women in Africa to create economic opportunities and financial independence, and ensure women's leadership in business. This significantly reduces the risk of women being lured by false promises of work and falling vulnerable to exploitative labour practices; and allows women to advocate for better conditions including around child marriage and workplace rights.

MECCA M-POWER provides flexible financial support to our partners to undertake their work and a significant platform to raise awareness of their advocacy campaigns and programmatic work, including those addressing modern slavery practices.





ASSESSMENT OF ACTIONS

Throughout 2023, we have built upon our work from previous years to generate awareness of modern slavery among our team, brands and suppliers and taken actions to mitigate modern slavery within our supply chains.

While we acknowledge that we still have a way to go in better understanding the risks of modern slavery within our supply chains, in 2023, we took positive steps towards this by increasing our risk assessment processes, improving onboarding processes for our suppliers and brands, and growing the visibility of our complex supply chains.

With all the aforementioned policies, codes and compulsory education modules in place, we have built a network of more educated and aware team members, brands and suppliers.

We are committed to continuing to understand the modern slavery risks throughout all aspects of our business and supply chains, with a view to mitigate these risks through education and awareness.

LOOKING FORWARD TO 2024

We'll build on our progress from 2023, and as we continue to get a better understanding of the modern slavery risks associated with our supply chains, we'll take actions to mitigate these.

With a focus on education, we're working towards creating a new modern slavery module that will be added to our compulsory team member education to help grow team member awareness of modern slavery and its risks.

We will also look to engage risk-assessment tools that will further support us in identifying modern slavery risks within our supply chains, and continue to bring more of our suppliers and brands onto our existing tools such as our ethical sourcing code and the EcoVadis platform.

In line with the reformed Modern Slavery Act and appointment of the Anti-Slavery Commissioner, in 2024, we'll complete a full review of MECCA's Modern Slavery strategy.

FURTHER INFORMATION

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

Principal Governing Body Approval

This Statement was approved by the Board of Directors of MECCA Brands Pty Ltd as defined by the *Modern Slavery Act 2018* (Cth) on 30 June 2024



Joanna Horgan
Founder and Co-CEO, MECCA Brands Pty Ltd
On 30 June 2024



Peter Wetenhall
Co-CEO, MECCA Brands Pty Ltd
On 30 June 2024

