

Superdrug Stores plc

Modern Slavery Act 2015

- Slavery and Human Trafficking Statement for the financial year ended 31 December 2016

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our slavery and human trafficking statement for the financial year ended 31 December 2016. 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 31 December 2016.

Group Structure and Business

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. Superdrug has approximately 800 stores across the UK and the Republic of Ireland, including 204 in-store pharmacies, employing approximately 14,000 people.

Our Policies

We are committed to preventing exploitation and human trafficking from taking place in our business operations and supply chain, and our policies reflect our zero tolerance approach to modern slavery.

Our internal policies include the ASWHBUK Code of Conduct, which sets the standard for all ASWHBUK employees in promoting honest and ethical behaviours, encouraging transparency in our business dealings and countering corruption and bribery. We have HR policies that supplement the Code of Conduct, including our Whistleblowing Policy and Recruitment Policy, which cover all head office employees, retail employees, contractors and agency staff, encouraging them to report any potential human rights violations.

Since 2008, the A.S. Watson Group, including Superdrug, has been an active member of the 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, 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 high risk countries. We have integrated the latest BSCI Code of Conduct into our trading contracts and we conduct regular compliance assessments.

Due Diligence

We have appointed a modern slavery taskforce consisting of representatives from across our business. The taskforce has carried out a review and risk assessment of our existing suppliers to assess the likelihood of modern slavery practices occurring, both within our direct business and also our supply chain. The review covered the entire scope of our business, including Product Supply Chains, Logistics, Property, Customer, People, Marketing, IT and Finance.

The A.S. Watson Group is also a member of the Mekong Club (<http://themekongclub.org/>), an independent NGO engaged to help us in developing awareness and training toolkits on modern slavery for our staff and our suppliers.

Direct Operations

We work with third party providers of labour in our distribution centres, which have been selected via a rigorous tender process. We ensure through contractual controls that our labour suppliers have in place their own modern slavery transparency statement, along with relevant recruitment policies, including a policy specific to whistleblowing.

Superdrug employs approximately 14,000 staff in our retail stores, most of whom are individually interviewed and recruited by us directly and therefore are subject to our own rigorous recruitment standards. We rarely use recruitment agencies, and use of such agencies is limited to recruitment for senior positions with all the appropriate checks carried out.

Supply Chain

We expect all our suppliers to share our commitment to the BSCI Code of Conduct, to the A.S. Watson Group ethical business standards and to preventing slavery and human trafficking. In 2016, we updated our standard supplier contracts and tender pack, placing a direct obligation on our suppliers to adhere to the modern slavery legislation.

As part of the Superdrug tender process for Own Brand products, we ask suppliers to provide details on the location of all sites involved in the manufacturing and packing process. The suppliers are provided with the BSCI list of 'High Risk' countries and if their manufacturing / packing sites fall within that list, they are required to have an agreed ethical audit in place by the time the products are produced and made available for sign-off.

All Own Brand suppliers are logged on a database along with full details of their manufacturing / packing sites, country locations, technical and ethical audit details and expiry dates of audits. All suppliers are required to keep these up to date, and the database is actively managed by our Quality Assurance and Technical Team.

Training

We invest in robust training programmes for our employees, and we are looking at ways to further educate our colleagues on identifying, reporting and eradicating any risks of modern slavery within our business.

Going Forward

We have engaged with external modern slavery consultants to undertake a further, detailed risk assessment of our business in 2017. This will include interviews with key representatives from across our business. Based on the outcome of this exercise, we will hold workshops with key stakeholders within the business to review any identified areas of risk. If required, we will develop a plan for addressing any such risks. If completed by the end of 2017, we will report on this assessment in our next slavery and human trafficking statement.

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



Peter Macnab

Director

Date: 12 June 2017.



Superdrug Tax Strategy

Superdrug Stores Limited ("Superdrug") is a limited company registered in England and Wales and part of the A.S. Watson Group of companies. The ultimate controlling parent of Superdrug is CK Hutchison Holdings Ltd ("CKHH"). CKHH is listed on The Stock Exchange of Hong Kong. Subsidiaries of CKHH that operate in the UK are required to ensure that their tax strategy is available to the public free of charge on the internet. Superdrug follows the CKHH tax strategy as set out below.

