

Our Modern Slavery Statement

This statement is published in accordance with the UK Modern Slavery Act 2015. It outlines the steps taken by HCT Europe Limited (“HCT”) to prevent all forms of forced labour and modern slavery in our business and supply chains in the financial year ended 30 April 2024.

It continues to be a priority for HCT to ensure that we trade ethically, source responsibly and work to prevent modern slavery and human trafficking throughout our organisation and in our supply chain. This statement highlights the key activities we have undertaken during this financial year to combat modern slavery in our organisation and supply chain, including details of our Social Accountability Compliance Program (“SA Program”) which we require all suppliers to sign up to as a key term of our engagement.

We strive to be a socially and environmentally responsible business focused on protecting the planet by enhancing the sustainability of our products and upholding and promoting human rights across our supply chains.

1. ORGANISATION'S STRUCTURE, ITS BUSINESS AND SUPPLY CHAINS

We design and manufacturer cosmetic formulations and packaging providing an end-to-end service to our clients. We are a part of the KDC/ONE Group, and our ultimate parent company is Knowlton Development Corporation, Inc. Knowlton Development Corporation, Inc. has its head office in Canada. The Group has over 14,000 employees worldwide with 28 manufacturing sites and 26 R&D labs operating across the Americas, Europe and Asia.

HCT employs 179 staff, located in UK, France, Italy and Spain. Our colleagues are all directly employed and are not considered to be in a category which is generally seen to be vulnerable to modern slavery in their country of employment.

Products, sectors and services

HCT is organised into 5 divisions:

Packaging	Specialises in the design and manufacturing of cosmetics packaging which in addition to custom packaging includes over 1200 stock components
Beauty	Our R&D team collaborates with labs in Asia, Europe and North America to create cosmetic formulas
Brushes	Supplies clients with brushes and accessories that are development using cutting edge innovations

Metals	We provide superior quality metal components to our clients and are the sole supplier of the globally patented Cooling Tip Technology ZAMAC applicators
Skincare	An industry leader in innovative formulas and packaging providing a full 360 degrees solution for our clients

Supply chains

We recognise that it is crucial for us as an organisation to have oversight of our supply chains so that we can understand the risks of modern slavery along the chain and take action to mitigate against those risks.

HCT have 1438 tier 1 suppliers located in the following countries:

Andorra	Czech Republic	Indonesia	Netherlands	Taiwan
Australia	Finland	Ireland	Poland	UAE
Austria	France	Italy	Saudi Arabia	United Kingdom
Belgium	Germany	Japan	Slovakia	USA
Bulgaria	Greece	Jersey	South Korea	
Canada	Hong Kong	Luxembourg	Spain	
China	India	Monaco	Sweden	

As part of our Responsible Supplier Code of Conduct and SA Program Tier 1 suppliers are required to work in collaboration with us regarding the auditing of Tier 2 suppliers.

Modern slavery risk management governance

The following chart details who in our organisation has responsibility and oversight for modern slavery risk



Stakeholder engagement to map supply chains

We continually monitor our supply chains to identify and address all forms of modern slavery and measure our standards against key frameworks including the UN Guiding Principles on Business and Human Rights, the UN Universal Declaration of Human Rights, The Fundamental Conventions of the International Labour Organization (ILO) and its declarations and standards , the Social Accountability International SA8000 standard, Fighting against Forced Labour and Child Labour in Supply Chains Act (Canada) and the OECD Guidelines for Multinational Enterprises.

We commissioned an external independent consultancy group, Hendy Company Limited, to develop our Social Accountability Compliance Program (SA Program). The SA Program is managed by our Quality Assurance team who assesses each supplier’s compliance with the requirements of the SA Program through an independent, impartial and objective audit process which all Tier 1 suppliers must sign up to in order to engage with HCT.

The audits have shown that there are inherent risks within some areas of our supply base but the framework of the SA Program provides proven transparency and traceability so that we can quickly and positively act on audit findings.

The SA Program ensures that our suppliers adopt and fully embrace our Responsible Supplier Code of Conduct- it also serves to ensure that we have a continuous feedback loop to improve our knowledge of our supply chains and continually refine our approach to eliminating risk.

We understand that fostering positive, respectful, and long-term relationships with each supplier is essential to eliminating forced labour from our supply chains. We take pride in the strength of these relationships, and we are committed to upholding industry-leading standards in our approach to ethical commitments, timely payments, and fair contractual terms.

2. POLICIES ON SLAVERY AND HUMAN TRAFFICKING

We aim to have appropriate policies in place that underpin our commitment to ensure that there is no modern slavery or human trafficking in our supply chains or in any part of our business. We continuously review and update all our policies.

Internal operating policies

Our Responsible Supplier Code of Conduct (underpinned by the continuous audits under our SA Program) reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls aimed at ensuring slavery and human trafficking is not taking place in our supply chains.

We also have staff policies that tackle general and specific local risks relating to modern slavery within the HCT workforce including policies on diversity, equality and inclusion, anti-discrimination, harassment and violence, anti-corruption/bribery, whistle-blowing, code of business conduct and ethics, conflicts of interest, among others.

We maintain a strict no tolerance policy toward forced and bonded labour in our recruitment practices. Candidates undergo a robust selection process prior to hiring. All job descriptions and contracts, where applicable, are made available in both English and the local language. Salaries are benchmarked against both statutory and market rates and reviewed annually.

We operate a positive working culture respectful of statutory rest periods and limits on working time and overtime is managed on a voluntary basis.

