



COTY AUSTRALIA HOLDINGS PTY LTD
AND ITS SUBSIDIARY COMPANIES

MODERN SLAVERY STATEMENT
2022

This Modern Slavery Statement ("Statement") has been prepared as a joint statement in accordance with The Modern Slavery Act 2018 (Cth) ("the Act") by Coty Australia Holdings Pty Ltd ACN 626 169 711 (the "Company") and its wholly-owned subsidiary Coty Australia Pty Ltd ACN 000 303 391 (collectively referred to as "Coty Australia" or "We" or "Our"), for the financial year ending 30 June 2022.

Coty Australia Holdings Pty Ltd is a reporting entity for the purpose of the Act, incorporated on 13 June 2018. The Company is an immediate parent to Coty Australia Pty Ltd incorporated on 3 March 1960, operating in Australia and is a reporting entity for the purpose of the Act. Coty Australia Pty Ltd maintains 100 percent ownership in Gresham Cosmetics Pty Ltd (ACN 052 404 985), which is a non-trading entity incorporated in Australia and is a non-reporting entity for the purpose of the Act.

The Company is also an immediate parent of the following Australian entities that are non-trading as at 30 June 2022: Coty Australia Legacy Pty Ltd (ACN 058 696 549); HFC Prestige International Australia Pty Ltd (ACN 608 686 773), both are non-reporting entities for the purpose of the Act.

As at 30 June 2022, the immediate parent entity of the Company is Coty UK Limited, a company incorporated under the laws of the United Kingdom.

Changes in state of affairs

During the year ended 30 June 2022, the group has ceased the transitional arrangement for Wella Australia Pty Ltd.

On 1 June 2020, Coty Inc. (NYSE: COTY, "Coty") announced the signing of a definitive agreement with Rainbow UK Bidco Limited ("KKR Bidco") an affiliate of funds and/or separately managed accounts advised and/or managed by Kohlberg Kravis Roberts & Co. L.P. and its affiliates (collectively, "KKR") as part of a strategic transformation that deleveraged its balance sheet, streamlined its operations and strengthened its leadership team. Coty and KKR entered into a strategic transaction for Coty's Professional and Retail Hair business, including the Wella, Clairol, OPI and ghd brands (the "Wella business"), where KKR owns 60% of this separately managed entity and Coty owns the remaining 40%. Completion of the transaction has occurred on 30 November 2020.

As part of the divestiture following the announcement on 1 June 2020, Wella Australia Pty Ltd had been incorporated on 12 August 2020 as a subsidiary of Coty Australia Pty Ltd to hold the Professional Beauty and Retail Hair business. On 30 November 2020, the equity ownership of Wella Australia Pty Ltd was transferred by Coty Australia Pty Ltd to a separate entity that is ultimately owned by Rainbow JVCo Limited, which is the joint venture 60% owned by KKR and 40% owned by Coty Inc. Wella Australia Pty Ltd has formed part of the Coty Australia Holding Pty Ltd's tax consolidated group and the deed of cross guarantee. Wella Australia Pty Ltd has exited the tax consolidated group and deed of cross guarantee on 30 November 2020. The financial effects of this transaction have been recognised at 30 June 2021.

As a consequence, a transitional arrangement in the form of a Deed of Undisclosed Agency was entered into between Coty Australia Pty Ltd and Wella Australia Pty Ltd with effect from 1 December 2020 and ceased on 31 January 2022.

This statement, covering year ended 30 June 2022, excludes Wella Business operations and associates.

STRUCTURE AND SUPPLY CHAIN

Structure

Coty Australia is ultimately owned by Coty Inc., a company incorporated under the laws of the United States of America.

Coty Inc. is one of the world's largest beauty companies with an iconic portfolio of brands across fragrance, color cosmetics, hair color and styling, and skin and body care. Coty Inc. and its affiliates worldwide (collectively referred to as "Coty") engage in the manufacturing and marketing of women's and men's fragrances, color cosmetics, skin care and other personal care related products in many countries throughout the world. Through successful product developments, licensing agreements and acquisitions, Coty has established itself as one of the world's leading beauty companies. In FY2022, Coty had approximately 11,000 full-time employees in over 36 countries.

