

Aēsop



# Aesop 2022 Modern Slavery Statement

For Financial Year 2022 – 1 January 2022 – 31 December 2022



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# 1. Introduction

Aesop was established in Melbourne, Australia in 1987. Our objective has always been to formulate products of the finest quality. We explore widely to source plant-based and laboratory-made ingredients, using only those with a history of safety, efficacy and pleasure.

We aim to provide and receive nourishment through our products, stores, people and conversations. We are committed to the journey of minimising any negative impact from our business and continuing to increase our positive contributions to communities and the world around us.

As part of our broader global Ethical Sourcing Programme, we continue to focus on highlighting and eliminating modern slavery risk across our supply chain. Our executive team, led by CEO Michael O’Keeffe, is committed to ensuring our practices support an end to modern slavery.

This statement has been prepared in accordance with the Modern Slavery Act 2018 (Cth) (The Modern Slavery Act). It outlines the actions undertaken in the calendar year ending 31 December 2022 to identify, understand and minimise any modern slavery risks in our global operations and supply chain. It also outlines key areas for future focus.

The following Aesop entities are reporting entities under the Modern Slavery Act:

- Emeis Holdings Pty Ltd ACN 097 023 544
- Emeis Cosmetics Pty Ltd ACN 007 409 001

This statement has been prepared in consultation with both entities and has been reviewed and approved by the board of directors of each entity.

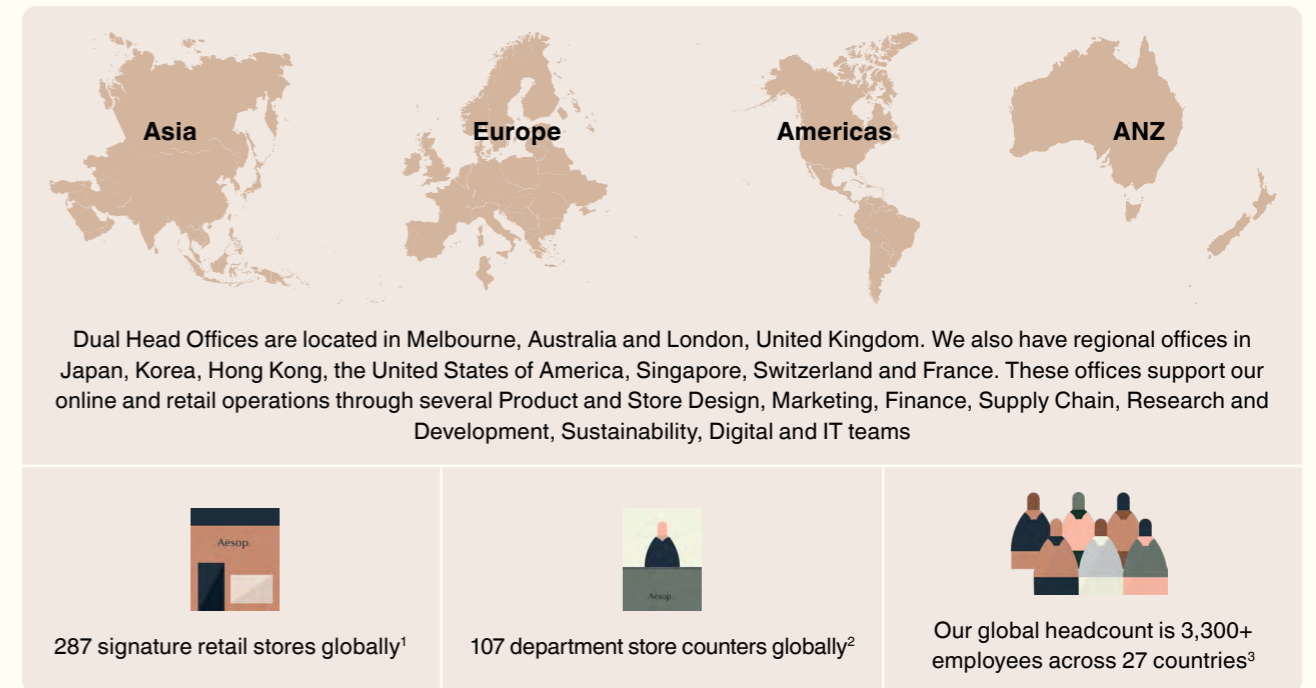
# 2. Aesop Business Structure and Operations

Aesop provides customers with a range of products across skin, body and hair care, as well as fragrance and accessories. Our products are available online on the Aesop website, at Aesop signature stores in many major cities, department store counters, and in shared spaces (both in physical stores and online) around the world.

