

Estée Lauder Pty Ltd  
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**ESTEE LAUDER PTY. LIMITED (ACN 008 444 719)  
MODERN SLAVERY STATEMENT  
FINANCIAL YEAR ENDING 30 JUNE 2020**

**INTRODUCTION**

This statement is made pursuant to section 13 of the *Modern Slavery Act 2018* (Cth) (**Australian Modern Slavery Act**) and constitutes the Modern Slavery Statement for Estee Lauder Pty. Limited (ACN 008 444 719) (**Estee Lauder AU**) for the financial year ending 30 June 2020.

This statement outlines the steps that the Estée Lauder group of companies (including Estee Lauder AU) (altogether, **Estée Lauder**) have taken to minimise the risks of modern slavery occurring in our business and supply chains in the last financial year and sets out Estée Lauder's future plans.

Estée Lauder recognises that we have a responsibility to be alert to the risks of slavery, servitude, forced labour, debt bondage and child labour (**modern slavery**) in our business and supply chains.

Estée Lauder is committed to acting ethically and with integrity in all our business dealings and relationships and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place in our business or our supply chains. Modern slavery and human trafficking are issues which are contradictory to Estée Lauder's Corporate Value and Commitment and various Codes of Conduct and have no place in or around our organisation. We are pleased to reinforce that principle through this statement.

**OPERATIONS AND STRUCTURE**

Estée Lauder is one of the world's leading manufacturers and marketers of quality skin care, makeup, fragrance and hair care products. Founded in 1946, the global brand "Estée Lauder" has gained a worldwide reputation for elegance, luxury and superior quality.

Estée Lauder's products are sold in approximately 150 countries and territories, including Australia, under 25+ brand names including: Estée Lauder, Aramis, Clinique, Prescriptives, Lab Series, Origins, Tommy Hilfiger, M·A·C, Kiton, La Mer, Bobbi Brown, Donna Karan New York, DKNY, Aveda, Jo Malone London, Bumble and bumble, Michael Kors, Darphin, Tom Ford, Smashbox, Ermenegildo Zegna, AERIN, RODIN olio lusso, Le Labo, Editions de Parfums Frédéric Malle, GLAMGLOW, KILIAN PARIS, BECCA, Too Faced and Dr. Jart+.

Estée Lauder has three main geographic regions: Asia/Pacific; Europe, the Middle East and Africa; and The Americas. Each region is composed of one or more affiliates. Today, Estée Lauder has affiliates in more than 50 countries and territories including Hong Kong, Japan and Australia.

Estée Lauder's Corporate Headquarters are located in the United States at:

The Estée Lauder Companies Inc.  
767 Fifth Avenue  
New York, NY 10153  
Tel: 212-572-4200

Estée Lauder has a global net sales of around USD14.29 billion.

Asia/Pacific (**APAC**) is now the fastest growing region for Estée Lauder. In FY 2019, the APAC region contributed 25% or USD3.67 billion to Estée Lauder's total net sales.

Within APAC, Estée Lauder first established a presence in Hong Kong in 1961. Four years later, Australia became the region's first affiliate. Today, approximately 17,300 people are employed full time in the APAC region, where Estée Lauder operates 13 affiliate offices, two R&D centres, three creative and trend labs, and multiple distribution centres. There are more than 425 freestanding Estée Lauder stores in the APAC region and thousands of points of sale catering to consumers at retail outlets and online.

Estee Lauder AU is a wholly owned Australian subsidiary of Estee Lauder Cosmetics Ltd. (an indirectly owned subsidiary of The Estée Lauder Companies Inc.), with its registered office address at 165-175 Mitchell Road, Erskineville, NSW 2043, Australia.

Estee Lauder AU is a retailer, wholesaler and distributor of makeup, skincare, fragrance and haircare products. Brands marketed by Estee Lauder AU include Estée Lauder, Clinique, MAC, Jo Malone London, Bobbi Brown, Crème de la Mer, Aveda, Tom Ford, Aramis & Designer Fragrances and Le Labo. Products are sold to consumers through retailers including department stores, specialty stores, pharmacies, salons and through our own direct to consumer online platforms and freestanding stores. The partnering with our retailers is crucial to our business as we have regular promotions with key retailers to drive sales which include gift with purchase, hero category re-promotes and new product launches. The distribution of our products throughout Australia is managed from our head office and warehousing facilities in Erskineville, NSW.

