



# 2022/2023 Statement - Combating Modern Slavery

## Introduction

'Modern Slavery' is the phrase used to describe the crimes of human trafficking, slavery and slavery-like practices such as servitude, forced labour, forced or servile marriage, the sale and exploitation of children, and debt bondage. A common thread runs through all of these offences: **they involve one person depriving another person of their liberty, in order to exploit them for personal or commercial gain.**

'The economic impact of the Covid 19 pandemic is likely to increase vulnerability to modern slavery in the short term, in particular in low- and middle-income countries, which is likely to affect workers in supply chains for goods to the UK. The pandemic has increased vulnerability to modern slavery worldwide as many underlying drivers have worsened. Certain population groups, sectors and geographies have become more vulnerable to modern slavery during the pandemic, particularly already vulnerable groups such as children, migrant workers, women and girls. Some evidence suggests that traffickers adapted their methods to the pandemic, including increased online recruitment and in the UK, identification of victims appears to have been affected, with fewer adults identified, but marked increase in 'county lines' referrals, mostly involving UK national children.' (Policy Brief by the Modern Slavery and Human Rights Policy and Evidence Centre - November 2021)

According to the International Labour Organization, Walk Free and the International Organization For Migration, the number of people in modern slavery has risen significantly in the last five years. 10 million more people were in modern slavery in 2021 compared to 2016 global estimates. Women and children remain disproportionately vulnerable.

**Globally, the number of people in forced labour has risen between 2016 and 2021 - from 24.9 million to 27.6 million -**

***"This absolute number translates to 3.5 people in forced labour for every thousand people in the world. Women and girls make up 11.8 million of the total in forced labour. More than 3.3 million of all those in forced labour are children" - according to the ILOs "2021 Global Estimates of Modern Slavery Forced Labour and Forced Marriage"***

While it is impossible to know the full extent of modern slavery in the UK, data released by the home office demonstrates that the number of people identified as victims of modern slavery has also been rising here year on year, with over 16,000 people [referred to the UK authorities](#) in 2022. The real number of people trapped in slavery in the UK is estimated to be much higher – more than 130,000 people.

Modern slavery exists in many forms in the UK, including trafficking into criminal activities like cannabis farming, sexual exploitation, domestic slavery but also as forced labour on farms, in construction, shops or manufacturing - industries that form part of our supply chain. Finding a reliable way to measure the full magnitude of modern slavery is universally acknowledged as a complex and challenging issue. The varied nature and forms in which Modern Slavery can be defined are vast, and the level of sophistication of the systems which have been developed to ensure that those who encourage or facilitate these horrific crimes remain undetected is sadly increasing.

Whilst some forms of Modern Slavery are overt, there are also much more subtle forms of coercion and control. Situations where a victim's vulnerability or lack of choice has been abused; where there is a hold over family back home through debt; or where the threat of deportation deprives them of any real freedom and choice.

This, our eighth Modern Slavery Statement, has been published in accordance with the UK Modern Slavery Act (2015). Section 54 of the MSA requires every organisation with a global annual turnover of £36 million or more, which carries out business (or part of a business) in the UK, to produce a slavery and human trafficking statement for each financial year. Lush's financial year runs from July to the end of June.

On June 15 2021, a UK Modern Slavery (Amendment) Bill was proposed in the House of Lords. The Bill proposes additional disclosure and substantive compliance requirements and would establish penalties for non-compliance with selected aspects of the Act and aims to prohibit the falsification of slavery and human trafficking statements; to establish minimum standards of transparency in supply chains in relation to modern slavery and human trafficking; to prohibit companies using supply chains which fail to demonstrate minimum standards of transparency.

Lush welcomes this amendment, which was the UK Government's response to both a public consultation launched in July 2019 and an Independent Review commissioned by the Home Office in 2018 to assess the effectiveness of the Act. The public consultation had sought views from businesses, public bodies, investors, and civil society on a range of options to strengthen the Act's transparency requirements.

The Government accepted several of the recommendations of the Independent Review and committed to making key changes to the Act, including the following:

- Mandating the specific reporting topics that statements must cover
- Requiring statements be published on a new Government-run modern slavery statement registry. (It currently is voluntary to post statements on the registry, however posting is encouraged, and the Lush statement can already be [found here](#))
- Setting a single reporting deadline for statements
- Introducing financial penalties for subject commercial organisations that fail to meet their obligations under the Act's transparency provision

Despite a clear need for additional legislation, there has been little progress on this [amendment](#) since June 2021 and it has not progressed into law yet.

In addition to the UK Modern Slavery Act, and its amendments, similar legislation has been introduced in other parts of the world. These include the California Transparency in Supply Chains Act (2010), French Duty of Vigilance Law (2017), the Australian Modern Slavery Bill (2018) and the German Lieferkettensorgfaltspflichtengesetz (Lieferkettengesetz or LkSG), known in English as the German Supply Chain Due Diligence Act (SCDDA) which comes into force on January 1, 2023.

