

LUMENE GROUP'S MODERN SLAVERY STATEMENT 2023

Introduction

The Finland-headquartered LUMENE Group ("Group", "we", "us", "our") is a leading Nordic expert in holistic beauty. The Group consists of two brands: LUMENE, specialising in skincare and colour cosmetics and CUTRIN, the expert in Nordic hair and scalp health.

LUMENE Group prides itself on its uncompromising expertise, research, and product development capabilities, which combine the latest technology with potent local Arctic and Nordic ingredients, sourced sustainably.

LUMENE Group is committed to conducting its activities in accordance with all applicable laws, regulations, best practices and principles set out in international conventions in particular with regard to ethics and business integrity, labour and social responsibility and protection of the environment, including the United Nation's Global Compact, as well as to ensuring that its partners also do the same when conducting business with LUMENE Group.

LUMENE Group's structure and business

LUMENE Group employs over 330 experts internationally, in the fields of e.g., R&D, marketing, production, sales and financial management. LUMENE Group's headquarters, laboratory and factory are all located under the same roof in Espoo, Finland. The majority of products are also manufactured in Espoo. Centralised operations are particularly beneficial when studying and testing new, more sustainable packaging materials and taking new side stream-based raw materials into use.

Since September 2021, the majority owner of LUMENE Group has been the Scandinavian-based private equity company, Verdane – a growth partner to ambitious companies that thrive in a sustainable world. LUMENE Group comprises the partner Company, LUMENE Holding Oy, its subsidiary Lumene Oy and Lumene Oy's subsidiaries, including Cutrin Oy. The statutory governing bodies of the LUMENE Group are the General Meeting of Shareholders, the Board of Directors, the Managing Director (CEO) and the Auditor.

LUMENE Group's mission is to develop high-performing sustainable beauty products for a better future. A sustainable value chain in the beauty business involves the integration of social, environmental, and economic considerations throughout the product's life cycle – from product development to production until the end-of-life of our products.

Our supply chains

In 2022, LUMENE Group manufactured about 15 million pieces of beauty products. With the strategic choice to develop and manufacture products in Finland (85% of all our products), the Group has control over all details in its products and their development and manufacturing, including how they are designed, what kind of raw materials are chosen and how production is organised in the most sustainable way.

Suppliers are a vital part of our value chain. We are committed to form ethical and mutually beneficial supplier relationships with our network of suppliers and partners, and we aim to continuously improve our procurement and sourcing activities, also from perspective of sustainability issues, including modern slavery.

When working with partners, i.e., material and service providers, there is an ever-increasing need for transparency. This transparency means follow-up and close co-operation and mutual reporting within the partnerships. Our suppliers are mainly European, but some materials are sourced globally. For chemical raw materials we cooperate with global suppliers, as well as Nordic and start-up companies. Packaging componentry is mainly European with focus on medium sized family-owned businesses. Our supplier relations are long-term, in the range of 10–20 years of co-operation and even longer. Naturally new suppliers are taken on as well,

after set processes and approvals. We are working with roughly 100 first tier suppliers, and for raw materials we have around 150 second tier raw material manufacturers. When subcontracting production of finished goods, we have around ten partnerships in Europe.

LUMENE Group's policies and procedures

LUMENE Group is committed to doing business in a responsible and sustainable way, and we expect the same commitment from our business partners. We are not only following the requirements set by laws, but also being accountable, transparent, fair and responsible in our daily operations.

LUMENE Group has several group-wide policies in place relevant to modern slavery which we regularly review and update with input from both internal and external stakeholders. Our policies relevant to modern slavery include those listed in the following table.

Policy	Commitment
<i>LUMENE Group Code of Conduct</i>	<i>The LUMENE Group Code of Conduct sets the standard for ethical behaviour for all our employees and for our business partners. The Code of Conduct is supplemented by other policies and guidelines.</i>
<i>LUMENE Group Partner Code of Conduct</i>	<p><i>The LUMENE Group requires its partners (incl. suppliers) to be committed to ethical conduct, in full compliance with all applicable laws, regulations and international treaties, and respect for human rights according to internationally recognized standards. The LUMENE Group Partner Code of Conduct is prepared in accordance with the principles of the United Nation's Global Compact. All forms of corruption, bribery, money laundering, and unlawful restrictive trade practices are strictly prohibited.</i></p> <p><i>The LUMENE Group Partner Code of Conduct takes into account a variety of topics such as labour and human rights, prevention of child labour, prevention of forced labour and human trafficking and freedom of association.</i></p> <p><i>The LUMENE Group Partner Code of Conduct has been published on LUMENE Group's website (Appendix 1).</i></p>
<i>LUMENE Group Sourcing Policy</i>	<p><i>The LUMENE Group Sourcing Policy defines guidelines for the ways of working in the group and in our value chain. The Sourcing Policy supports the Group's mission and strategy to offer high performance Nordic beauty for a better future. It enables us to create value to our Group and stakeholders with innovative and high-quality goods and services purchased ethically and responsibly with optimized cost and in timely manner. The LUMENE Group Sourcing Policy is applied to all of LUMENE Group, and it is applicable to all suppliers of the Group, including sub-contractors, agents and subsidiaries.</i></p> <p><i>The LUMENE Group Sourcing Policy is described in more detail in the LUMENE Sustainability Report 2022 (Appendix 2, pp. 62–63).</i></p>
<i>LUMENE Group Corporate Social Responsibility Policy</i>	<i>The LUMENE Group Corporate Social Responsibility Policy (CSR) outlines our efforts to give back to the society as it gives to us. LUMENE Group is dedicated to protecting human</i>