As at the date of this statement, Estee Lauder AU employs 1,582 employees in Australia. These employees are based in department stores including Myer and David Jones, Jo Malone/MAC/Aveda freestanding stores, Estée Lauder corporate and outlet stores, office and interstate field teams and warehouse premises. There are more than 35 freestanding Estée Lauder stores in Australia and almost 500 points of sale catering to consumers at Australian retail outlets and online.

## **SUPPLY CHAIN AND SUPPLIER CODE OF CONDUCT**

Estée Lauder was founded on the values of uncompromising ethics, integrity, fairness, diversity and trust. As a condition of doing business with Estée Lauder (including Estee Lauder AU), we expect our suppliers to honour our company values and our commitment to operating as a responsible and sustainable corporate citizen. In partnership with our suppliers, we are committed to compliance with the law, ethical business practices and

fostering our heritage of respect for people and the environment and serving as a positive influence in the communities we serve and from which we source.

Estée Lauder operates a global supply chain which includes disciplines such as Manufacturing, Distribution, Transportation and Logistics, Demand and Supply Planning, Direct and Indirect Procurement, Manufacturing Engineering, Quality Assurance, Environmental Health and Safety, Supply Chain Strategy and Implementation, and Global Brand Supply Chain.

Estée Lauder sources ingredients and materials from around the world to manufacture our products and products of our brand partners. This includes from destinations such as Indonesia, in the case of palm oil, and also Australia, in the case of Australian Sandalwood essential oil. We recognise our suppliers operate in diverse legal and cultural environments. We are committed to working together with our suppliers to source products and services responsibly.

Estée Lauder (including Estee Lauder AU) has a designated internal Responsible Sourcing team and Responsible Sourcing program to assist our company collaborate with our network of suppliers.

Estée Lauder's Responsible Sourcing team is part of our Global Procurement function and works closely with the Research and Development (R&D), Global Corporate Citizenship and Sustainability, Packaging and Legal functions. The team works to establish, implement and monitor environmentally and socially responsible and ethical sourcing practices to ensure that performance is aligned with Estée Lauder's goals and objectives. The team collaborates with Estée Lauder's brands, suppliers, industry groups and peers to continuously advance our practices.

Estée Lauder (including Estee Lauder AU) expects our suppliers to comply with all local regulations and national laws governing minimum wages, overtime compensation, hiring, the environment and occupational health and safety. Our suppliers must also fully comply with the global Estée Lauder [Supplier Code of Conduct](#) (the **Supplier Code**). The Supplier Code is based on internationally recognised standards including the Universal Declaration of Human Rights and International Labor Organization's Conventions.

The Supplier Code is the foundation of our Responsible Sourcing program and sets forth the basic requirements Estée Lauder (including Estee Lauder AU) expects of our suppliers, including our vendors, service providers, independent contractors, and consultants, as a condition of doing business with Estée Lauder (including Estee Lauder AU).

The Supplier Code, in conjunction with Estée Lauder's standard purchasing contracts, requires that suppliers fully comply with all applicable governmental, legal, regulatory, and professional rules and regulations. The Supplier Code outlines Estée Lauder's expectations for suppliers with respect to human rights, the rights of indigenous peoples and local communities, as well as workers' rights in all operations. It also outlines our zero-tolerance policy regarding prisoners, slave labour and human trafficking.

In FY 2020, Estée Lauder updated the Supplier Code to reflect new and emerging social, environmental and governance trends. As part of this process, Estée Lauder benchmarked against peers and leading companies to identify best practices and opportunities for improvement. Estée Lauder also consulted with external experts including BSR, EcoVadis and the Rainforest Alliance in this regard.

The updated Supplier Code is organised into three sections:

1. ***Engage in lawful and ethical business practices;***
2. ***Promote a respectful, fair and diverse workplace;*** and
3. ***Provide a safe, healthy workplace and protect the environment and community.***

The updated Supplier Code covers areas including Confidentiality and Privacy, Fair Competition, Child Labor and Forced Labor. Estée Lauder also developed a set of Supplier Sustainability Guidelines to provide suppliers with practical actions they can take, building on the foundation of the Supplier Code requirements, to move towards best practices.

Estée Lauder (including Estee Lauder AU) has shared the revised Supplier Code with direct suppliers and is collecting supplier acknowledgments, which is one of our Responsible Sourcing program requirements.