Many countries, in which we operate, do not yet have similar legislation in place, but are either debating or have already reached agreements on mandatory human rights regulations. This includes the EU. On 23 February 2022 the European Commission finally published its long-awaited [proposal for mandatory human rights and environmental due diligence](#). Further Acts such as the [UFLPA \(Uyghur Forced Labor Prevention Act\)](#) in the USA (which establishes a rebuttable presumption that the importation of any goods, mined, produced, or manufactured wholly or in part in the Xinjiang Uyghur Autonomous Region of the People's Republic of China) is prohibited by Section 307 of the Tariff Act of 1930 and that such goods are not entitled to entry to the United States; are opposed by acts, such as the Chinese Anti-Foreign Sanctions Law (AFSL), which makes it illegal for Chinese companies to comply with the requirements of American customers by forbidding them to provide the required information.

As a global, progressive business we always seek to go above and beyond the legislation within the countries that we operate, and are striving for global alignment.

As we have manufacturing operations within [Australia](#) and shops in [California](#), we have written dedicated statements on tackling Modern Slavery within these markets and will publish a statement in line with the new Fighting Against Forced Labour and Child Labour in Supply Chains Act in Canada for the 2024 deadline.

This 2022/23 statement details what Lush is doing to combat the risks of modern slavery and human trafficking within our own business and our supply networks. The statement also provides an update on the activities and commitments detailed in our previous (seventh) Modern Slavery Statement and the steps taken during our financial year July 2022 - June 2023.

Finally, it outlines Lush's commitments towards mitigating the risk of modern slavery in our supply networks and business going forward.

## Our business - Organisational Structure

Lush is a UK cosmetics brand, with its head office in Poole and an additional office in London. Lush was started in 1995 by a close-knit team who have worked together for over 40 years. The first Lush shop opened at 29 High St, Poole in April 1995, with products being made in a small space above the shop. Lush places emphasis on the benefits of using the finest quality fresh, natural ingredients in our products for their nutritious effects on the body and mind. We strive to ensure our products reach our customers in the freshest condition, when they are most potent and effective – it's at the heart of our philosophy. We use ingredients such as fruits and vegetables, herbs, flowers, butters and essential oils - organic wherever possible - and with minimal synthetic preservatives. All products are vegetarian, and the majority are vegan too.

Lush's global expansion, whilst rapid, has been carefully controlled. More than 25 years on, Lush has over 106 stores in the UK, 886 shops worldwide (including all Group and Partner shops) and is present in 50 countries, with manufacturing operations in 6 countries (UK, North America, Germany, Croatia, Japan & Australia), employing around 11,000 people throughout the Lush Group during peak production. We also have Lush Spas in select locations across the UK, France, Korea, Japan and Spain with more Spas due to open in the US, Canada and the UAE soon. We invent, manufacture and retail our own range of unique products so that we can be confident that our beliefs and ethics are carried through at all stages.

We are very proud to offer a range of fresh, handmade cosmetic products which are all manufactured in house and sold through our retail shops, digital channels and collaborative partners.

Lush prides itself on its innovation and creativity, and therefore the number of products we produce is constantly evolving. We sold an average of 1,500 product lines globally within FY23. This includes all year round products and seasonal ones.

The Lush business is run in accordance with a set of founding ethical principles written by our founders at the very beginning of Lush's life, commonly known as our '[We Believe Statement](#)'. These principles underpin all that we do and run through every vein of our business.

Lush further sets out its core values or principles in the [Lush Ethical Charter](#).

As mentioned in our 2019/2020 statement, we have adopted the [Stronger Together Framework](#) for actioning our response to modern slavery, and you can see our progress against this below.

## Our Business & Our Supply Networks

Lush products are for sale in our shops, on our website and through our carefully selected 3rd party partners. They are invented in-house and manufactured by our own factories. The Creative buying team manages the supply networks of our product and raw material suppliers who are selected based on ethical, sustainable and commercial criteria, and are supported by the integrated Supply Chain Impact team.

Product supply networks are complex, involving a number of different processes; and Lush's supply networks are no exception. Although we try wherever possible to buy as direct from source as we can, most supply networks are made up of several tiers stretching over numerous countries. We have over 3000 raw material sources, from about 80 countries globally, with an annual UK buying spend of £46.5m and a combined global buying spend of £91.8m).

We have many supply networks that contribute to the operation of our business and as the Lush business continues to grow in size, so do our supply networks. For example, our raw materials are sourced from a global network of over 3000 suppliers (this includes raw materials, packaging and consumables) who help to support our global manufacturing operations. This number continues to evolve as we discover new materials, meet new suppliers and source materials to meet the growing business needs.

We are committed to sourcing and developing top quality, ethical materials for our products through a resilient global network and we also grow materials ourselves via agricultural projects and direct partnerships around the world. From the early days of buying we learned from the adulteration of our essential oils that it is vital to gain an understanding of each material, from who is involved in its supply to the local impacts of its production in order to ensure top quality ingredients with no exploitation at any stage.

As a business, we realised that we could have both a positive and negative impact through our business operations. Due to this we have aspired to maximise the benefit of our actions, relying on positive and open relationships with our suppliers and producers to find a path to a truly ethical and sustainable business that will last into the future.

