



## **Modern Slavery Act 2015**

### **Slavery and Human Trafficking Statement for the financial year ended 26 December 2020**

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 (the “Act”) and constitutes our slavery and human trafficking statement for the financial year ended 26 December 2020. It sets out the steps that Superdrug Stores plc (“Superdrug”) has taken and will continue to take to prevent modern slavery or human trafficking from taking place within our business and supply chain. This statement relates to business activity during the financial year ended 26 December 2020 and builds on our modern slavery statements for the years 2016 to 2019.

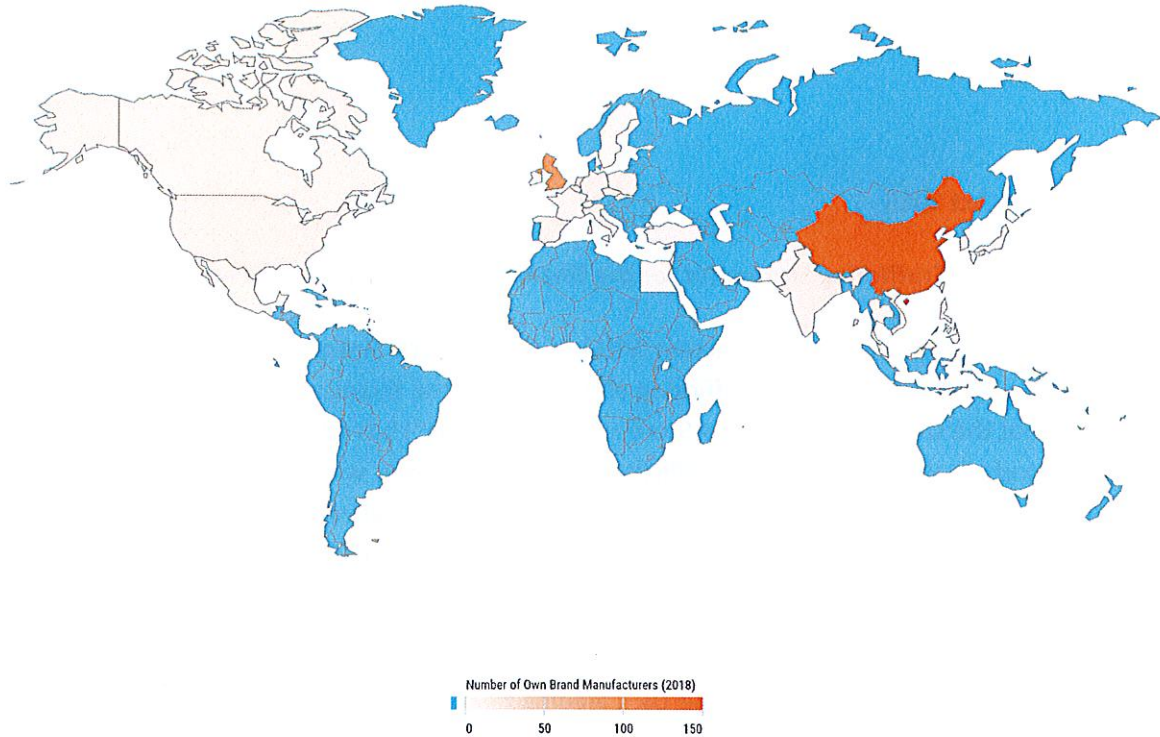
### **Group Structure**

Founded in 1964, Superdrug is one of the UK’s leading health and beauty retailers and is a wholly-owned subsidiary of A.S. Watson (Health & Beauty UK) Limited (“ASWHBUK”), which is a member of the A.S. Watson Group, ultimately controlled by CK Hutchison Holdings Limited, listed on The Stock Exchange of Hong Kong Limited.

### **Business**

Superdrug has approximately 800 stores across the UK and the Republic of Ireland, including 205 in-store pharmacies, employing up to 14,000 people.

Our UK Own Brand Team sources products from over 100 suppliers, which manufacture their products in over 270 manufacturing sites across 30 different countries. Over 100 of these manufacturing sites are in countries that we have identified as being a potential risk country and are therefore subject to regular independent ethical audits. In addition, we have suppliers whose products are sourced via the A.S. Watson Group Sourcing Team based in Hong Kong, which has similar standards and audit requirements in place. The below map displays the spread of locations of our Own Brand suppliers:



### **Modern Slavery Strategy and Due Diligence**

Our Modern Slavery Taskforce (the “Taskforce”) consists of representatives from across ASWHBUK, including representatives from Superdrug, and continues to build on the work that has been carried out since 2016. The Taskforce is led by Superdrug’s Finance Director and meets quarterly to monitor and review the progress against our Modern Slavery strategy.