Estee Lauder AU imports finished goods products that are manufactured either by The Estée Lauder Companies Inc.'s owned facilities in North America, Europe or approved third party manufacturers using suppliers that should comply with the Supplier Code. Estee Lauder AU does not manufacture any products in Australia; the facility in Australia is an office and for distribution processes only. Most products are imported from a distribution hub in Singapore which also does not manufacture but receives products from the same facilities around the world. In some instances, Estee Lauder AU receives products directly from The Estée Lauder Companies Inc.'s facilities directly (launch products and Aveda brand) and in some cases for promotional activities directly from third party facilities in China to avoid unnecessary extra handling. In all cases, facilities and subsequent suppliers are subject to the Supplier Code.

Estee Lauder AU also purchases some materials for online services, promotional (collateral) activities, shop fitting and other services from various Australian domiciled companies which must also comply with the laws of Australia, including the Australian Modern Slavery Act. The Supplier Code audit is in place with many of these companies and is an ongoing process. Companies used or engaged vary in size from small local organisations to larger publicly listed companies, and in all cases, we expect all companies to comply with the laws of the land.

## **OTHER RELEVANT POLICIES**

In addition to the Supplier Code, Estée Lauder has in place a consolidated global [Code of Conduct](#) which applies to all employees and officers of The Estée Lauder Companies Inc. and global subsidiaries and affiliates (including Estee Lauder AU), and members of our Board of Directors (the **Employee Code**).

The Employee Code sets out the expectations of Estée Lauder (including Estee Lauder AU) to ensure legal compliance and maintain high standards of business and personal ethics.

The Employee Code is regularly reviewed to give our staff, including our Australian based staff, additional guidance on Estée Lauder's expectations in relation to their conduct. The

Employee Code requires, amongst other things, that Estée Lauder (including Estee Lauder AU) respect the human rights of our employees, act with integrity and comply with the letter and spirit of laws, regulations and rules that apply to Estée Lauder and combat criminal activity.

The Employee Code addresses key topics including:

1. discrimination, harassment and retaliation prevention with a link to Estée Lauder's separate Discrimination, Harassment and Retaliation Prevention Policy;
2. promotion of a safe, healthy and sustainable working environment; and
3. Estée Lauder's zero-tolerance policy and prohibition regarding bribery and corruption as it applies to our employees, officers, directors, and third persons or entities acting on behalf of Estée Lauder with a link to Estée Lauder's Global Anti-Bribery and Corruption Compliance Manual.

Newly hired employees, including Australian based employees, are required to sign an acknowledgement that they have received, read and will comply with the Employee Code. In addition, periodically, employees above certain levels are required to provide such an acknowledgment. From time to time, we also conduct trainings on the Employee Code for groups of our employees, including our Australian based employees.

Employees are expected to report violations or suspected violations of the Employee Code to their supervisor, Human Resources, Global Ethics and Compliance or other corporate functions. Employees are able to report suspected violations anonymously, where permitted by law, through Estée Lauder's global Compliance Helpline, by:

- calling the relevant country toll-free number (which for Australia is 1-800-319-492);
- visiting the Estée Lauder Helpline website (visit [www.alertline.com](http://www.alertline.com) and select "Estée Lauder"); or
- communicating with the Audit Committee via writing to: The Estée Lauder Companies Inc., Attn: Audit Committee, F.D.R. Station, P.O. Box 1177, New York, NY 10150.

Serious violations of the Employee Code are reviewed by Estée Lauder's Ethics and Compliance Committee, which oversees implementation of the Employee Code.

Estée Lauder's Ethics and Compliance Committee reports to the Audit Committee on a regular basis regarding the effectiveness of our Global Compliance program.

Estée Lauder also publishes substantive Citizenship and Sustainability reports, the most recent being [The Estée Lauder Companies Inc. Fiscal 2020 Citizenship and Sustainability Report](#) which sets out Estée Lauder's (including Estee Lauder AU's) approach to managing environmental and social risks arising from the company's business activities.

## **SUPPLIER AND MODERN SLAVERY RISK ASSESSMENT**

As a world leading retailer, marketer and manufacturer of quality skincare, makeup, fragrance and hair care products, Estée Lauder (including Estee Lauder AU) recognises the importance of considering how the skincare, cosmetics and retail industries and our company's global network of supply chains can be linked to modern slavery.



Some possible risks identified in Estée Lauder's (including Estée Lauder AU's) operations and supply chains are:

- **Working with suppliers in farming, remote and/or rural regions**, that employ temporary, seasonal and/or immigrant workers; and
- **High demand for our products and delivery timeframes** which may require suppliers to engage in practices including imposing excessive working hours and other cost savings initiatives such as labour hire arrangements.

