

## DECIEM: Modern Slavery Statement in response to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act (Canada), 2023*

### Introduction

This statement is produced by DECIEM Beauty Group Inc., DECIEM Inc. and DECIEM Distribution Inc. (collectively, “DECIEM” or “our” or “we”) for the financial year ending June 30, 2023 (the “Reporting Period”). DECIEM Inc. and DECIEM Distribution Inc. are wholly owned subsidiaries of DECIEM Beauty Group Inc. DECIEM is a member of The Estée Lauder Companies.

This statement outlines DECIEM’s approach to respecting human rights across its global operations and supply chain and minimizing the risk of modern slavery occurring in DECIEM’s business and supply chains. Specifically, this statement outlines DECIEM’s approach to preventing and reducing the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere or of goods imported into Canada by DECIEM.

This statement provides details required by Canada’s new *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”) and constitutes the first report prepared by DECIEM pursuant to the Act.

### A. Structure, activities and supply chains

#### Business Structure and Activities

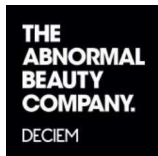
DECIEM is a manufacturer, marketer, and seller of quality skin care, fragrance, and hair care products. DECIEM’s portfolio includes The Ordinary, an ingredient-focused brand, and NIOD, a science-driven skin care brand.

Our products are sold on our own and authorized retailer websites, on third-party online malls, in stores in airports, and in our own and authorized freestanding stores. In addition, our products are sold in brick-and-mortar retail stores, including department stores, specialty-multi retailers, upscale perfumeries and pharmacies and prestige salons and spas.

DECIEM is a member of The Estée Lauder Companies (“ELC”). In 2021, ELC increased its investment in DECIEM to approximately 76%. In the case of recently acquired subsidiaries or businesses (e.g., DECIEM), application of ELC’s Modern Slavery statement is subject to a transition period, the length of which will depend on the status and capabilities of the acquired businesses and/or entities. As part of an overall integration plan, ELC would bring non-shared suppliers (i.e. suppliers not already covered by ELC’s program) into ELC’s program. During this transition period, DECIEM is reporting separately from ELC for the current Reporting Period.

#### Employee Population

With over 1,400+ employees worldwide, we recognize that in order to properly serve the communities in which we live and work, our workforce and products must reflect and represent this global diversity.



## Supply Chain

Our Global Supply Chain includes a vast network of direct and indirect suppliers (collectively, “DECIEM Suppliers”) through which we purchase materials and services that are an integral part of our operations. Our direct supply chain comprises suppliers that directly contribute to DECIEM’s products, packaging, and/or production, such as those that provide the raw ingredients for our product formulations, the materials that contribute to our packaging solutions, and third-party manufacturers. Our indirect supply chain is composed of suppliers who sell us goods and services not directly used in the manufacturing of our products, such as creative partners, stores/visual merchandise, IT services and more. We aim to develop long-lasting, trusting, and mutually beneficial relationships with a common basis of shared values and commitment to operating responsibly and ethically.

Our Global Supply Chain includes our Manufacturing and Fulfillment, Distribution and Logistics, and Procurement and Planning operations. The collective team plans, crafts, and delivers quality products and packaging for our consumers around the world. Global Supply Chain partners closely with Global Research and Development (R&D) as an end-to-end Value Chain, which encompasses the lifecycle of the company’s products – from inception to delivery to our consumers’ hands. Underpinning the Value Chain are shared teams that ensure the quality, sustainability, safety, and innovation that spans across all that we do.

We manufacture our products primarily in our own facility in Canada, while also leveraging global third-party manufacturing networks. We continue to evaluate our manufacturing facilities and processes and identify sourcing opportunities to improve innovation, increase efficiencies, minimize our impact on the environment, ensure supply sufficiency, and reduce costs.

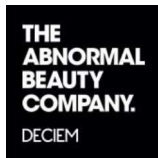
## Sourcing Responsibly

We’re committed to helping our suppliers uphold the same ethical standards to which we hold ourselves accountable, within the context of local jurisdiction.

DECIEM sources ingredients and materials from around the world to manufacture our beauty products. We aim to continuously strengthen our sourcing practices while remaining sensitive to the local communities in which we operate.