We source ingredients, packaging and other goods and services from reputable suppliers cross the globe. Our global Supply Chain supports the manufacture and sale of our products by all entities in Aesop’s direct corporate structure.

This report was prepared by Emeis Holdings Pty Ltd, to cover the year ending December 2022. The ultimate parent company of Emeis Holdings Pty Ltd (and consequently, the Aesop group) is Natura &Co Holding SA (holding company for the Natura &Co group) which is a Brazilian incorporated company listed on the New York Stock Exchange and Brazil Stock Exchange (B3).

## Aesop’s Business Structure



<sup>1</sup> As at 31 December 2022  
<sup>2</sup> Ibid  
<sup>3</sup> Ibid

### 3. Aesop Supply Chains

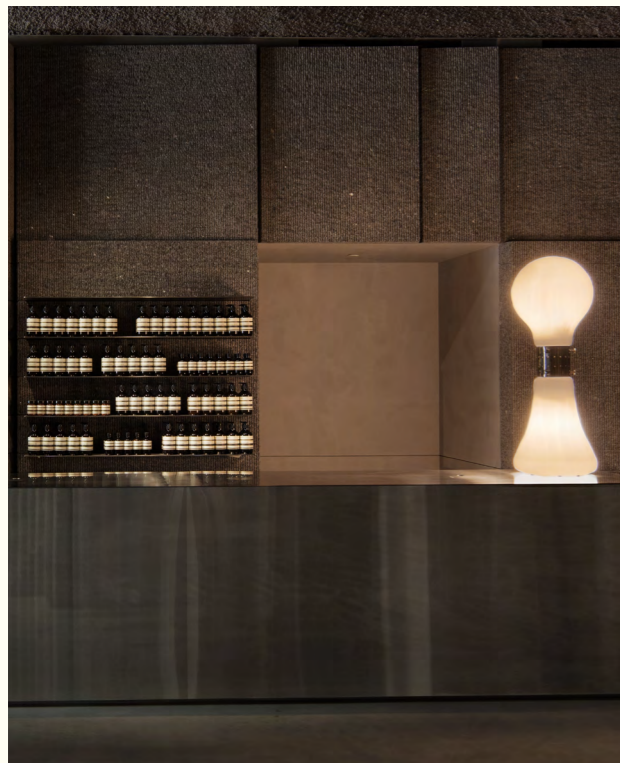
Aesop sources a range of products and services from around the world. We have over 150 Direct Suppliers in our product supply chain, and many other Indirect Suppliers. The majority of our Direct Suppliers by spend are located in Australia.

Key Aesop supply chains includes the following major categories:

**Direct Suppliers** are those suppliers who provide a good or service that is directly involved with or included in our products. For example, the providers of our essential oils are considered direct suppliers.

**Indirect Suppliers** are those suppliers who are not suppliers within the product supply chain and contribute to our business through other means, such as the provision of cleaning services, consulting services etc.

Currently our modern slavery risk assessment does not include our Indirect Suppliers, in line with Aesop's present focus on managing modern slavery risks with Direct Suppliers. In the future we intend to include Indirect Suppliers in our risk assessments to ensure we assess potential risk areas including contract cleaners across Aesop offices and stores, and workers used in construction for our new store developments.



Aesop Sydney, Australia

#### Aesop supply chains include the following major categories:

<b>Direct Suppliers<sup>4</sup></b>	Managed by Global Supply Chain team	<b>Manufacturing</b>	Suppliers who manufacture and assemble Aesop products
		<b>Components and Packaging</b>	Suppliers that manufacture and/or procure the packaging and components for Aesop products
		<b>Raw Materials</b>	Suppliers that manufacture and/or procure ingredients that are used by our third-party manufacturers
		<b>Warehouse and Logistics</b>	Suppliers who coordinate the storage and distribution of Aesop products prior to customer delivery
		<b>Non-sale retail items</b>	Includes back of house and point of sale items
<b>Indirect Suppliers<sup>5</sup></b>	Decentralised and managed by appropriate teams across Aesop globally	<b>Indirect suppliers</b>	Good and services that support head office and regional teams. Includes, amongst other things: software, consulting & audit services, and legal services.