	<p><i>rights and offering safe and equal workplace to every employee in our value chain. We are committed to our work ethics, people policies and diversity, equity, & inclusion (DE&I).</i></p> <p><i>The LUMENE Group Corporate Social Responsibility Policy (CSR) is described in more detail in the LUMENE Group Sustainability Report 2022 (Appendix 3, p. 53).</i></p>
LUMENE Group Risk Management Policy	<p><i>The LUMENE Group's risk management is guided by the Risk Management Policy approved by the Board of Directors. The Policy defines the Company's risk management principles, objectives and responsibilities as well as the organisation and monitoring of the Group's risk management process.</i></p>
LUMENE Group Supplier Self-Assessment Questionnaire	<p><i>The LUMENE Group Supplier Self-Assessment Questionnaire is a requirement for direct procurement suppliers. We monitor supplier performance regularly with score cards and audits. Audits can be performed by a third party or by LUMENE Group. New suppliers' financial status will be checked, and an evaluation of the supplier is conducted before approval as LUMENE Group supplier is possible. Corporate social responsibility and sustainability are assessed in the evaluation.</i></p>
Supplier Selection and Approval Process	<p><i>Supplier Selection and Approval Process describes the process followed by LUMENE Group in selecting its Suppliers for direct procurement, as well as the requirements LUMENE Group has for a company to become an approved supplier. Direct procurement in LUMENE Group's case stands for raw materials and packaging components (including raw materials and packaging materials for SPF products) and outsourced make up and/or skin care products.</i></p>
Supplier Evaluation and Co-operation Process	<p><i>Supplier Evaluation and Co-operation describes how LUMENE Group evaluates the performance of its suppliers and co-operates with its existing and active suppliers for continual direct procurement. Evaluations are conducted together with relevant functions, e.g., R&D and QA and can be made in a variety of ways, including supplier audits, self-audits and supplier score cards (i.e., rating reports).</i></p>

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Other relevant commitments and initiatives

In addition to its policies, LUMENE Group supports all 17 Sustainable Development Goals (SDGs) provided by the United Nations in its sustainability work. We have chosen ten most relevant goals with respect to which we can make the biggest impact through our operations. One of the chosen goals is promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. These SDGs are implemented in our sustainability strategy and daily business.

In 2021, LUMENE Group finalised a 4-Pillar Sedex Members Ethical Trade Audit (SMETA) to further deepen the understanding on labour standards and working conditions and environmental performance in the Group's business and supply chains. The audit identified two non-compliances, for which corrective actions were taken immediately. As a corrective action,

the LUMENE Group's Code of Conduct has been communicated more effectively within the Group, for example by adding the Code of Conduct to the Group's intranet and training it to the Group's employees. In addition, LUMENE Group's whistleblowing service was launched to provide access to a confidential grievance system for all workers. The audit will be carried out every three years.

LUMENE Group is also continuously working towards achieving B Corp certification, a certification conferred by a third party and requiring companies to meet certain social sustainability and environmental performance standards in its operations. As of now, we have reached the review process on our pathway to achieve the certification. As a global movement for an inclusive, equitable, and regenerative economy, achieving B Corp certification will emphasise the Group's holistic approach to sustainability including environmental, economic, and social responsibility.

Risk management and due diligence

Human rights due diligence is built into our key processes, for instance, in our operating system, in our health and safety management systems, and in supply chain management. The processes are overseen by the LUMENE Group Management Committee. We are following incidents related to human rights issues through our grievance system. Our group policies cover topics such as anti-corruption, safety, work ergonomics, work contracts, working hours, grievances, and supplier management.

Our partner criteria are strict, and our suppliers and other partners are committed to our ethical guidelines through the LUMENE Group Partner Code of Conduct. Partner selection is the basis for risk management in our value chain. LUMENE Group's partner selection for direct procurement follows a specified process, and we only operate with companies that are legally compliant and have a good reputation. The Group's procurement processes are currently under development. We are working towards expanding our supplier selection and approval processes to all our suppliers and other partners, also to suppliers for indirect procurement.

Our goal is that all partners working with us have signed our Partner Code of Conduct. All our partners for direct procurement have committed to the Partner Code of Conduct, and currently we are in the process of requiring our partners for indirect procurement to also commit to our Code of Conduct. We have set a roadmap for how to proceed with requiring the partners' commitment.

We also minimise sourcing from risk countries (according to Amfori BSCI Countries' Risk Classification). We also monitor partner performance regularly in a variety of ways, including audits and score cards. Audits can be performed by LUMENE Group, by a third party or by the partner itself as a self-audit.