Our vision is that each and every ingredient we purchase is contributing to a positive future. We are already building a web of like-minded pioneers who wish to become part of the answer to the problems we all see every day. Through the ingredients we buy and through the people we meet and partner with, we are finding that some of these answers come through reciprocal trade. That means finding ways in which we can grow, produce, manufacture and ship our goods that are truly sustainable. In fact we have ceased to aim for just sustainable, but wish to reach beyond that to be *regenerative* - making sure that our purchases put back more into the soil, to the community and the natural world than they take out, and at the same time provide profit and a viable business for *all* of us. We want to leave the world lusher than we found it.

## Our Commitment - Policies and Processes

We have several policies in place that help us to enforce the standards set to mitigate the risk of Modern Slavery and also encourage disclosure of any such practices within our business and throughout our supply networks. These policies are reviewed, communicated to and acknowledged by new and existing suppliers and also communicated to all Lush business partners. Suppliers are also reminded of our policies via every purchase order they accept. **As a minimum requirement** we ask all of our suppliers to acknowledge and comply with the following policies / documents (in addition to our strict [Non Animal Testing Policy](#) and declaration):

- **Our Anti-Slavery & Human Trafficking Policy**

This policy, last updated in June 2021, clearly defines Lush's position on Modern Slavery and sets the minimum standards that we expect all of our suppliers to comply with to ensure the fair treatment and well-being of all workers within our supply network. This policy applies to everyone working for us or on our behalf in any capacity, including employees, directors, agency workers, seconded workers, volunteers, interns, agents, contractors, external consultants, suppliers, third-party representatives and business partners. Anyone who breaches this policy will face disciplinary action, which could result in dismissal for misconduct or gross misconduct. We may terminate our relationship with other individuals and organisations working on our behalf if they breach this policy.

- **Our Modern Slavery Remediation Policy**

In FY 20/21, we published publicly our Modern Slavery Remediation Policy. Lush recognises the responsibility that we have as a business but also share with our suppliers to provide remedy to victims of slavery. Successful remediation is not easy to achieve and requires a victim-led, consultative and multi-stakeholder approach.

The Lush remediation policy is drawn from best practice guidance on remediation and builds on the requirements of International Labour Organisation Conventions, Protocols, Recommendations and Instruments such as the Declaration on Fundamental Principles and Rights at Work and the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, the UN Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, and the United Nations Guiding Principles on

Business and Human Rights. The policy is intended to provide a practical framework for us as a businesses to apply remedy, should we encounter victims of slavery in our business or in our supply chains.

## ● **Our People Care, Earth Care and Fair Share Buying Policy**

These buying policies consist of legal requirements, non-negotiable standards and progressive standards. Within Section '4.0 Legal Obligations' of this policy (which has been updated in November 2023 to make it clearer and stronger) we make suppliers aware of the following:

- 4.1 Suppliers must adhere to all relevant Lush policies. These policies include our 'Anti-Slavery & Human Trafficking', 'Anti bribery and corruption policy', "Modern Slavery Remediation Policy," amongst others, which can be found here: <https://weare.lush.com/lush-life/our-policies>. Suppliers will be notified of new policies through buyer communication, email or our supplier management system.
- 4.2 Suppliers must have systems in place to review and adhere to their legal obligations under regulations including, but not limited to; The UK Modern Slavery Act (or any other global legislation designed to combat modern slavery and offences relating to trafficking and slavery), UK Bribery Act, The Human Rights Act, The Nagoya Protocol, tax and environmental laws and where relevant the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), to protect endangered plants and animals and to help regeneration of degraded environments.

We expect you to be:

- Aware of the risks of bribery and corruption, modern slavery, and other potential risks that may prevent your business from meeting these legal obligations
- Committed to communicating awareness to your employees and business partners
- In compliance with all of the legal requirements and legislation for the country in which your business operates.

We also include the '[employer pays](#)' principle in our buying policy document. The People Care, Earth Care and Fair Share Buying Policy helps us to ensure that our supply networks match our core values.

## ● **Our Whistleblowing Policy**

The policy enables employees and anyone else to report any illegal or unethical malpractice that might be witnessed within our business or supply networks while remaining anonymous and protected by law against any mistreatment for reporting your concerns. By encouraging a Whistleblowing culture, we can continue to promote transparency and empower our staff and those in our supply networks to help monitor and maintain our high ethical standards in every corner of the Lush business.

This is a global policy that must be adhered to by all Lush businesses and made available to all Lush employees.

Our central whistleblowing email address '[blowthewhistle@lush.co.uk](mailto:blowthewhistle@lush.co.uk)' is monitored by our Lush UK People Experience Team and whistleblowing cases will be investigated and resolved in the shortest time possible.

In line with the requirements of the EU whistleblowing directive we have been working hard during 2023 to implement a new system for whistleblowing that will make it easier for anyone within the business or in our supply network to raise concerns confidentially via multiple channels and in the preferred language. The system should be fully implemented by the required deadline.

Breaches to these policies are not taken lightly. Where there is opportunity to influence change we will work hard with our suppliers to do so, but we will not hesitate to cease trade with any organisation where breaches of our policies are severe.