<sup>4</sup> Direct Suppliers: Suppliers who provide a good or service that is directly involved or included within our products. For example, the providers of our essential oils are considered direct suppliers.

<sup>5</sup> Indirect Suppliers: Suppliers who contribute to our business through other means, such as the provision of cleaning services, consulting services, etc.

## 4. Modern Slavery Risks

Aesop recognises that its operations and supply chain are exposed to the risks of modern slavery, which includes trafficking, slavery, forced labour, debt bondage, deceptive recruiting for labour or services and child labour. Aesop has undertaken due diligence activities to better understand the nature and extent of the risks of modern slavery which may exist in our supply chain and operations.

For our internal operations, we have a robust set of resources, policies and procedures as well as grievance channels to ensure we can identify and mitigate any potential risk of modern slavery before it materialises. Aesop's existing frameworks and continued engagement with Aesop

colleagues on this subject, combined with the continuity of the majority of Aesop's supplier base from our 2021 assessment has informed our determination that the overall risk of modern slavery within Aesop's supply chain is very low.

The most material modern slavery risks (Material Risks), based on geographical locations and sectors most prevalent in our supply chain, have been identified as:

High risk supply chain	General agriculture and farming (in the provision of essential oils, nut oils and derivatives)	Palm Oil	Cotton	Manufacturing	Ethanol	Soy	Paper
Modern slavery risk or indicator	<ul style="list-style-type: none"> <li>Debt bondage</li> <li>Exploitation of vulnerable migrant workers</li> <li>Gross underpayment of wages</li> <li>Deceptive recruitment</li> <li>Unstable / seasonal work</li> </ul>	<ul style="list-style-type: none"> <li>Bonded labour</li> <li>Forced labour</li> <li>Trafficking</li> <li>Child labour</li> </ul>	<ul style="list-style-type: none"> <li>Prison forced labour</li> <li>State-sponsored forced labour</li> <li>Forced labour</li> </ul>	<ul style="list-style-type: none"> <li>Debt bondage</li> <li>Forced labour</li> <li>Deceptive recruitment</li> <li>Excessive work hours</li> <li>Gross underpayment of wages</li> </ul>	<ul style="list-style-type: none"> <li>Worker health and safety, working conditions</li> <li>Environmental risk: bio-diversity and climate change - extensive use of water and agro-chemicals</li> </ul>	<ul style="list-style-type: none"> <li>Deforestation</li> <li>Intensive water usage</li> <li>Displacement of indigenous communities</li> </ul>	<ul style="list-style-type: none"> <li>Deforestation</li> <li>Land conversion</li> <li>Indigenous communities' rights</li> <li>Illegal harvesting</li> <li>Water and air pollution</li> </ul>
Location	Australia, Austria, Bulgaria, Egypt, France, Hungary, India, Indonesia, Italy, Madagascar, Morocco, Somalia	Indonesia, Malaysia	India (98%+), Pakistan, Brazil, USA	Australia, France, Japan	Australia, South Africa, Hungary, France, Germany	South America, China, Indonesia, Malaysia	Unknown

## 5. Assessing and Addressing Risk

### Policy

Our rigorous ethical sourcing programme is central to addressing how modern slavery risks, including Aesop's Material Risks, are managed and mitigated amongst our Direct Suppliers in our global supply chain. The overarching aim of the ethical sourcing programme is to ensure that all our suppliers use environmentally responsible processes and safe working conditions to ensure all workers are treated with dignity, and human rights are held paramount throughout their (and our) supply chain.

Our key policies that support this commitment are the following:

#### Natura &Co Supplier Code of Conduct (Code of Conduct)

The Code of Conduct is Natura &Co's foundational document that outlines the framework for a successful business relationship with suppliers and is drawn from internationally recognised standards and frameworks including the United Nations Universal Declarations of Human Rights, the International Labour Organisation Declaration of Fundamental Principles and Rights at Work, the Ethical Trade Initiative Base Code, and the United Nations Global Compact. As a Natura &Co owned brand, Aesop requires its suppliers to sign this document as a condition to partner with Aesop.