LUMENE Group's risk management is guided by the Group's Risk Management Policy which is approved by the Board of Directors and which defines the Group's risk management principles, objectives and responsibilities as well as the organisation and monitoring of the risk management process. LUMENE Group's risk management processes are based on the Finnish Limited Liability Companies Act (624/2006), LUMENE's Articles of Association and LUMENE's internal plan.

Risk management is a systematic activity, the purpose of which is to guarantee comprehensive and appropriate identification, assessment, management, and monitoring of risks and contingency plans. The aim of our risk management is to ensure the successful execution of LUMENE Group's strategy, meeting LUMENE Group's sustainability targets, high customer loyalty and talent retention, profitability and the continuity of business and shareholder value in relation to all identifiable risks. This is carried out by monitoring and mitigating related threats and risks, and simultaneously identifying and managing opportunities.

LUMENE Group takes all allegations of suspected human rights violations and shortcomings seriously and thoroughly investigates all cases. We have identified the risks associated with

certain raw materials used in our products, such as berries and mica. In Autumn 2022, Finnish authorities found indications of human trafficking among individual berry companies, which have since been subject to investigation. Since LUMENE Group is extensively using berry-derived ingredients in its products, we have taken this matter very seriously and have since maintained a continuous dialogue with our suppliers on the matter. Mica is a naturally occurring mineral used in pigmented products, which traditionally originates mainly from socially and economically challenged regions. Nowadays however most of the mica we use is synthetic, or is sourced from the United States, which significantly reduces the risks related to mica we use.

Employee rights and equality are an essential part of the social responsibility of LUMENE Group operations. We monitor and continue working with the complex theme of human rights due diligence. We strive to strengthen the collaboration with our suppliers, especially in the areas determined to have high risk of human rights exploitation. During year 2022, we started the process of upgrading our supply chain due diligence processes by conducting a gap analysis on the current state of our sourcing processes from perspective of sustainability. Based on the findings of the gap analysis we have worked on a roadmap for updating our sourcing processes and for initiating a more systematic partner due diligence on monitoring possible sustainability issues, including on prevention of modern slavery in the operations and supply chains of our partners.

Training and knowledge enhancement

All LUMENE Group employees are required to familiarise themselves with and commit to the LUMENE Group Code of Conduct, which includes topics on modern slavery and advancing respecting of human rights. It highlights our expectations towards all our employees to be aware of how their work impacts the human rights of people in our operations and supply chains. The Code of Conduct sets the standard for ethical behaviour for all our employees and provides guidance on important matters such as working conditions. The Code of Conduct also informs employees on LUMENE Group's process for whistleblowing, thereby advancing the detection of possible human rights violations and shortcomings in our operations.

Tracking progress and effectiveness

Currently, LUMENE Group monitors the signing rate of the LUMENE Group Partner Code of Conduct. We are currently developing new KPIs to track our progress and effectiveness on topics relevant to modern slavery, which will be introduced towards the end of year 2023.

LUMENE Group's whistleblowing service provides an opportunity to our employees and external parties to communicate anonymously and confidentially on suspected wrongdoings or illegal activities affecting people, our organisation, society, or the environment. The whistleblowing service makes wrongdoings less likely to occur in the first place and shows our commitment to operate in a fair way. The Audit Committee oversees the Group's whistleblowing practice. The Audit Committee is responsible for ensuring that the Group operates in an ethical environment and complies with laws and regulations.

Since launching the LUMENE Group's whistleblowing service in 2021, only one case has been reported through the system. The case was processed in accordance with the Group's whistleblowing practice. All cases reported through the whistleblowing system are reported quarterly to the Audit Committee and to the Board of Directors.

The way ahead

We acknowledge the complex nature of modern slavery and that with continually evolving business landscape and supply chains, it is of utmost importance that we remain aware of human rights related risks in our operations, both internally and in our partner relations and supply chains.

We also acknowledge that we have work to do, especially in the fields of initiating a more systematic partner due diligence on monitoring possible emerging sustainability issues,

including modern slavery, as well as tracking the effectiveness of our actions preventing such issues. Looking ahead, our roadmap to improve our processes is clear and we expect our approach to managing the risk of modern slavery to further evolve over time as we learn from our risk assessments and due diligence processes.

This Statement was approved by the Board of Directors of LUMENE Group on 24.11.2023.

Signed by



Adrian Innergård
CEO, LUMENE Group

APPENDICES

- 1 LUMENE Group Partner Code of Conduct
https://www.lumenegroup.com/wp-content/uploads/2023/06/Lumene-Group-Partner-Code-of-Conduct_2023.pdf
- 2 LUMENE Group Sourcing Policy (LUMENE Group Sustainability Report 2022, pp. 62–63)
https://www.lumene.com/on/demandware.static/-/Library-Sites-LumeneEUSharedLibrary/default/LUMENE_GROUP_SUSTAINABILITY_REPORT_2022.pdf
- 3 LUMENE Group Corporate Social Responsibility Policy (CSR) (LUMENE Group Sustainability Report 2022, p. 53)
https://www.lumenegroup.com/wp-content/uploads/2023/08/LUMENE_GRI_REPORT_2022.pdf