## Assess - Understanding the Risks

The risk of modern slavery lies everywhere; in all tiers of a companies supply network and within their own operations. For Lush, one of the sources identified as being high risk was mica, which is why we have moved away from sourcing natural mica and consequently made the [decision](#) to go completely natural mica-free as of January 2018.

During 2022/23 we have conducted a salient human rights risk assessment, taking into account the sourcing countries and prevalent risks, commodities as well as our spend and risk to the business.

This assessment showed that materials that are mined or are coming from agricultural supply chains (especially fragrance materials) are at high risk in terms of human rights abuses. Carrying out this assessment allowed us to prioritise which suppliers and countries to concentrate on and prioritise for a visit. In total we have carried out over 50 supplier visits since July 2022 and also two assessments of high risk supply chains in Egypt. For these visits we enlisted the help of an independent 3rd party, Impactt Ltd, a consultancy that specialises in ethical trade and human rights.

Impactt travelled together with the Lush team to carry out two social impact assessments. We wanted to understand the human rights risks faced by workers in the supply network in more detail and gain a better understanding of how the formal supply chain channels function, and the relationships and dynamics between different actors. The assessments highlighted that despite Egypt having a well-established legal framework, iterative reforms to the law to address ratified international conventions, as well as diversified

national policies relating to Child Labour practices, **deep rooted socio-cultural norms and at time household needs mean that many children are still engaged in agricultural activities.**

Children support their families during the production and picking session, more so during the school holidays, but during term time as well. This goes against the national legislation and Lush's Ethical Buying policy, especially as children are working during night time hours when Jasmine is typically picked. This is known to be a common challenge across many agricultural sectors in Egypt. Whilst at the national level there are many initiatives being implemented to address this challenge – both by the government and by donors and NGOs – it is a very hard and complex challenge to address. One critical risk is of course, non-compliance with the national legislation; however other risks include children being exposed to hazardous conditions and / or safety and security risks and their engagement in the labour market having a negative impact on their education.

In some instances, households and / or producers and pickers are becoming increasingly reliant on family members, including children, to support the harvest, especially during the peak. This is both due to the high costs of labour in parallel to the limited availability of workers willing to work for the income levels currently offered in the market.

**What could Lush consider doing?** It is very hard to change socio-cultural norms however taking into consideration the two-fold issues of limited labour availability as a result of the low-income levels offered by the market, there is evidently a challenge with the current market value and therefore profitability of jasmine. We are in the process of better understanding how the current price for jasmine (at all stages in the supply-chain) aligns with production costs, minimum wage, living wage etc. It is important to understand whether there is an opportunity to reduce the risk of children engaging in agriculture by increasing the market price of jasmine.

Secondly, together with our supplier we need to continue to promote the importance of children's education to raise awareness of laws relating to Child Labour with the aim to support longer-term socio-cultural behaviour change. Finally, looking at ways that could help to increase and / or diversify household income could help reduce the pressures at the household level and therefore potentially reduce the reliance on children to support with agricultural and other income generating activities.

In addition to the above, the assessments have further enabled us to understand critical market level constraints in the sector and the role Lush plays as a primary buyer and how Lush can support and influence the sector in Egypt going forwards.

The market Level constraints include:

- High production costs and low market prices are forcing producers to switch to alternative crops which poses potential threat to Jasmine supply in the future.
- Jasmine faces frequent market volatility from the market most recently being hit by disruptions caused by the COVID-19 pandemic and the war in Ukraine, dampening demand, and straining supply chains. In addition, the recent rapid increase in inflation, reaching a reported 36% in July 2023 (but as high as 62% for food), paired with the devaluation of the Egyptian Pound (EGP) has had a significant impact on the cost of production, fuel costs and cost of living, all of which directly (and often negatively) impacts our suppliers own operations but also their supply-chains and those working within them. All these factors have contributed to a rapid decline in the market value of jasmine and as of today, most producers are struggling to generate sufficient profit from production of aromatics.
- The Egyptian government has introduced a range of initiatives to encourage farmers to start producing strategic crops (e.g., wheat, corn, rice) through government sponsored subsidy programmes to increase domestic production and reduce the reliance on (volatile) imports.

This has led to farmers uprooting other crops such as jasmine and specifically neroli to create space for strategic crop production. The result is a high level of uncertainty in the market both in terms of supply and demand, but also at the producer level in terms of the economic feasibility of staying in aromatic production.

For further information please refer to the 'Agricultural Commodities' section further below.

## **Supplier Management Software & Risk Indices**

We first introduced supplier management software in 2019, which is enabling us to move towards our transparency goals; the system has the ability to support us with:

- Supply network mapping & visualisation
- Supplier benchmarking
- Risk analysis
- Reporting
- Gaining more transparency
- Enhanced supplier communication
- Supplier Assessments
- Incident management
- Analytics
- Responsible and productive decision making

The use of this software helps us to raise standards and enforcement measures throughout our supply networks, encourage disclosure, enable us to review policies & get acknowledgment of our policies from suppliers annually, benchmarking suppliers & tracking progress over time, help us decide where to utilise the help of third party auditing and set development targets for suppliers who might not meet our buying policy standards yet.