The Code of Conduct lays out the minimum standards to be met by all Aesop suppliers, with regard to their compliance with applicable local and international laws, regulations and official requirements, across human rights, employment practices, sustainability and environmental responsibility, anti-corruption, anti-money laundering, information security and data protection. We note in particular that the Code of Conduct specifically prohibits forced, bonded and involuntary prison labour, requiring also that suppliers must not retain identity documents of employees, or take monetary or any other deposits from employees in order to ensure work. It also specifies that suppliers may not require workers to work excessive overtime and all work hours, regular and overtime, must comply with local law and the Code of Conduct—whichever provides the greater protection and that wages

must meet, at minimum, local legal standards and must be sufficient to meet the basic needs of their workers and provide some discretionary income.

As well as specifying that suppliers must not tolerate any form of discrimination in hiring, compensating, training or terminating workers, the Code of Conduct also requires suppliers to promote and practice non-discrimination in their workplace through paying particular attention to vulnerable workers including migrants, women, temporary and legal young workers.

The Code of Conduct also lays out the requirements for regular and responsible employment, wherein suppliers must provide workers with written and understandable information about the conditions of their freely chosen employment, and it prohibits the avoidance of labour or social security obligations through the use of alternative or irregular working arrangements. The Code of Conduct is publicly available on the Aesop website and Aesop's internal intranet.

In 2022 the Code of Conduct was updated to strengthen our approach to minimising Modern Slavery in our Supply Chain by including the addition of clauses on conflict minerals and critical materials.

#### The Natura &Co Human Rights Statement

[The Natura &Co Human Rights Statement](#) (the Statement) was developed throughout 2021 and was implemented throughout all Natura &Co business units, including Aesop, in 2022.

The Statement outlines what Aesop and the Natura &Co brands stand for as a group, further reinforcing our Commitment to Life objectives and specifically our pledge to respect and defend Human Rights, as defined by the UN Guiding Principles on Business and Human Rights. The Statement outlines that we respect the rights of all people connected to our business, brands, products and services, with whom we promote positive business impact and opportunities. We have a specific focus on supporting the equality of people who are potentially politically, economically and/or socially disadvantaged, including all underrepresented groups: racial and ethnic, of all sexual diversities and gender

identities (LGBTQIA+), all socioeconomically disadvantaged people and those with physical or mental disabilities. The Statement also outlines stakeholder engagement and grievance mechanisms, our priority human rights and detail on how we are taking action and implementing this statement.

Progress on Natura &Co Human Rights Statement in 2022:

- To drive accountability, Natura &Co developed a proposed governance model and RACI decision making and responsibility framework.
- The Statement was updated to clarify Natura &Co's position on environmental and human rights defenders in line with the UN Guiding Principles – which outline the responsibilities and duties that governments and businesses have to respect and protect people who defend environmental and human rights.
- The Statement was cascaded to all business units through townhalls as well as an accessible factsheet.
- Adoption of a focus on ensuring a better technical understanding of business responsibility on human rights across the Natura &Co group.

#### Aesop Ethical Sourcing Policy

The Ethical Sourcing Policy (the Policy) provides an Aesop perspective on the application of the Code of Conduct and sets the expectations for Aesop suppliers and Aesop, as partners.

The Policy underpins Aesop's Ethical Sourcing Programme which enables us to identify issues, manage risks and improve working conditions in our supply chains by collaborating with stakeholders and utilising the Sedex responsible sourcing data-sharing platform.

The Ethical Sourcing Policy is available on the Aesop intranet and is distributed to Tier 1 Direct Suppliers in the prospect phase, before they are accepted as a vendor. The core tenants of the Ethical Sourcing Programme are also available to view on the [Aesop website](#).

### Supplier Onboarding

Education on the Natura & Co Ethical Sourcing Policy was a feature of the development of Aesop's Direct Supplier Onboarding Standard Operating Procedure (SOP) rolled out in 2022. During this process Aesop's Ethical Sourcing Coordinator provided step by step guidance to Aesop's Procurement Governance and Contracts Manager to ensure that Aesop's Ethical Sourcing Approval Process is standardised within the onboarding procedure. This will assist in implementing the risk mitigation strategies laid out in the Aesop Ethical Sourcing Policy for all new suppliers.