The Taskforce is responsible for:

- monitoring, reviewing and reporting on activities and initiatives that are underway to help mitigate modern slavery risk areas that have already been identified; and
- developing our modern slavery strategy and implementation plan, by continuing to review our business operations and supply chain and assess any potential areas that could be exposed to a modern slavery risk.

A.S. Watson Group continues to be an active member of The Mekong Club (<http://themekongclub.org/>), an independent NGO engaged to help global companies in developing awareness and training toolkits on modern slavery for staff and suppliers.

In 2017, A.S. Watson Group strengthened its commitment to work collaboratively with The Mekong Club by being its first member to sign up to its Business Pledge Against Modern Slavery.

In 2018, The Mekong Club finalised their Modern Slavery Awareness Toolkit, and A.S. Watson Group launched an internal online awareness campaign to its employees engaged in suppliers' negotiations and contracts, across 24 markets, which included Superdrug, to coincide with the United Nations' World Day Against Child Labour.

We again worked with The Mekong Club in 2020 to identify ways in which we could continue to improve our efforts around Modern Slavery, and have used these learnings to devise an action plan for the Taskforce to implement in 2021.

### **Our Policies**

We are committed to continuing to develop and deepen our understanding of the risks in our business, so that we can prevent exploitation and human trafficking from taking place in our business operations and supply chain.

The ASWHBUK Code of Conduct is applicable to all our employees and sets out the principles we uphold for our business. Transparent, honest and ethical behaviours continue to be the pillars we hold at the forefront of our business, as well as countering bribery and corruption.

Our HR policies supplement and complement the ASWHBUK Code of Conduct. In 2018 our Customer and People Team developed the expansion of the use of our confidential hotline so that employees can report any concerns directly to the Superdrug Head Office via telephone or email. The "Speak Up" hotline re-launched in 2019, and is widely publicised by internal communications with the contact number being used by both Superdrug and Savers. The hotline is manned during working hours by Superdrug's People Advise Team and is part of all employees' online induction for Superdrug and Savers. Since launch we have had no incidents reported of Modern Slavery.

Since 2008, the A.S. Watson Group, including Superdrug, has been an active member of amfori's Business Social Compliance Initiative ("BSCI") which is a leading business driven initiative for companies committed to improving working conditions in the global supply chain. We follow the BSCI Code of Conduct (the "BSCI Code"), which covers key principles such as ethical business behaviour, no bonded labour or child labour, decent working hours and fair remuneration, as well as requirements for auditing, remediation and training of suppliers located in risk countries. The latest BSCI Code is integrated into our trading contracts and where possible we conduct regular compliance assessments against the BSCI Code. In 2018, the A.S. Watson Group Sourcing Team carried out over 470 BSCI audits (including re-audits) in factories manufacturing products sold in A.S. Watson Group's retail stores, including in Superdrug, with a similar number of audits being carried out over the course of 2019. In 2020 the majority of audits were carried out by third parties as a result of the Covid-19 pandemic, with all being all carried out to the BSCI standard.

As part of our Corporate Social Responsibility Roadmap we set out the following targets for our approach to prevent modern slavery, which specifically relate to sourcing of UK Own Brand products.

1) We had previously stated that by the end of 2020, 100% of Own Brand suppliers would have an ethical assessment either via an independent ethical audit or via completion of a self-assessment questionnaire. We can confirm that to date all but one of our suppliers have had such assessment, and we are hoping to achieve 100% imminently. Our aim is to have all suppliers completing an

independent ethical audit within the next two years.

2) We had previously stated that we would only accept 'C' scores or above on independent audits conducted on our direct suppliers in risk countries by the end of 2020. We can confirm that out of 106 factories, 5 were rated 'A', 1 was rated 'B' with the remaining classed as 'C'. A 'C' score is measured as 'acceptable' in the BSCI scoring methodology of A to E scores.

In 2021 we will be launching our collaboration with UK Gangmasters & Labour Abuse Authority, a Non-Departmental Public Body (NDPB) governed by an independent Board whose role is to protect vulnerable and exploited workers, who will be sharing some of their UK experiences with the Taskforce.