Further to the above, we also have a relationship with a global research house and data analytics organisation that helps with data modelling, risk analysis & forecasting at country and industry level. This enables Lush to have access to data which quantifies our risk by commodity and country.

As mentioned above, we have used this information to create a risk based approach to how we will prioritise visiting our suppliers. With Covid travel restrictions now lifted we have carried out over 50 supplier visits since July 2022.

## **Agricultural commodities**

The risk assessment we carried out at the start of the FY highlighted some of our agricultural supply chains as high risk for human rights abuses. Agricultural production is very dependent on labourers and also in some cases seasonal migrant labour, especially during the harvest period, which can often also be very short.

Carrying out our visits and assessments to the suppliers identified as high risk has highlighted systemic issues such as child labour. The United Nations Convention on the Rights of the Child (CRC) defines a “child” as a person below the age of 18, unless the laws of a country set the legal age for adulthood younger. Our policy also follows the same definition. The Minimum Age Convention establishes a distinct connection between the minimum age for employment and that of compulsory education and sets the minimum age for hazardous work at 18.

In the light of these fundamental conventions, “child labour” can be defined as the practice of involving children in work activities that deprive them of enjoying their childhood, impede their potential and dignity, and harm their physical and mental development. On a broader level, “child labour” pertains to the involvement of children in works that pose mental, physical, spiritual, social, or moral risks and harm to their well-being. This includes work that hinders their compulsory schooling by disrupting regular attendance or leading to early dropout, as well as engaging in strenuous work and enduring long hours while still enrolled in school.

*“In many countries child labour is mainly an agricultural issue. Worldwide 60 percent of all child labourers in the age group 5-17 years work in agriculture, including farming, fishing, aquaculture, forestry, and livestock. The majority (67.5%) of child labourers are unpaid family members. In agriculture this percentage is higher.” (Source: ILO)*

According to [Save The Children](#), Farmers Depend on their Children’s Contribution.

*“Most agriculture communities rely heavily on children’s involvement on their family farms. While in some cases this seems to pose only minimal risks to children, for many others, it disrupts their education when they must miss classes to work during harvest. The older children get, the more likely they are to be exposed to hazardous work. Children of seasonal migrant workers face even higher risks of working alongside their parents, dropping out of school early, and being exposed to hazardous living conditions.*

*While parents often refer to the importance of carrying on traditions to explain their children’s involvement in work, the strong linkage between child labour and poverty indicates that references to these value systems are mostly a coping mechanism for families. The underlying problem that needs to be addressed is the economic situation of agricultural communities”*

Poverty is the main cause of child labour in agriculture, together with limited access to quality education, inadequate agricultural technology and access to adult labour, high hazards and risks, and traditional attitudes towards children’s participation in agricultural activities.

In the context of family farming, some participation of children in non-hazardous activities can be positive as it contributes to the intergenerational transfer of skills and children’s food security. It is important to distinguish between light duties that do no harm to the child and child labour, which is work that interferes with compulsory schooling and damages health and personal development, based on hours and conditions of work, child’s age, activities performed and hazards involved.

Participation in some agricultural activities is not always child labour. Age- appropriate tasks that are of lower risk and do not interfere with a child’s schooling and leisure time can be a normal part of growing up in a rural environment. In some instances children are also brought to the fields by their parents as no alternative child care facility exists.

Migration can provide new opportunities for families, but it also creates challenges for children who migrate with their parents or are left behind. It is common for migrant children to assist adult family members in their labour, limiting access to education, social development, communication skills, and overall well-being. Consequently, children from migrant families are at a higher risk of being involved in child labour when compared to children from areas of destination.

Having identified these risks we are working closely with our suppliers involved and independent human rights experts on addressing the issue on the ground and will continue to update on our joint progress annually.

In addition to this Lush is also participating in a joint project, [“Harvesting the Future,”](#) to promote and improve working and living conditions of seasonal agricultural workers in Türkiye.

To fulfil our commitment to align with the labour standards of the modern slavery act, our company is participating in the Harvesting for The Future Rose Project. For further information please see the Fair Labor Association website.

## **Mined Materials**

Further to our decision to stop using Mica in 2018, this year we have further analysed our portfolio of raw materials to assess the modern slavery risks for other high risk mined materials. Lush uses several mined materials within its products, such as Kaolin, Calamine and Talc. These products are integral to our formulas, and we decided to act in order to further transparency and understanding within these supply networks.

After forming a working group with all interested stakeholders & suppliers, we conducted a pilot transparency mapping exercise to further understand the complexities of sourcing this material, and the conditions at the mining source. We are currently in the process of putting together an internal policy on purchasing practices around mined materials, developing a process of identifying risk in different countries and comparing practices for different mined materials. We were hoping to have this policy ready for FY 22/23 but as it is a challenging topic with many aspects to consider, the policy is now yet complete but will be shared with our ethical buying team as soon as possible.