Estée Lauder (including Estée Lauder AU) aims to mitigate the risk of modern slavery occurring in our operations and supply chains by promoting and enforcing our policies, including the Supplier Code, the Employee Code and maintaining our global Compliance Helpline. These policies and controls have been widely communicated within Estée Lauder's businesses, including Estée Lauder AU, and guidance has been provided to management across all group companies including Estée Lauder AU.

The global Compliance Helpline can be accessed by all Estée Lauder employees globally. Estée Lauder, including Estée Lauder AU, encourages our employees to raise concerns about any issue or suspicion of modern slavery through the global Compliance Helpline. Estée Lauder (including Estée Lauder AU) prohibits any form of retaliation against a person who reports in good faith any concern they have about any issue or suspicion of modern slavery.

## **DUE DILIGENCE AND REMEDIATION PROCESSES**

Estée Lauder (including Estée Lauder AU) is committed to ensuring there is transparency in our business and in our approach to tackling modern slavery throughout our supply chains. We require all suppliers to comply with applicable laws in their places of operation.

Estée Lauder (including Estée Lauder AU) seeks to partner with suppliers whose ethical principles align with our own, and expect them to operate fair and ethical workplaces. Estée Lauder (including Estée Lauder AU) works with our suppliers, as appropriate, to ensure they fully understand the intent and requirements of the Supplier Code.

### **A) Workshops and Training**

Estée Lauder (including Estée Lauder AU) conducts workshops and training for our network of suppliers. For instance, in 2020, we hosted our first Supplier Sustainability Day. During this full-day event, a cross section of current and prospective suppliers presented their sustainability innovations. Among the approximately 200 attendees were package developers, designers, marketers, procurement professionals and senior leaders.

In addition to hosting workshops and training, we also monitor practices of our supply chain partners through supplier evaluation and monitoring, as discussed below.

### **B) Verification**

Estée Lauder (including Estée Lauder AU) approves new suppliers or new manufacturing plants after suppliers meet the requirements set forth in the Supplier Code evaluation process. The Supplier Code evaluation process requires all suppliers to sign the Supplier Code and applicable suppliers to complete an assessment or on-site audit.

The work in this area to date is governed by our Global Supplier Relations team (**GSR**), which has representatives in each of our regions and covers Australia. GSR, in partnership with Estée Lauder's Global Quality Assurance, Research & Development, Global Regulatory Affairs, and Global Corporate Citizenship and Sustainability teams, is responsible for ensuring that the suppliers with whom Estée Lauder (including Estee Lauder AU) does business meet the expectations for ethical behaviour outlined in the Supplier Code.

### **C) Audits and Certification**

Estée Lauder (including Estee Lauder AU) has an ongoing audit process of its supply chains that includes independent third party assessment of the potential presence of child labour or forced labour.

Estée Lauder contracts with third parties to conduct on-site audits for suppliers that are selected based on criteria such as geography, type of material and impact to the business. Estée Lauder also assesses certain suppliers against environmental and social criteria using a third-party sustainability ratings platform.

As discussed above, new suppliers must agree to comply with the Supplier Code before they are awarded our business. We require our high-risk suppliers to undergo an audit conducted by an independent, third-party auditor at least every two years. Currently, the auditors utilise the Sedex Members Ethical Trade Audit (SMETA) Best Practice Guidelines and audit report format. If a supplier appears to be in non-compliance with the Supplier Code, we expect the supplier to co-operate and provide such additional information to Estée Lauder (including Estee Lauder AU) as may be required in order for Estée Lauder (including Estee Lauder AU) to make a determination as to whether the supplier is in compliance.

If Estée Lauder determines that the supplier is not in compliance, then remedies may include termination of business or the development and implementation of a corrective action plan that would need to be implemented within a certain fixed time period. Estée Lauder (including Estee Lauder AU) may follow such implementation with an audit, where deemed appropriate.

In addition to requiring our suppliers to comply with the Supplier Code, Estée Lauder have used some certification standards providing third-party certification that certain raw materials we purchase are produced without the use of forced labour, including the Roundtable on Sustainable Palm Oil (RSPO) and the Forest Stewardship Council (FSC).

### **D) Supplier Risk Assessments, Evaluation and Monitoring**

Estée Lauder (including Estee Lauder AU) conducts risk assessments and performs due diligence on select direct and indirect suppliers. In addition, we monitor supplier performance and implement corrective action plans as needed. Forced and child labour are included as risk categories in our supplier risk evaluations.

We also use EcoVadis, an online ratings service, by which suppliers can be assessed on environmental impact, labour and human rights, ethics and sustainable procurement practices.