Coty Australia's registered office and its principal place of business are as follows:

<u>Registered office</u>	<u>Principal place of business</u>
Level 31	Level 31
1 Market Street	1 Market Street
Sydney, NSW 2000	Sydney, NSW 2000

As of June 2022, Coty Australia had 115 employees (excluding casuals), out of which 68% are engaged in sales, marketing, and trade category activities. The remaining employees perform admin, finance, IT, human resources, and supply chain functions.

Operations

The principal activities of Coty Australia in the course of the financial year ended 30 June 2022 were the importation, marketing and distribution of fragrances, toiletries, cosmetics, and skin care products in the Australian market.

Coty Australia imports products purchased predominantly from related party suppliers, with over 99% of Coty Australia's products manufactured and packaged by related party and third-party manufacturers in the facilities located in the United States and various countries in Europe.

Coty Australia engages with predominantly Australian third-party providers of marketing services on short-term contracts to execute Coty's brand strategy. In addition, Coty Australia may engage cleaning and maintenance service providers for the corporate office.

Coty Australia distributes products through various distribution channels, including distributions to department stores, supermarkets, specialized beauty stores, pharmacies, and e-commerce channels.

Supply Chain

Coty Australia manufactures less than 1% of its products in Australia through a third-party manufacturer. Coty Australia engages a local third-party re-packaging company to rework approximately 26% of its products in Australia to meet local customer labelling and packaging requirements. These third-party providers are members of SEDEX Australia and are audited to comply with their membership requirements.

The remaining products sold by Coty Australia are manufactured by related party and third-party manufacturers in countries in Europe and the U.S.. The products manufactured in each of the countries are shipped to related party distribution centres. From there, these products are sent to be warehoused in Australia.

As at 30 June 2022, all products sold by Coty Australia were warehoused in a distribution center in Australia via third-party logistics contract with Linfox Australia Pty Ltd ("Linfox").

RISKS OF MODERN SLAVERY PRACTICES IN THE OPERATIONS AND SUPPLY CHAIN

Coty Australia along with Coty has a strict 'Code of Conduct' in place. The Code of Conduct sets out Coty's policies and ethical standards that must be understood and followed by everyone who acts on behalf of Coty. This includes contractors and employees of Coty subsidiaries and joint venture companies. In addition, the Code of Conduct specifies Coty's expectation that third parties including consultants, agents, suppliers, and business partners, adhere to Coty's ethical standards.

It is a condition of every employee's employment with Coty Australia, including directors, officers, and employees that the Code of Conduct must be complied with. Violations of the Coty Code of Conduct are not tolerated and subject to disciplinary measures including termination of employment.

Under the Code of Conduct, Coty Australia insists that all of its business be conducted in compliance with all applicable laws, rules, and regulations. It is the responsibility of every director, officer, employee, and contractor to comply with all applicable governmental laws and regulations at any level in the states and countries in which Coty operates. Failure to obey all applicable laws and regulations violates the Code of Conduct. Any illegal action will be dealt with swiftly, and violations will be reported to the proper authorities.

Coty Australia along with Coty seek to maintain their reputation as an outstanding company that ensures high levels of employee motivation and commitment, and strives to provide employees with an equitable, safe, and healthy work environment. Coty Australia is committed to providing equal employment opportunities to employees and applicants regardless of race, color, religion, age, gender, sexual orientation, disability, national origin, citizenship, marital status, veteran status, or any other characteristic that is protected by the laws and regulations to which Coty Australia is subject. In addition, Coty Australia fully complies with workplace safety and health rules and regulations.

Coty Australia's employment and remuneration practices comply with the Fair Work Act 2009. All new employees are provided with the 'Fair Work Information Statement' setting

out their statutory entitlements. Coty Australia has equitable workplace policies and procedures in place that apply to, recruiting, hiring, training and development, promotion, transfer, compensation, termination, and benefits. As such, Coty Australia believes that the risk of modern slavery in its directly employed workforce is low.