## **Palm Oil**

Our focus on the palm industry began in 2006 when we realised what destructive environmental practices are involved, but we also now regard it as a high slavery risk. “Non-governmental organisations (NGOs) and unions report that even plantations that have been certified as ‘sustainable’ often show signs of child labour and forced labour” (*Greenpeace, Final Countdown Report, 2018*). We made significant progress this financial year in our journey to removal and more transparency. During FY23 we achieved a further 11.8% decrease in our palm usage due to the reformulation of our shampoo bars, eradicating SLS. We also developed a transparency tracker alongside a due diligence process to identify specific practices linked to our palm supply chains. We are hoping the new EUDR legislation will further enable us to gain specific locations of plantations used to supply to the manufacturers of our synthetics.

The full details around our reduction of palm oil derivatives can be found in our [2023 palm report](#).

## **Audits**

As mentioned above, during 2022 / 23 we have worked on an audit plan of our high risk suppliers and have started conducting visits during FY 22/23. We have conducted a salient human rights risk assessment, taking into account the sourcing countries, prevalent risks, commodities as well as our spend and risk to the business.

This assessment showed that materials that are mined or are coming from agricultural supply chains are at high risk in terms of human rights abuses. Carrying out this assessment allowed us to prioritise which suppliers and countries to concentrate on and to priorities for a visit. In total we have carried out over 50 internal supplier visits since July 2022. We have also conducted two assessments of high risk supply chains in Egypt. For these visits we enlisted the help of an independent 3rd party, Impactt Ltd, a consultancy that specialises in ethical trade and human rights. Impactt travelled together with the Lush team to carry out two social impact assessments.

We wanted to understand the human rights risks faced by workers in more detail and gain a better understanding of how the formal supply chain channels function and also the relationships and dynamics between different actors. The assessment highlighted systemic issues such as child labour but has also enabled us to understand critical market level constraints in the sector and the role Lush plays as a primary buyer and how Lush can support and influence the sector in Egypt going forwards.

## **Act - Taking Action**

### **Training and Raising Awareness**

Around 11,000 people work for Lush globally ( Lush Group Employees (Retail, Digital, Manufacturing and Support), not including Partners) - even more around peak times like Christmas when we recruit seasonal staff. We want all employees to have an active and engaged understanding of the risks of modern slavery to our business. We started our training programme in 2018, and since then have expanded this to a wide variety of departments and colleagues across the Lush global business.

We have organised sessions for individual teams and hosted a virtual session on modern slavery, which was recorded to maximise accessibility. With this experience, our staff are more likely to identify possible warning signs and raise issues if a supplier looks like they might be slipping below our expected standards.

This year, we have provided additional training to a number of our teams:

Support Teams - 116  
Global Colleagues 168

Manufacturing - 92  
Support Teams -559  
Retail Team Managers - 74  
Global Colleagues 30

We also hosted 2 Social Auditing sessions for our buying colleagues and wider support teams on how to be a Social Systems Auditor. This course covered:

- Understanding the potential range of social and ethical issues that face organisations and auditors, and the range of conventions, specifications, codes of conduct and other initiatives

- Explained the role of an auditor to plan, conduct, report and follow-up a social system audit in accordance with ISO 19011
- Plan, conduct, report and follow-up a social system audit in accordance with ISO 19011 and by interpreting the requirements of SA 8000

We hosted this in both our UK and North America Offices, with 19 global colleagues attending.

Finally, we asked our buying teams to attend digital training to upskill themselves on the potential risks in their own categories supply network. These included topics such as Effective Due Diligence For Addressing Child Labour Risks in the US which is a concerning theme that we are monitoring on an ongoing basis.

## **Talking about Modern Slavery**

Communicating and keeping Modern Slavery at the forefront of people's minds is key to making sure that we are constantly doing everything we can to try and eradicate this horrendous practise. We do this through a variety of channels which are accessible internally, to our supply network and publicly too.

- Our Anti-slavery and Human Trafficking policy and Modern Slavery statements are published on our website where staff, suppliers, customers and anyone with an interest can read about the risks to our business and the steps we are taking to combat modern slavery.
- We also have also created an internal document called the Modern Slavery Handbook (action taken after FY 20/21), which provides resources and materials created by Lush, as well as information provided by external organisations which campaign to eradicate modern slavery on a global scale. This was distributed in a follow up email to anyone who completed the online training. The document is comprehensive and covers topics such as: What is Modern Slavery, Our Obligations & Policies, Spotting the Signs, Reporting and Incident, and several external resources. It is also shared as part of our immersion sessions for new staff members.
- The importance of eradicating modern slavery, and the importance of raising awareness of this key issue was also included in the "Upholding of our Ethics" section in our employee magazine, Lush Insider in June 2020.
- We worked with our people team to create a referral procedure for colleagues or customers who may be affected by modern slavery. The whole team was briefed should any calls of this nature be received by our people care team.

Further to the above documents and policies, we have also explored more interactive options for supplier training and successfully hosted two virtual supplier conferences with the title of ' A collaborative approach to tackling modern slavery' on the 5th November 2020.