Our Sourcing team is part of our Global Supply Chain Planning group and broader Global Supply Chain function.

As a condition of doing business with DECIEM, we expect our suppliers to honour our company values and our commitment to operating as a responsible corporate citizen. In partnership with our suppliers and everyone we touch, we are committed to compliance with the law, ethical business practices, and fostering our heritage of respect for people and serving as a positive influence in the communities we serve and from which we source.



## B. Policies and due diligence processes in relation to forced labour and child labour

### Human Rights Policy

Our parent company, ELC, has conducted a corporate-level Human Rights Assessment (HRA) based on the methodology outlined by the UN Guiding Principles on Business and Human Rights, the global standard for HRAs. Through the HRA process, they assessed human rights risks and impacts across their operations, including their corporate policies and procedures, as well as their supply chain, manufacturing, and retail operations. The HRA has provided a framework to help identify and prioritize salient human rights risks and impacts, and to identify key actions for improvement. ELC's Human Rights policy is available here: <https://www.elcompanies.com/en/our-commitments/viewpoints/human-rights-policy>

DECIEM continues to work with ELC to improve our sourcing practices in furtherance of the ELC Human Rights policy. We also expect our suppliers to respect human rights in their own operations and supply chains.

### Supplier Code of Conduct

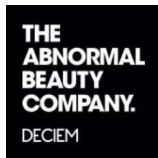
Our Supplier Code of Conduct ("Supplier Code"), along with ELC's Human Rights Policy, outlines our expectations for suppliers with respect to human rights, and local communities, as well as the workplace. It is the foundation of our program to source responsibly. The Supplier Code, which is based on internationally recognized standards, including the Universal Declaration of Human Rights and International Labor Organization's Conventions, is organized into three sections:

- Engage in lawful and ethical business practices
- Promote a respectful, fair, and diverse workplace
- Provide a safe, healthy workplace and protect the environment and community

It covers areas including Confidentiality and Privacy, Fair Competition, Child Labour, and Forced Labour, among others.

In conjunction with our standard purchasing contracts, the Supplier Code requires that suppliers be in full compliance with all applicable governmental, legal, regulatory, and professional rules and regulations governing minimum wages, work hours, overtime compensation, hiring, occupational safety, forced and/or child labour. This policy sets forth the basic requirements we expect of suppliers, including vendors, service providers, independent contractors and consultants, as a condition of doing business with DECIEM.

The Supplier Code specifies that DECIEM Suppliers must not employ child labour. The term "child" means any person employed under the age of 15 (or 14 where the law of the country permits) or under the minimum age for employment in the country, whichever is greater. DECIEM Suppliers employing young workers (workers above the minimum age of employment but under the age of 18) must comply with applicable laws and regulations regarding hours, compensation and must avoid conditions or restrictions



that could be harmful to their morals, health, safety, and development. These same expectations are upheld at all DECIEM owned and operated sites.

The Supplier Code also specifies that DECIEM Suppliers must not use or benefit from any form of human trafficking, or forced or compulsory labour of any kind, be it prison, bonded, indentured or otherwise. Furthermore, mandatory overtime is not permitted, and workers must be allowed to leave their employment after giving reasonable notice. Imposing monetary fines, withholding identity papers (such as passports), work permits, remuneration or requiring recruitment deposits or other constraints as a condition of employment, is not allowed.

### **C. Forced labour and child labour risks**

When engaging any new suppliers, DECIEM internally evaluates such suppliers and requires them to operate in compliance with DECIEM policies including but not limited to our Supplier Code.

For the suppliers we share with ELC, ELC risk-ranks direct and indirect suppliers globally based on pre-established criteria, such as location of operations, type of goods or services being sourced, and potential impact to our business. Based on the risk ranking of such supplier, they conduct additional due diligence using third-party on-site audits or assessments, as appropriate. To help determine country risk, they use a third-party provider that assesses each country based on its approaches to social impact and sustainability topics including environment, health and safety, social issues, corruption, and human rights risks.