EcoVadis ranks suppliers with numerical scores that reflect the maturity level of their sustainability programs, practices and initiatives. This system allows suppliers to see how

their practices compare to an objective benchmark. We find that suppliers are often motivated to improve their scores based on the visibility EcoVadis provides. Estée Lauder (including Estee Lauder AU) requires our suppliers to achieve at least a “satisfactory” score and requires key strategic partners to achieve an “advanced” score.

Estée Lauder risk-ranks suppliers based on pre-established criteria, such as the location of the operations, type of material being sourced and the impact to our business. Based on the risk ranking of the supplier, Estée Lauder conducts additional due diligence using third-party audits and assessments, including on-site audits (as discussed above). To determine country risk, we use a third party that reviews sustainability topics including environment, health and social issues, corruption and human rights risks.

		<b>FY20</b>	<b>FY19</b>	<b>FY18</b>
<b>Responsible Sourcing*</b>	% of new suppliers screened using environmental and social criteria	100%	100%	100%
	% of strategic suppliers** screened using environmental and social criteria in FY 2020	98%	85%	80%
	Number of third-party on-site supplier audits conducted in FY 2020	67	51	70

\*Suppliers are those that provide direct raw material, ingredient, packaging and third-party manufacturing to The Estée Lauder Companies Inc.

\*\*Strategic suppliers include those that are highly critical suppliers with broad and unique capabilities. These suppliers comprise more than half of The Estée Lauder Companies Inc. direct spend.

## **INTERNAL ACCOUNTABILITY AND TRAINING**

Regarding our employee base, and as mentioned above, we are committed to the highest standards of professional and personal conduct.

All employees and officers of Estée Lauder (including Estee Lauder AU) are expected to conduct themselves within the letter and spirit of our Employee Code. The Employee Code obliges all employees to behave in a socially responsible and fair manner and with uncompromising ethics and integrity.

All newly hired employees must sign an acknowledgment that they have received the Employee Code, understand its contents, and agree to comply with its terms throughout their employment. Breaches of the Employee Code are treated seriously and may result in disciplinary action up to and including termination of employment. On an annual basis,



certain management employees are also required to re-certify their continued compliance with the Employee Code.

Estée Lauder (including Estee Lauder AU) senior management continue to recognise that modern slavery and human trafficking are issues of global importance and scale. Where the processes and controls we have implemented identify an unacceptable level of risk of modern slavery or human trafficking we are committed to taking action, including ending relationships with suppliers.

### **ASSESSING EFFECTIVENESS OF ACTIONS TAKEN**

We strongly believe that our policies and processes effectively minimise modern slavery and human trafficking risks internally and throughout our supply chain.

Appropriate reporting is key for efficient policies. We achieve this objective by enforcing a strict no-retaliation rule. As mentioned above, Estée Lauder (including Estee Lauder AU) will not retaliate against any person for raising a genuine complaint in good faith or participating in any investigation in good faith, and will not tolerate retaliation by others against complainants in such circumstances. We are committed to having a workplace in which employees can report an ethical concern free of any harassment, discrimination, or retaliation in violation of our policies. With the inclusion of the Supplier Code in our agreements with suppliers, we have extended this commitment to all persons involved in our supply chains.

### **CONSULTATION AND FUTURE PLANS**

Estee Lauder AU closely communicates with its headquarters in the United States and with all overseas branches. Appropriate divisions of Estée Lauder (covering all relevant regions) also work to enhance the communication between related overseas branches on issues including in relation to modern slavery and human trafficking.

Looking to the future, Estée Lauder (including Estee Lauder AU) will continue to:

- source our suppliers in a responsible manner;
- expect and require our suppliers to operate in full compliance with all applicable laws and the Supplier Code; and
- review our policies, including those mentioned in this statement, to ensure they adequately address identified modern slavery risks and reflect international best practice.

The long-term objective of Estée Lauder (including Estee Lauder AU) is to continue to examine all links in our supply chains and work collaboratively with external stakeholders to ensure that the risks of modern slavery are minimised as much as possible. We will continue to work to increase awareness of these risks together with our staff, business partners and suppliers to ensure there is a strong commitment to the eradication of modern slavery.

**BOARD APPROVAL**

For the purposes of the Australian Modern Slavery Act, this statement was approved by the Board of Directors of Estee Lauder AU on 17<sup>th</sup> March 2021.



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Emmerentia Wilding  
Director - Estee Lauder Pty. Limited (ACN 008 444 719)  
17 / 03 / 2021