These two one hour sessions were co hosted alongside Stronger Together and broached the following topics:

- Where Lush stands from a policy point of view
- An overview of what Modern Slavery is - what is the problem globally, in the UK and in different sectors
- The UK Government's & International Response - a businesses' responsibility to tackle modern slavery
- Who are the victims, how are they exploited and where?
- Next steps and further resources

A total of around 110 suppliers were able to join the live sessions and a recording was shared with everyone who was unable to attend. In addition to training we have also participated in [public discussions](#) around modern slavery.

Lush also has a whistleblowing email address '[blowthewhistle@lush.co.uk](mailto:blowthewhistle@lush.co.uk)' which is published on the Lush [website](#). This is also communicated to all Lush UK employees via their electronic payslips, to all Lush employees via the global roll out of the whistleblowing policy and to all suppliers via the Lush People Care, Earth Care and Fair Share policy and several other means, to raise awareness.

- **Operational Performance Assessment**

Lush has previously used the Stronger Together [Organisational Performance Assessment](#) to self-assess how well we tackle modern slavery and hidden labour exploitation as a business (action taken during FY 19/20). The assessment was delivered by a trained and approved business and human rights expert consultant and provided independent verification of our company's progress in tackling modern slavery. The OPA has been developed to support companies to evaluate their progress in tackling modern slavery and to inform their next steps to improve the scope and effectiveness of their programmes. The OPA analyses gaps, reports on strengths and provides detailed recommendations and action plans to support a business to make further organisational improvement.

The framework covers six steps:



- Commit - Make a public commitment to tackle modern slavery
- Assess - Understand modern slavery risks in your business and supply networks
- Act - Take action to deal with identified risks
- Remedy - Provide a solution for victims of slavery
- Monitor - Monitor progress
- Communicate - Tell people what you have done

We have used the output of this assessment to form a framework for this report, but also to guide us with a list of areas we wish to strengthen. We had another assessment planned for FY 21/22 but this has been postponed to later on in 23/24 due to wider business decisions such as the acquisition of Lush NA by Lush UK. This is a positive development for the implementation of the OPA in the future as we now plan to extend the assessment across all manufacturing operations.

## Remedy - Provide a solution for victims of slavery

We have two main channels through which we would receive potential violations or incidents for concern; via the whistleblowing hotline, or during our own investigations of our supply network.

As part of our aforementioned [remediation policy](#), we have identified a structure for dealing with these incidents. The Lush process for responding to violations will be to:

- Conduct an initial assessment of the allegations to ensure that there is sufficient information to understand the exploitation discovered and remedy it.
- Ascertain if a supplier or labour provider is implicated.
- Report the allegations to relevant authorities.
- Capture evidence about the violations, using an independent third party if necessary.
- Gather information from those affected.
- Take immediate steps to correct the situation for the worker, which will need to be tailored to their individual circumstances. This could include provision such as housing support, legal assistance, medical care or psychological support.
- Compensate the victim or restore their situation to before their ordeal took place, including for those found to be a victim of modern slavery within the Lush network, internal colleagues or supply chain. This could be in the form of:
  - Reimbursement of recruitment fees or illegal deposits
  - Compensation for lost wages or illegal wage deductions
  - Assistance with repatriation, if desired.
- Where possible, contribute to programmes and projects aimed at providing victim support.
- Work with local authorities and competent local organisations to provide assistance (on the express consent of the victim).
- Review progress over a suitable time period and verify that progress with local authorities and local organisations.
- Document remedial steps taken (see Remediation Reporting Tool).
- Build learnings into remediation procedures and operational procedures to prevent re-occurrence.

In FY 22/23 we had one instance that required investigation, this was received directly via the whistleblowing hotline.

Whilst the low numbers of reports is in some ways reassuring, we cannot be complacent and have identified that the awareness and accessibility of the Whistleblowing hotline is something that we wanted to refine. As mentioned above, in line with the requirements of the EU whistleblowing directive we have been working hard during 2023 to implement a new system for whistleblowing that will make it easier for anyone within the business or in our supply network to raise concerns confidentially via multiple channels and in the preferred language. The system should be fully implemented by the required deadline.

## Monitor - Monitoring Our Progress

We use key performance indicators to measure how effective we've been in combating slavery and human trafficking in our business and supply networks. In September 2020, we launched the first set of surveys for suppliers to review and agree to our People Care, Earth Care and Fair Share Buying Policy and self-assess their organisation against the criteria covered within the policy.

In April 2022, we signed a new contract with an alternative software provider (see above) to be able to report on a global scale. This means that whilst we are in this migration process, the way in which we report has been affected.

These are the **Quantitative & Qualitative indicators** that we highlighted that we wished to measure in last year's report. These have been unable to be updated due to system migrations but will be updated as soon as the information is available for all Lush Group companies.