ELC conducts risk assessments and performs due diligence on select direct and indirect suppliers that we share. ELC also monitors supplier performance and implements corrective action plans as needed. If we find evidence of a material failure to comply with our Supplier Code, we may consider seeking to terminate our relationship with the relevant supplier.

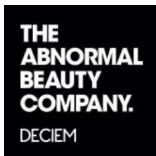
Notably, DECIEM works with DECIEM Suppliers, as appropriate, to ensure they fully understand the intent and requirements of the Supplier Code. DECIEM Suppliers are expected to make all reasonable efforts to communicate the Supplier Code to their workers, as appropriate, and provide workers with the opportunity to ask questions and raise concerns.

When DECIEM approves new suppliers or new manufacturing plants, suppliers are expected to sign the Supplier Code. Certain shared suppliers with ELC complete an assessment or on-site audit. ELC then contracts with third parties to conduct on-site audits for certain shared ELC suppliers that are selected based on criteria such as geography, type of material, and impact to the business.

### **D. Remediation measures**

#### **Remediation**

We promote a speak-up culture and provide a mechanism for reporting suspected misconduct. The ELC Integrity Helpline (<https://integrity.elcompanies.com>) is a resource available for DECIEM employees, suppliers, customers, and other stakeholders to report conduct that may be illegal, unethical or a violation



of our Code, Human Rights Policy, or Supplier Code. Concerns may be reported to the ELC Integrity Helpline via telephone or web, 24 hours a day, 7 days a week and in many languages.

ELC has standard operating procedures to manage reports to ensure consistent investigation and response procedures across incident types and reporting channels. Serious violations are reviewed by ELC's Ethics and Compliance Committee, which oversees implementation of the Code.

We will not tolerate retaliation against anyone who in good faith raises questions or concerns about a potential violation of the law, our Code, or company policies, or who assists in an investigation of a reported violation. Retaliation in any form is itself a serious violation of the Code and is strictly prohibited. Acts of retaliation or potential retaliation should be reported immediately. Anyone found to have retaliated against an individual will be subject to disciplinary action, up to and including termination of employment.

As stated in the Supplier Code, "If a Supplier appears to be in non-compliance with the Supplier Code, we expect the Supplier to cooperate and provide additional information, for us to decide whether such Supplier is in compliance.

If we determine the Supplier is not in compliance, then the remedies may include, among other things, termination of business with DECIEM or the development and implementation of a corrective action plan that would need to be implemented within a certain fixed time period. DECIEM may follow such implementation by a follow up audit, as it deems appropriate."

#### **E. Remediation of loss of income**

In the last fiscal year, we have not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in our activities and supply chains.

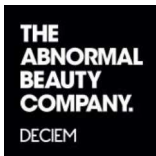
#### **F. Training and Awareness**

We promote a culture of ethics and integrity with standards to help us uphold the principles and ideals that make us a global leader in prestige beauty.

#### **Accountability**

We expect our employees and business partners to conduct business in compliance with applicable laws and regulations and with the high ethical standards and policies set forth in the ELC Code of Conduct ("Code") and Supplier Code.

The Code helps to protect our reputation as an ethical corporate citizen. Newly hired employees are required to sign an acknowledgement that they have received, read, and will comply with the Code. In addition, annually, employees are required to acknowledge the Code. We make available additional resources on the Code for our employees.



### The Estée Lauder Code of Conduct

The Code outlines our expectations for promoting a respectful workplace, engaging in ethical business practices, and operating in a socially responsible and fair manner.

DECIEM employees are expected to conduct themselves at all times within the letter and the spirit of the Code. Employees are required to sign off on the Code upon hire and annually thereafter. The Code of Conduct is available [here](#).

### G. Assessing effectiveness

See Section B above, “Policies and due diligence processes in relation to forced labour and child labour”, for details on ELC’s Human Rights Assessment.

See Section C above, “Forced labour and child labour risks”, for details on how DECIEM ensures continuous improvements in its sourcing practices.

### Attestation

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

A handwritten signature in black ink, appearing to read "Nicola Kilner".

Nicola Kilner  
Chief Executive Officer  
May 31, 2024

I have the authority to bind DECIEM Beauty Group Inc., DECIEM Inc. and DECIEM Distribution Inc.