Some of the countries of packaging and manufacturing Coty's products may have higher inherent geographic risk rating (based on Global Slavery Index) of modern slavery due to socio economic factors (such as poverty) as well as a generally high risk of modern slavery associated with the cosmetics industry due to variety of raw materials required for the production, resulting in the following modern slavery risk for Coty Australia:

- Reliance on third-party suppliers of raw materials for the production by related party and third-party manufacturers in countries in Europe and the U.S. of finished products ultimately distributed in Australia.

Whereas Coty Australia has no direct control, influence or oversight over the terms and conditions of work of the employees performing the duties for the third-party suppliers and service providers engaged in our operations and supply chain, Coty Australia does acknowledge that there could be some risks of exploitative labour practices. As a result, modern slavery risks identified as follows:

- Reliance on third-party providers of marketing, cleaning, and maintenance services in Australia;
- Reliance on third-party logistics contracts for local distribution centers.
- Reliance on third-party outsourced service providers based in India, Philippines and Malaysia to support certain finance and HR functions.

In addition, Coty Australia recognizes that the continued Covid-19 pandemic over the last two years is likely to have resulted in increased vulnerability of workers to modern slavery and other forms of exploitations within the operations and supply chain of third-party suppliers, service providers as well as manufacturers due to (including but not limited to) the loss of income, excessive overtime to cover capacity gaps, increased demand due to supply chain shortages.

ADDRESSING RISKS

Direct operations

Coty Australia fully complies with the Fair Work Act 2019 and all relevant workplace health and safety and equal employment opportunity laws and regulations to mitigate the risk of modern slavery in its directly employed workforce. In addition, Coty Australia has a number of employment policies in place on workplace matters including Personal Grievance Handling, and Anti-discrimination, Bullying, Harassment & EEO policies. These policies are accessed via Coty's internal web platform. The Coty Code of Conduct is issued to all new employees as part of the employment induction process and relevant policies and procedures are available on the ANZ SharePoint for all employees to access. New employees must sign an acknowledgment that they have read and understood the Coty Code of Conduct. A copy of the signed acknowledgment is retained on each employee's personal file. The Coty Code of Conduct is also readily available to download via internal web platform.

In addition, Coty continued to implement the global compliance program, “Behave Beautifully”, designed to detect and prevent violations of the law and promote a culture of ethical business practices. The compliance training sets out Coty’s standards across a number of areas, including anti-bribery and corruption, competition law, data privacy, and prevention of harassment and discrimination. Earlier, in FY2021, to ensure that the policies remain accessible and meaningful, Coty updated all policies (including the Code of Conduct). A series of additional guidance documents related to specific issues were created, which Coty employees must adhere to, such as workplace harassment, charitable contributions, preventing workplace discrimination and others. Coty’s goal is to ensure that 95% of associates complete compliance training annually. In FY2022, 96% of employees were trained in one or more compliance modules.

Third-party suppliers of raw materials for the production by related party and third-party manufacturers

Coty’s Global Procurement, being responsible for selecting suppliers of raw materials and any third-party manufacturers of the finished goods, in 2017 undertook a risk-mapping exercise to identify suppliers who are considered at a higher risk of the non-compliance to the Code of Conduct for Business Partners, considering the material or service being purchased and the geographical region it is provided from.

Coty has prioritised the compliance verification with those suppliers who are considered at the highest risk of non-compliance using the Suppliers’ Ethical Data Exchange (SEDEX) to comply via a third-party, ethical audit. These audits are either announced or semi announced (undertaken within a two to three-week timeframe) and performed on-site by independent auditors. Suppliers can select an auditor from an approved list who are SEDEX affiliate audit companies and members of the Association of Professional Social Compliance Auditors (APSCA).

Audits cover the areas of:

- Labor and human rights (including modern slavery)
- Health and safety
- Environmental standards
- Business ethics

Coty has continued to increase the use of the SEDEX audit platform with a focus on direct suppliers at a higher risk of non-compliance to Code of Conduct for Business Partners. Whereas Coty uses the EcoVadis 360° ESG assessments for suppliers within indirect spend Categories, including service and labour providers.