KPI	Result FY20/21	Additional Comments
Number of high-risk suppliers based on assessment responses	13.82%	Calculated using aggregated scoring from our People Care Assessment
Percentage of suppliers who have a high risk modern slavery rating based on assessment responses	10.57%	Calculated using aggregated scoring from our People Care Assessment
Percentage of suppliers who have had a third-party ethical/social audit	22.76%	Calculated from the number of suppliers who responded "Yes" to the question

Percentage of audits raising non-conformances related to modern slavery	0%	
Percentage of modern slavery non-conformances closed within the timeframe stipulated	100%	No non conformances were raised.
Percentage of suppliers that have a grievance mechanism in place	81.3%	Calculated from the number of suppliers who responded "Yes" to the question: "Do you have a process in place for workers to report a grievance regarding labour conditions?"
Number of suppliers who are aware of modern slavery and taking steps to manage modern slavery risks	85.37%	Calculated from the number of suppliers who responded "Yes" to the question: "Has your company implemented a policy, code of conduct or standards to assure that your operations are free from forced, bonded (including debt bondage) or indentured labour, involuntary prison labour, slavery, or trafficking of persons?"
Number of suppliers that have made a commitment to tackle modern slavery, for example through a code of conduct or CSR report?	46.34%	Calculated from the number of suppliers who responded "Yes" to the question: Does your company conduct internal risk assessments/audits of your operations and activities to identify, prioritise, and mitigate the potential risks of forced, bonded (including debt bondage) or indentured labour, involuntary prison labour, slavery, or trafficking of persons?
What percentage of our tier 1 engages with labour providers	17.89%	Calculated from the number of suppliers who responded "Yes" to the question "Are workers obtained through the use of third party labour recruiters and/ or labour brokers?"
Level of engagement of high priority suppliers	68%	Calculated on the top 50 suppliers by spend in FY 20/21

We also had a number of KPIs that were focused more on our training and development internally. More details around these can be found throughout the report, however the below provides an overarching summary.

Percentage of suppliers trained in preventing/identifying modern slavery	19.68%	Calculated from the number of suppliers from FY 21/22 spend data vs attendees to webinars
<ul style="list-style-type: none"> <li>Number of projects and collaborations established to prevent and address risks in our supply networks</li> </ul>	7	We have 7 active projects covered in the Act section of this statement including two working groups (Mined Materials, Paper) and a partnership with Stronger together, Partnership with Impactt, 2 Social Assessments and Social Auditor Training Course
<ul style="list-style-type: none"> <li>Stakeholder feedback on efficacy of forced labour strategy</li> </ul>	N/A	This KPI is to be addressed in FY 23/24 as we wish to partner it with the next supplier assessment.

## Communicate - Communicating and Highlighting Modern Slavery

It's been said that Lush is like a campaigning organisation fronted by a soap shop. We are active and vocal about the issues that we care about, and use our shop windows and website as a way to highlight them.

Historically, we have hosted campaigns in partnership with [After Exploitation](#), calling on Part 5 of the Nationality and Borders Bill to be scrapped. Each of Lush's 101 storefronts across the UK carried the slogan: "Don't let the Government rip up support for modern slavery survivors", alongside a QR code and URL, so that customers could quickly and easily take part in the Scrap Part 5 action.

## Supporting Human Rights Charities

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

Globally we have made 869 donations to Human Rights groups from our Charity Pot Sales in FY2023 (including groups supporting migrants, refugees and groups tackling slavery and human trafficking) – £4.2 million was donated in total to these groups. In the UK alone we have made 308 of these donations totalling £515K.

Via other funds (Product Campaigns) during FY 22/23 we have donated £483K to Human Rights groups. A full list of the charities we have supported can be found on our website at: <https://weare.lush.com/lush-life/our-giving/>

We encourage Charity Pot applications from all Human Rights organisations through our website. Please see our Charity Pot Guidelines for more information: [Charity Pot - The Essential Guide](#)"

## Requirements

The Lush board of directors have overall responsibility for ensuring Lush's compliance with Modern Slavery legislation, and that all those under our control comply with it. Management at all levels are responsible for ensuring those reporting to them understand the issue of modern slavery and comply with this policy.

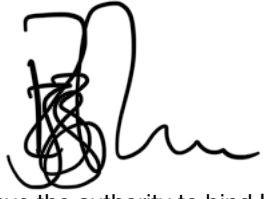
We are required to report in the UK, Canada and Australia. As such, this statement is made in accordance with the UK's *Modern Slavery Act 2015*, Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, and Australia's *Modern Slavery Act 2018 (Commonwealth Act)*. Its contents apply to both our UK and Canadian entities. The statement constitutes our Group's slavery and human trafficking statement for the financial year ending 30/06/2022. It has been issued on behalf of the Lush Group, and approved by the Lush board of directors. The below entities are those that are required to report in accordance with local modern slavery legislation:.

- UK Lush Entities (Lush Ltd and its UK subsidiaries - Lush Retail Limited, Lush Manufacturing Limited and Lush Global Digital Limited);
- Canadian Lush Entities (Lush Handmade Cosmetics Ltd, Lush Manufacturing Ltd); and
- Australian Lush Entities (Lush (New Zealand) Limited, Lush Australasia Retail PTY, Lush Australasia Manufacturing PTY)

“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.”

Karl Bygrave (Director)

[DATE]



. 22nd May 2024.

[SIGNATURE] “I have the authority to bind Lush Ltd”