



Modern Slavery and Human Trafficking Statement for the financial year ended 1 January 2022

This is our sixth modern slavery and human trafficking statement issued in accordance with section 54(1) of the Modern Slavery Act 2015 (the "Act") and 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 Superdrug's business activity during the financial year ended 1 January 2022 and builds on our modern slavery statements for the years 2016 to 2020.

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"). ASWHBUK is a member of the A.S. Watson Group which is ultimately controlled by CK Hutchison Holdings Limited, listed on The Stock Exchange of Hong Kong Limited.

Business

We have approximately 800 stores across the UK and the Republic of Ireland, including 194 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 240 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.

Modern Slavery Strategy and Due Diligence

We want to limit the risk of modern slavery in our own business and help our suppliers do the same. Our permanent Modern Slavery Taskforce (the "Taskforce"), developed over six years, helps us to achieve this aim.

The Taskforce includes representatives from across ASWHBUK, is led by Superdrug's Finance Director and meets quarterly.

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 been identified within our business and supply chain; 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 engage with [The Mekong Club](#), a leading modern slavery non-government organisation that works with companies and their suppliers to develop awareness, practical toolkits and strategic thinking to end modern slavery.

A.S. Watson Group was the first member of The Mekong Club to sign up to its Business Pledge Against Modern Slavery in 2017, demonstrating our commitment to preventing and addressing modern slavery.

To mark the United Nations' World Day Against Child Labour, A.S. Watson Group launched an internal awareness campaign in 2018. This campaign raised modern slavery awareness for employees engaged in negotiations and contracts with our suppliers and followed the launch of The Mekong Club's Modern Slavery Awareness Toolkit.

In 2021, we continued to work with The Mekong Club to identify ways in which we can continue to improve our efforts to end modern slavery. This included developing processes to take a risk based approach to commercial suppliers wherever possible. We aim to implement these processes in our business operations in 2022.

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 (the "Code of Conduct") applies to all of our employees and subcontractors 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 our Code of Conduct.

In 2019, our Customer and People Team launched our confidential "Speak Up" hotline to ensure that our employees could report any concerns directly to the Superdrug Head Office via telephone or email.

Our "Speak Up" hotline was re-launched in 2021, and is widely publicised within our internal communications. The hotline is operated during our business working hours and forms part of all employees' online inductions. The re-launched hotline also contains additional contact details for CK Hutchison Holdings Limited.

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. In 2021, 562 audits were completed to the BSCI, SMETA or SA800 standards by our third party auditors.

During the course of 2021, 100% of our Own Brand suppliers implemented an ethical assessment either via an independent ethical audit or through the completion of a self-assessment questionnaire. To build on this progress, we are aiming to ensure that all of our suppliers complete an independent ethical audit within the next two years as part of our Corporate Social Responsibility Roadmap, starting with the expansion of our ethical audit program across factories in non-high risk areas.

We only accept 'C' scores or above on independent audits conducted on our direct suppliers which is measured as 'acceptable' in the BSCI's scoring methodology of A to E scores. In 2021, 109 factories were rated 'A' with the remaining classed as 'C'.

Training

We are committed to educating and raising awareness of modern slavery. Our corporate induction for all roles includes modern slavery training modules. Our modern slavery training is also refreshed biennially and, in 2021, we rolled out an updated training programme to all of our colleagues across all departments and stores.

By the end of 2021, 90% of employees across our stores, distribution centres and head office (11,935 colleagues in total) had completed their modern slavery training, and we aim to achieve similarly high figures by the end of 2022.

We are committed to tracking the training of all employees across the business and sharing our training metrics internally on a quarterly basis to drive completion.

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. This continues to include:

- contractual controls to ensure that third party labour providers are committed to complying with the Act and that non-compliance will result in contract termination;
- ensuring that all 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 our 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 & 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 Customer and 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") published in 2018 has identified ten countries with the highest prevalence of modern slavery; namely North Korea, Eritrea, Burundi, Central African Republic, Afghanistan, Mauritania, South Sudan, Pakistan, Cambodia and Iran. We do not 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. Our commitment to ending modern slavery continues with a deep focus on this part of our business, where we believe we can make the greatest impact.

Our high standards of ethical compliance are an integral part of our sourcing processes for Own Brand products and we continually look to strengthen these standards wherever possible. In our previous modern slavery statements, we reported on our audit policies, which are an embedded part of our processes.

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 an ongoing audit identify any issues, we work with our suppliers to ensure that appropriate corrective actions are implemented and, if this cannot be achieved, alternative suppliers are engaged in a timely manner.

Branded suppliers

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 within our business or any part of our supply chain.

We expect branded goods suppliers to uphold the same high standards and values that we have with regards to modern slavery and to regularly review their supply chain to ensure they minimise the risk of modern slavery occurring.

If we identify suppliers using modern slavery within their supply chain, we will pause purchasing from them and thoroughly investigate the issue.

Goods-not-for-resale

We ask all suppliers invited to tender to follow the BSCI Code. We also track the country of origin of both the suppliers' bases and the sources of the products to help us identify high-risk suppliers. In 2022, we will continue to implement these safeguards in our processes.

Beauty services

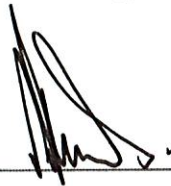
We have a large offering of beauty services across approximately 400 stores. These services include brow & lash treatments, nail treatments, piercing, body waxing and hair & barber services. Our fully trained beauty therapist and hair teams run the majority of these services in-house.

In the past, external providers have largely provided our brow & lash services via concession arrangements. In 2021, we have brought many of these services in-house and we will continue to do so during the course of 2022 and beyond. 395 of our stores currently offer brow and lash services, of which 248 are in-house. 172 of these stores now have a Superdrug operated nail bar.

We have recently reduced the number of external brow & lash providers that we work with from three to two and have an increasing number of beauty services staff that we employ directly. This has allowed us to ensure a much greater degree of control over recruitment, reducing the modern slavery risk associated with the beauty services market.

Considering the identification of our external brow & lash service providers as a potential risk within the beauty services market, we carry out annual checks on each provider to ensure that they have reviewed and understood the values within the BSCI Code. Quarterly business reviews are also carried out with each provider. We also include specific modern slavery contractual clauses in our contracts with our existing and any new service providers.

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



Peter Macnab

Director of Superdrug Stores plc

Date: 22 June 2022