EcoVadis is used to assess the environmental and social performance of the suppliers, based on supplier documentation related to the four key areas:

- Environment
- Labor and Human Rights
- Ethics
- Sustainable Procurement

EcoVadis analysts assess Coty suppliers' documentation related to these areas as well as analyze their performance through a thorough 360° process. Both Coty and the supplier receive a report based on 100,000 data points and references including from governments, charities, trade associations and stakeholders. If areas of high risk are identified, a time-bound corrective action plan is put in place and a reassessment timeframe agreed by both parties.

In addition to Coty's supplier compliance process, the increased risks of human and labour rights abuses with certain raw materials is recognised.

Mica is a key raw material used in many of Coty's products to provide a pearlescent effect. Coty sources mica from different countries, including the US and India. Within India, and specifically the Eastern States of Bihar and Jharkhand, there are known risks of child labour in mining communities.

Coty is committed to sourcing mica responsibly, and traceability is critical to building a sustainable supply chain. In 2017, Coty became a founding member of the multi-stakeholder effort, the Responsible Mica Initiative (RMI). Coty participates in the annual RMI data collection campaign, sharing details of the mica sourcing, and working towards full traceability of processing units and mines to gain further visibility.

As a member of the RMI, Coty is aligned to the RMI ambition to ensure 100% of our Indian Mica is responsibly sourced by 2030.

This target is delivered through three new 2030 pillars, aligned to the RMI framework:

- **Responsible Workplace Standards:** Working to ensure all Coty's mica sourcing from Jharkhand and Bihar is compliant with globally recognized responsible workplace standards that prohibit child labor.
- **Community Empowerment:** Working to ensure all mica-dependent communities we source from are covered by community empowerment programs, that include livelihood opportunities and education.
- **Legal Frameworks:** Advocating to have all mica workers in Bihar and Jharkhand operating under a clear legal framework.

Additionally, Coty's third-party manufacturing agreements include a specific clause requiring that suppliers do not use any child or forced labour.

Traceability and greater transparency are critical to ensuring labor rights are protected across supply chains, hence, Coty is partnering with the strategic suppliers to introduce a Sustainable Sourcing Policy, including traceability and transparency requirements, into Coty's contractual agreements. Further, recognizing that many of the essential ingredients used within our fragrances are sourced from farming communities where potential human rights risks are higher, Coty has engaged with strategic suppliers to set traceability ambitions for 14 key high-volume natural raw materials. In FY2022, working with the strategic suppliers, Coty has been able to trace 11 of these ingredients to a country and regional level, and for one of these materials the supply chain has been mapped to farm level.

Local third-party suppliers and service providers

Coty's and Coty Australia's commitment to respecting human rights of the employees, associates, manufacturers and raw material suppliers also extends to our third-party suppliers and service providers. Coty Australia's terms and conditions for local suppliers include a clause where the suppliers acknowledge and comply with the Code of Conduct for Business Partners ("the Code"), a copy of which is readily available via online Coty Supplier web site. The Code is based on international human and labour rights standards, including slavery and human trafficking.

Coty Australia fosters accountability and therefore take any incidents of non-compliance seriously. These would be escalated to appropriate senior leadership and recorded accordingly to ensure we monitor and address as required.

In FY2022, Coty continued to deploy the responsible sourcing framework covering all elements relevant to the business partners, including Coty Australia's local third-party suppliers and service providers, with key indicators to monitor progress. Supplier performance against the framework is considered when: Assessing performance of existing suppliers, defining a supplier panel to be briefed, awarding business, and identifying potential new suppliers.

Covid-19

The Covid-19 pandemic continued to have an impact on our business operations and the communities in which we operate. The health and safety of our associates and their families has been the number one priority for our business. From the early stages of the pandemic, Coty Australia encouraged its employees to work remotely wherever possible, in line with Australian government guidelines and Coty's global flexible working program known as Omni-Working, which is built on the principles of workplace health and safety and work / life balance. At all times during the pandemic, Coty Australia has adhered to the directives and guidance of the relevant Government health authorities to protect the health and safety of all employees. This has included the development of comprehensive Covid-Safe Protocols and Procedures covering all workplace settings (office and field operations) and applying to all key stakeholders including employees, contractors, and visitors to our sites.