Superdrug - being part of the CKHH Group ("the Group") - is committed to fully complying with its statutory tax obligations in all the jurisdictions in which it operates, including the payment, reporting and recovery of taxes.

The overall governance and responsibility for the Group's tax affairs rests with the Group's Board of Directors and the Group Finance Director.

Day-to-day management of the Group's tax affairs and tax compliance obligations is delegated to the Finance Directors of the individual entities within the CKHH Group (including Superdrug) and is handled by experienced and qualified staff, with assistance from professional firms or other external legal counsel where appropriate or necessary. These Finance Directors may also draw on the support of the Head of Group Taxation for the CKHH Group and other personnel within the Group who have responsibility for tax matters, such as the A.S. Watson Head of Group Tax (Europe).

All Group tax matters are overseen by the CKHH Group Audit Committee, which meets at least four times a year.

The Group has developed a Tax Governance Framework to provide guidance on how its tax affairs should be managed. The Tax Governance Framework comprises several elements including the Group's Tax Strategy, its Tax Policy, and its approach to dealing with tax authorities. Superdrug follows this Tax Governance Framework.

CKHH Group Tax Strategy

The CKHH Group Tax Strategy may be summarised as follows:

- To comply with tax obligations in each jurisdiction in which the Group operates;
- To ensure that the Group pays the right amount of tax based on the law and regulations in each such jurisdiction;
- To comply with the Group Tax Policies;
- To ensure that the Group's tax affairs are conducted in accordance with sound business practices and the Group's commitment to corporate responsibility.

CKHH Group Tax Policies

The core tax policies of the CKHH Group are as follows:

- Tax risks arising from the Group's operations must be actively monitored and managed and material risks must be reported to the Head Office tax team;
- Tax compliance obligations must be properly discharged;
- Robust processes and procedures must be in place to minimise tax risks and compliance errors and must be periodically reviewed to ensure that they are updated to reflect changes in local law and practice;
- Tax evasion or the facilitation thereof by employees or other associated persons (e.g. agents and other persons who perform services for or on behalf of the Group) will not be tolerated or condoned;
- All tax positions taken must be justifiable and based on local law and practice, with due advice being taken from reputable professional firms or advisers where necessary;
- When entering into commercial transactions, the Group may seek to obtain the benefit of tax incentives, reliefs and exemptions implemented by the relevant tax authorities and available under the applicable tax legislation;
- The tax affairs of the Group must be arranged or managed with the objective of supporting its business or commercial activities;
- Related party transactions must be properly managed and documented to ensure they are in compliance with local tax law and practice;
- The Group tax team should be informed and consulted on tax and business matters where appropriate, including the tax consequences of material commercial transactions and decisions made with respect to such transactions.

Dealings with Tax Authorities

The CKHH Group is committed to having a transparent and constructive relationship with the relevant tax authorities in all of the jurisdictions in which the Group has operations. Where appropriate, the Group will seek to keep the relevant authority aware of significant transactions and business developments. All dealings with any tax authority should be conducted in a professional and courteous manner.

The CKHH Group will seek to obtain certainty of the tax treatment of complex or uncertain issues at the earliest opportunity. Resolution of any disputed matters will be sought through open discussion and negotiation with the relevant Tax Authority, but the Group recognises that from time to time there will be a need to litigate to ensure that the technical basis of a Tax Authority's decision is correct or to establish the appropriate understanding or interpretation of the law.

Superdrug Tax Committee

Superdrug also installed a Tax Committee which oversees the risk assessment process applied by the business, which includes tax risk management. Through the activities of this Tax Committee, Superdrug seeks to reduce or eliminate the level of tax risk arising from its operations by ensuring appropriate processes and controls are in place.

The publication of this tax strategy is considered as complying with the requirements of paragraphs 19 of Schedule 19 to Finance Act 2016 for the year ended 31 December 2017 insofar as they relate to Superdrug and its associated entities A.S. Watson Health & Beauty UK Limited, Chantlee Properties Limited, Joplings Financial Services Limited, Kruidvat Real Estate UK Limited, Superdrug Pension Trustee Limited and Tip Top Drugstores Limited.