### **Training**

As we continue our partnership with The Mekong Club in 2021, we are committed to educating and further raising awareness of Modern Slavery. As part of our corporate induction for all roles, all employees have online training modules to complete. We are committed to tracking the training of all employees across the business and sharing the data internally on a quarterly basis, to drive completion.

By the end of 2020, 97% of employees across our stores, distribution centres and head office had completed their Modern Slavery training, and we aim to achieve similarly high figures by the end of 2021.

### **Direct Operations**

In our previous modern slavery statements we addressed the steps we have taken to minimise the potential risk of modern slavery in the provision of temporary labour by third parties which continues to include:

- contractual controls to ensure that the third party labour providers are committed to complying with the Act and that non-compliance will result in contract termination;
- ensuring that the third party labour providers have in place adequate internal mechanisms through which agency workers can raise any grievances or concerns and that any issues are addressed and escalated as appropriate to the ASWHBUK Customer and People Team; and
- checking that the third party labour providers hold a current certification with a recognised licencing scheme, such as the Gangmasters and Labour Abuse Authority.

Additionally, our distribution network colleagues complete online training modules to provide wider understanding of Modern Slavery practices and to follow measures to escalate any concerns to management and the People Team. This training is mandatory for all team members and is conducted in line with the Code of Conduct.

## Supply Chain

### High-Risk Countries

The latest Walk Free Foundation Global Slavery Index ('WFFGSI') has identified ten countries with the highest prevalence of forced labour, namely North Korea, Eritrea, Burundi, Central African Republic, Afghanistan, Mauritania, South Sudan, Pakistan, Cambodia and Iran. We do not currently work with suppliers based in any of these countries.

### Own Brand products

We recognise that there is a risk of modern slavery within parts of our Own Brand supply chain. We are therefore continually committed to strengthening the high standards of ethical compliance as an integrated part of the Superdrug sourcing process for Own Brand products. In our previous modern slavery statements we reported on our audit policies, which are an embedded part of our processes. In 2018 we broadened the responsibilities of ethical compliance by extending this process to second-tier suppliers.

Ethical audits are currently carried out against all high-risk countries, and during 2020 we requested that all of our Own Brand suppliers, irrespective of location, had to either submit an existing ethical audit or provide a completed self-assessment questionnaire. We can confirm that this has been achieved for all but one supplier, for whom we expect to receive such audit or questionnaire imminently.

Suppliers that carry out manufacturing in risk countries are not approved to supply Own Brand products until an appropriate independent ethical audit is submitted for our review. If the results of ongoing audits identify issues, we work with our suppliers to ensure that appropriate corrective actions are put in place, and if this cannot be achieved, alternative suppliers are engaged in a timely manner.

### Branded suppliers

At Superdrug we have a zero-tolerance approach to modern slavery and we continuously strive to act ethically in all of our branded supplier negotiations to ensure that modern slavery is not taking place anywhere in Superdrug or in any of our supply chains. We expect branded good suppliers to uphold the same standards and values we have with regards to modern slavery. We expect our branded suppliers to regularly review their supply chains to ensure they minimise the risk of modern slavery occurring. If we identify suppliers using modern slavery within their supply chains, we will pause purchasing from them while we investigate the issue.

### GNFR

All suppliers invited to tender are asked to provide anti-slavery statements, and we track country of origin (both supplier base and product source) in order to help us identify high-risk suppliers.

Beauty services

Superdrug has a large offering of beauty services, which have in the past been largely facilitated by engaging with external providers via concession arrangements. We have been taking steps to bring more of these services in-house: 399 of our stores offer brow and lash services, of which 167 are in house. 146 of these stores now have a Superdrug operated nail bar. We have an increasing number of beauty services staff who are now employed directly by Superdrug and this means that we have a much greater degree of control over recruitment, reducing the modern slavery risk associated with the beauty services market.

In light of the identification of our external brow bar services providers as a potential risk area within the beauty services market, we carry out annual checks on each provider to ensure that they have reviewed and understood the values in the BSCI Code. We also have specific modern slavery contractual clauses included in our contracts with any new providers.

This statement is approved by the Board of Directors of Superdrug Stores plc and signed on its behalf by:



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**Peter Macnab**  
**Director of Superdrug Stores plc**

Date: 17/6/21