Coty has also retained its Omni-Working policy as a permanent feature, which enables Coty to respond with agility in the event of any similar public health & safety emergencies.

ASSESSMENT OF THE EFFECTIVENESS

Direct operations

The effectiveness of the process is being assessed on the ongoing basis by continuing to actively encourage employees to use the Ethics and Compliance Hotline to raise questions or concerns. The Hotline is accessible via multiple channels and many languages. Reporting can be made anonymously, and each report is investigated.

Coty Australia along with Coty actively uphold non-retaliation policy so that individuals are free to report their concerns safely. Any reports directly to HR will also be thoroughly investigated and reported to the local leadership team and escalated further, if required.

Third-party suppliers of raw materials for the production by related party and third-party manufacturers

Coty continues to risk-assess suppliers, including some indirect supplier sites (suppliers of goods or services such as marketing and professional services) and medium risk suppliers. As of June 2022, 295 suppliers were assessed under the SEDEX self-assessment questionnaire. A further 224 high-risk suppliers were then audited using the SMETA (SEDEX members ethnical trade audit) third-party audit.

In addition, Coty has an automated risk tool linked to our vendors through which 11,502 sourcing scenarios have been assessed based on country, sector and commodity risk.

Coty continues to work with the suppliers to resolve any major or critical non-compliances (NCs) through a Corrective Action Plan. In addition, Coty has an ethical trade coordinator dedicated to Coty from SEDEX, who assists in the process of risk-assessment and engages with the suppliers to work together on compliance.

During the year, using the EcoVadis platform, 487 suppliers were assessed, scoring on average 29% higher than the overall EcoVadis average.

Coty is part of a partnership between the RMI and the supply chain traceability platform, Tilkal. This is the first multi-stakeholder blockchain-based solution to improve traceability across mica supply chains. Tilkal uses blockchain technology to help make timely and accurate data collection across the entire mica supply chain, helping RMI to improve data transparency, maintain security and better understand the supply chain. All of Coty's supplier data has now been uploaded onto the Tilkal platform. In this first year, Coty does not yet have complete data visibility through the tool, and so in parallel Coty has conducted an offline traceability data collection exercise with the suppliers.

As part of Coty's commitment to sourcing mica responsibly, Coty have traced 100% of mica to country level. 28% of mica was sourced from India and 85% of this mica is traced to mine level. In FY2022, all the mica Coty has sourced from direct suppliers was purchased from RMI members.

Local third-party suppliers and service providers

Coty Australia has partnered with the national industry association Accord representing manufacturers and suppliers of hygiene, personal care, and specialty products to further understand the risks of modern slavery via Accord provided trainings, seminars, and sector-specific conferences, as well as to assist with strengthening approach to assessing human rights risks and advocacy within the industry.

With regards to the Australian third-party manufacturer and third-party rework supplier, both are members of SEDEX Australia and are audited accordingly to comply with their membership requirements. Coty Australia is periodically provided with a copy of latest SEDEX audits to ensure compliance.

Third-party logistics provider Linfox maintains robust Modern Slavery Policy, which is reviewed and approved annually, with a copy shared with Coty Australia accordingly.

STAKEHOLDER ENGAGEMENT AND CONSULTATION

The modern slavery statement is made by the Company in consultation with its reporting subsidiary, where both operate and are managed as an integrated group with comprehensive policies, systems and processes that are consistently applied. The process of consultation involved engagement key departments that collaborate to deliver modern slavery risk identification, assessment and management processes for the direct operations and supply chain.

In addition, Coty Australia has consulted with Coty in creating this statement.

The relevant directors of Coty Australia were also consulted and provided with an opportunity to review the statement and provide their input accordingly prior to its approval.

The statement has been approved by the board of directors of Coty Australia Holdings Pty Ltd on 21 December 2022.



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Elena Zhelnina

CFO/ Director

