

MODERN DAY SLAVERY STATEMENT

“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. The Australian Government (the Government) estimates there were 1,567 modern slavery victims in Australia between 2015 and 2017. 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.

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 slavery or human trafficking in our business and supply chain in accordance to the criteria in the Australian Modern Day Slavery Act 2018.

About our company

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 935 Lush stores globally supported by 20 Manufacturing units. There are also 37 e-commerce sites operating globally. In Australia LAR operates 35 stores and an e-commerce site. LAM operates one manufacturing unit which supplies products to Australia and New Zealand.

LAR currently employs approximately 900 staff whilst LAM employs approximately 180 staff in Australia.

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 entities purchase raw materials from related parties based in the United Kingdom, Japan and North America, global suppliers and local (domestic) suppliers. Although, our parent company in the UK has submitted a statement in the last 5 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 Act.

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 80 raw material and packaging suppliers that we work with.

Lush is committed to sourcing and developing top quality, ethical materials for our cosmetic products through a resilient global and local network.

We rely on positive and open relationships with our suppliers and producers so we can continue to monitor and enhance our practices.

Risks of modern slavery practices in the 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;

- Traceability of the supply chain, where the degree of integrity to meet ethical practices can be waived particularly when working with distributors with a varying network of suppliers. The accessibility of information is completely reliant on the relationships formed with distributors and requires shared values.
- Supply coming from countries where it is reported to have a high prevalence of modern slavery or labour rights violations, other human rights violations and/or child labour by international organisations and/or NGOs.
- Working with suppliers in farming and/or rural regions that employ temporary, seasonal and/or immigrant workers.
- Delivery timeframes that might require suppliers to engage in excessive working hours, make cost savings on labour hire or rapidly increase workforce size.

Actions to manage modern slavery risks and due diligence processes

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 prevent 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.

Where possible and within compliance with local COVID restrictions, we work directly with suppliers and producers, but long distance relationships take work which is why regular visits to our suppliers to see their operations are important to us.

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 18 of our suppliers, spread across Australia, New Zealand. The Australian Buyer has also made trips to Japan and Austria to visit suppliers based outside the region. 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. An example of this would be to enquire what measures are in place on days of extreme heat which is a common occurrence in Australia, especially in rural areas.

Globally, Lush has set the goal of visiting the suppliers of our top 50 highest spend materials in 2020. These visits will be shared amongst the global buying team and will ensure a more direct and transparent relationship with our key suppliers. It will also allow the opportunity to view and audit the working conditions of these suppliers.

Lush globally have worked hard to develop a system that will enable us to work more efficiently to monitor and work with our raw material suppliers to ensure we are meeting the highest ethical standards possible throughout our supply chain.

This will see the introduction of:

- An updated People Care, Earth Care and Fair Share Buying Policy & Declaration
- A digital Policy Questionnaire which is linked to a data analysis software
- Country and industry risk mapping
- Creating awareness internally and externally about modern slavery risks.

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 local buyer;
- Number of suppliers that have signed and returned our People Care, Earth Care and Fair Share Buying Policy & Declaration. This declaration sets out both non-negotiable standards for suppliers to comply with and progressive standards that demonstrate a best practice approach.
- Number of development targets met by suppliers to help improve working conditions.
- Number of suppliers that are exposed to our stance on Modern Slavery.

This year we will also release a Whistle-blower policy that will allow an anonymous avenue for both internal and external people to raise any concerns.

The aim of this policy is to provide a mechanism for reporting, investigating and remedying instances of malpractice in the workplace which applies both to our business and those in our supply chains.

Accountability standards

In keeping with our company's commitment to act with integrity in all of our business operations, we have taken on active roles to ensure there is no slavery and to support human rights.

The move from Natural Mica

Lush first started buying materials containing natural mica in 2012. Lush chose suppliers based on the guarantees that children were not working in production, and had audit reports to verify this. At the time, the supplier was working with a local NGO called BBA (Save the Childhood Foundation), which works with whole villages to accomplish 'child friendly villages'.

Unfortunately, the pigment division of the company was sold to another company that could no longer offer the same external, third party auditing or verification. While the new supplier remained adamant that there was no child labour involved and because we no longer had verification of that fact by an independent company this raised a concern. It was then that Lush decided to switch all of our materials containing natural mica to a synthetic-based mica instead. In 2014, Lush started working to replace all ingredients containing natural mica with a synthetic mica based version.

We can now confidently say that as of the 1st January 2018, no natural mica has been used in the production of Lush products.

Supporting Human Rights

At Lush, we like to look after those who look after others, and we are committed to supporting small, grassroots groups and other non-profit Human Rights organisations.

In the last year across both Australia and New Zealand, we donated a total of \$736,080 to organisations that support environmental, human rights and animal rights causes.

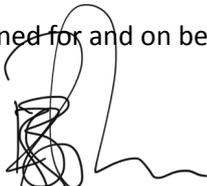
Our grants supported a total of 83 organisations. Some of the Human Rights charities supported include the Human Rights Law Centre and The Possibility Project.

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.

This statement constitutes our Modern Slavery Statement for the period of 1 July 2019 – 30 June 2020.

This statement was approved by the members of the Boards of Lush Australasia Retail Pty Ltd and Lush Australasia Manufacturing Pty Ltd on 26th of March 2021.

Signed for and on behalf of Lush Australasia Retail Pty Ltd and Lush Australasia Manufacturing Pty Ltd



Signature

KARL BYGRAVE

Full Name

DIRECTOR

Position Held