### Commitment to Life

[Commitment to Life](#) is Natura &Co's 2030 Sustainability Vision, guiding operations and value chains throughout the Natura &Co Group. One of the vision's three pillars is to [defend human rights and be human-kind](#), reflecting the UN Guiding Principles on Business and Human Rights, the International Bill of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Rights at Work and the ILO Declaration on Multinational Enterprises. This commits Aesop and the Natura & Co brands to:

- adopt a robust group-wide human rights policy by 2023 (this was completed in 2021); and
- have fully traceable and/or certified supply chains for six high-risk raw materials (palm, mica, soy, cocoa, ethanol and cotton) by 2025—known as the 'critical materials' target.

Commitment to Life also incorporates specific, measurable targets in how we treat our employees and our wider networks. These include pay equity and paying all employees globally at least a living wage by 2023, increasing senior-level representation of under-represented groups by 2025, and zero tolerance of any human rights infringements in our supply chains. By 2030, we will also ensure that all partners have been assessed against Aesop's social and environmental selection criteria and will continue to invest in long-term partnerships with shared values.

### Natura &Co Ethics Line

In addition to the above policies, Aesop and our suppliers have access to the Natura &Co Ethics Line (Ethics Line) which is a phone line provided by Navex Global and is available 24 hours a day, seven days a week, in all countries in which Aesop operates, with services available in each local language. If either an Aesop employee or supplier becomes aware of any conduct which is in breach of the Code of Conduct or is in any way questionable from an ethical or legal perspective, they are able to use this line to disclose such conduct in full anonymity and confidentially.

Other policies / documents currently implemented at Aesop which support our ability to address potential modern slavery risk include:

- Procurement Policy.
- Anti-Bribery and Corruption Policy
- Whistle-blower Policy

### Training

#### Ethical Sourcing Training

In 2022 the Aesop Ethical Sourcing team conducted a series of five training sessions with key stakeholders across our regional and global Supply Chain teams. The purpose of the training was to provide an overview on how staff should engage with and use Aesop's Ethical Sourcing Policy and their role in the Ethical Sourcing Approval Process. The training highlighted the need to look at ethical sourcing as a process of continuous monitoring and improvement and introduced a new compliance rating system for direct suppliers.

#### Code of Conduct

All Aesop employees complete mandatory Code of Conduct induction training when they start with Aesop.

### Risk Assessment and Due Diligence

Aesop's ethical sourcing programme is built on a mutual commitment from both Aesop and our suppliers to safe, legal and ethical practices in the operations of our respective businesses. Aesop uses the Sedex, a membership organisation that offers an online database which allows members to upload, share, manage and report on ethical information such as labour standards, health and safety policies, environmental practices and business ethics within their own company. We use this platform to monitor and assess suppliers' risk, expecting to see evidence of this commitment to continually improve the working conditions for their workers and, where required, evidence of improvement.

If Sedex membership is required by Aesop, the supplier will complete a supplier self-assessment questionnaire (SAQ) and following this Aesop uses Sedex's risk assessment tool, Radar, to determine the risk level of the supplier. Radar combines inherent (country and sector) risk information with data from suppliers' SAQ to help Aesop identify suppliers operating in high-risk environments or with workers more vulnerable to labour exploitation. Radar contains risk data based on independent and reputable sources that assess risk in the four Sedex Members Ethical Trade Audit (SMETA) pillars and 14 risk topics.

If a supplier site is rated as high or medium risk, Aesop requires an audit from the last 12-months, or for an ethical audit to be undertaken on the site. Where an ethical audit is required, it must be carried out by a certified third-party auditor. Our preferred audit methodology is Sedex Members Ethical Trade Audit (SMETA). Audits are then graded, and a Corrective Action Plan, including timeframes for addressing any non-compliances, will be discussed with the supplier and monitored by Aesop. The supplier must address all non-compliances and have them verified by a third-party in order to be approved by Aesop, unless otherwise agreed. Once Aesop has approved how the non-compliances have been addressed, high risk sites are approved for 12 months, and medium risk sites are approved for 24 months.

It is important to Aesop to assess the ongoing actions it is taking to understand and minimise modern slavery risk in its operations and supply chain.

#### Across 2022:

25 third party ethical audits completed

69.14% of Code of Conduct Direct Supplier signatories by Count, 90.84% by spend

67% average over the year by Count, 92% average over the year by Spend of Direct Suppliers active on Sedex. Alternatively, year-end figures: 73.5% by Count, 94% by Spend

### Effectiveness and reporting

In 2022, we introduced an internal system of red / amber / green ratings to assess supplier compliance with the Aesop Ethical Sourcing policy. This rating considers factors such as whether audits have been completed as required, whether the Code of Conduct has been signed, and Sedex membership, with non-compliances closed out on time.

Aesop also participated in a study with Action for Sustainable Derivatives for our palm oil supply chain. This is a third-party traceability assessment of suppliers that allows Aesop to delve deeper and improve visibility in the complex palm oil supply chain to understand where Aesop's materials originate from, and to be notified of any grievances associated with this supply chain.

Additionally, in 2022, Aesop formalised the process to record exceptions to Aesop's Ethical Sourcing Policy. This included reintroducing the waiver process and collaboration with Aesop's Indirect Procurement function to ensure due diligence was completed on any suppliers who were unable to sign the Code of Conduct.



Aesop Hampstead, UK

### **Natura &Co Critical Materials Policy Development**

As part of Natura &Co's 'Commitment to Life', six supply chains across the Natura &Co group were identified as high risk for potential labour, human rights and environmental exploitation (palm oil, cotton, mica, soy, paper and ethanol – note, Aesop does not use mica). For these "critical materials" Aesop is targeting full traceability and/or certification by the end of 2025. After establishing our baseline in 2021, in 2022 we collaborated with the Natura &Co Group to support the development of sustainable procurement policies for each of these materials which were each published in the second half of 2022.

The policies are publicly available and outline the roadmap and expectations for Aesop and our suppliers to reach our goal. Our progress against critical materials is detailed in the 2022 Aesop Impact Report.

### **Supplier Key Performance Indicators (KPIs) Development**

Supplier Key Performance Indicators (KPIs) Development


During 2022 the Aesop Supply Chain team progressed a project to update Aesop's current template contractual provisions and Key Performance Indicators (KPIs) for our Contract Manufacturers, targeting all new and renewed Contract Manufacturing arrangements moving forward. Aesop's Contract Manufacturers made up 47% of total spend with Direct Suppliers in 2022, with most of these manufacturers classified as "Strategic" in accordance with the Natura &Co Supplier Segmentation model.

During this contract review process, the Supply Chain Sustainability team included new manufacturing obligations into the new template relating to Modern Slavery risk mitigation through requiring our Contract Manufacturers to meet KPIs surrounding their Sedex membership and to report on KPI compliance monthly and annually during the term of the agreement.

Manufacturer KPI progress across areas of modern slavery prevention and mitigation for those contracting under Aesop's new contract manufacturing obligations will be reviewed regularly and is designed to encourage our Contract Manufacturers to improve their own modern slavery due diligence. This revised legal template is targeted to be rolled out commencing Q3 2023.

## 6. Consultation

In 2022, all entities in the Aesop group globally operate and are managed by the same executive management team and governance framework, which ensures a consistent and collaborative approach across all entities with respect to modern slavery risk assessments and obligations. In preparing this Statement, a process of consultation was carried out across key global functions at Aesop. This included engagement with functions such as Supply Chain, Sustainability and Legal as well as corporate officers of the reporting entities and members of the Aesop executive team.



**Michael O'Keeffe**  
CEO Aesop



## 7. Appendix

Mandatory Criteria	Relevant section in statement
Identify the reporting entity	<b>Introduction</b>
Describe the structure, operations and supply chains of the reporting entity	<b>Aesop Business Structure and Operations</b>
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls	<b>Modern Slavery Risk</b>
Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes.	<b>Assessing and Addressing Risk</b>
Describe how the reporting entity assesses the effectiveness of such actions	<b>Assessing and Addressing Risk</b>
Describe the process of consultation with any entities that the reporting entity owns or controls	<b>Introduction</b>
Provide any other information that the reporting entity, or the entity giving the statement considers relevant	<b>Throughout</b>
Consultation process	<b>Consultation</b>