Links to international standards

Our organisational policies are linked to various international standards:

- UN Guiding Principles on Business and Human Rights,
- UN Universal Declaration of Human Rights,
- The Fundamental Conventions of the International Labour Organization (ILO) and its declarations and standards
- The Social Accountability International SA8000 standard.
- SMETA 4-Pillar standards

Communication of policies

HCT's standard supplier on-boarding process ensures that tier 1 and tier 2 suppliers are provided with the following policy documents and requires suppliers to confirm their acceptance and compliance:

- HCT Regulatory Requirements.
- HCT Conflict Mineral Regulation & Requirements.
- HCT Responsible Supplier Code of Conduct
- HCT Social Accountability Compliance Program

As a condition of doing business with HCT, including HCT's own factories, suppliers must accept the terms of these policies and agree to be subject to periodic audits. Suppliers who do not sign their acceptance to the aforementioned policies are not engaged by HCT.

In relation to our internal staff policies all employees have direct access to them and are directed to them through their terms of employment, periodic training and regular staff briefings. Line management and HR enforce the standards outlined in those policies through disciplinary action when required ensuring a culture of high standards and zero tolerance.

3. DUE DILIGENCE

We expect all of our suppliers to have a certification with either SA8000, SMETA 4-Pillar, or BACI and meet the requirements of our SA Program. As part of the SA Program every supplier is required to complete a questionnaire to determine whether they meet the required standards of the SA program including but not limit to, physical areas, worker conditions, facilities and machines, wages system, child and young workers, management systems, client base, and any other information requested by HCT.

A supplier is only eligible to receive orders if it provides true and accurate information and meets all of the requirements of the SA Program.

Additionally, suppliers must successfully complete a social compliance field audit carried out by our Quality Assurance team before HCT's first order is manufactured and shipped.

This field audit is applicable to facilities who directly supply products, goods, components, or services to HCT (each, a "Tier 1 supplier) and also to their Tier 2 suppliers. Any unauthorized use of a Tier 2 supplier by a Tier 1 supplier, without HCT's prior written approval, is expressly prohibited. HCT's inspection team ensure that products are manufactured at the designated plant and location during its in-line and final inspection. HCT's sales and procurement team ensure that orders placed and finished goods delivered are from the designated plant and location.

4. IDENTIFYING, ASSESSING AND MANAGING RISK

HCT manages suppliers by establishing different compliance levels. In order to encourage each supplier to establish and maintain a sustainable social compliance management system, based on a normal 12 month annual audit schedule, HCT employs a follow up audit, scheduled up to 36 months after the prior audit, if a factory demonstrates the best practices of the industry in an audit. HCT may decide to terminate its business relationship with a Supplier that does not comply with any portion of the SA Program or any other policy of HCT.

There are 5 compliance levels, and each supplier is issued a compliance level following their audit – the levels and timeline for future audits are detailed in the table below.

Level 1: Continual improvement (CIP)	
Conclusion	<ul style="list-style-type: none"> Supplier is able to demonstrate the best practices in the industry. It achieves outstanding performance and satisfaction. HCT reminds and encourages Suppliers to keep updated on Applicable Laws, as well as the trends in the industry, such that Supplier maintains the management system at a very high standard.
Action	<ul style="list-style-type: none"> Business relationship with HCT can be established or continued.
Follow up	<ul style="list-style-type: none"> 36 months
Level 2: Opportunity for improvement (OIP)	
Conclusion	<ul style="list-style-type: none"> Supplier demonstrates good practices in its management systems. There are only few minor non-conformities (NC) that the Supplier must remedy. The NCs are not related to employees' health and safety, wages and benefits, or personal freedom.
Action	<ul style="list-style-type: none"> Business relationship with HCT can be established or continued.
Follow up	<ul style="list-style-type: none"> 24 months
Level 3: Need improvement (NIP)	
Conclusion	<ul style="list-style-type: none"> Supplier has already implemented a management system but Supplier has not met all of HCT's requirements. NCs identified are common in the industry and a practical solution is available. NCs may directly impact worker's health and safety
Action	<ul style="list-style-type: none"> Business relationship with HCT can be established or continued. Factory is expected to demonstrate remediation in follow up audit.
Follow up	<ul style="list-style-type: none"> 12 months
Level 4: Immediate improvement (IIP)	
Conclusion	<ul style="list-style-type: none"> Supplier's management system is not sufficient. Supplier has failed to meet HCT requirements. NCs identified can be severe which may violate Applicable Laws. NCs may cause a direct and instant impact on worker's health and safety
Action	<ul style="list-style-type: none"> New business relationship with HCT is ceased, in HCT's sole discretion. Current business relationship with HCT is continued but new projects are on hold, in HCT's sole discretion.
Follow up	<ul style="list-style-type: none"> 6 months
Level 5: Zero tolerance (ZT)	
Conclusion	<ul style="list-style-type: none"> Very severe violation(s) of HCT's SA Program (ZT issues) Critical violation(s) of workers' rights, benefits, and lives Violation such as access denied to factory, false information provided, or any other corrupt behavior.
Action	<ul style="list-style-type: none"> Business relationship with HCT can be immediately ceased, at HCT's sole discretion.
Follow up	<ul style="list-style-type: none"> 3 months

During the audit the Auditor will evaluate approximately 10 areas. Criteria are based on SA8000, UN principles, applicable local laws, best practices in the industry and specific requirements from HCT clients.

<p>A. Corruption & Bribery: Auditor assesses whether the Supplier (including its Affiliates and subsidiaries) operates free of corruption, including bribery.</p>
<p>B. Child Labor & Young Labor: Auditor assesses whether Supplier complies with Applicable Laws regarding employee recruitment, including, but not limited to, minimum working age, age verification procedures, restricted working hours and appropriate employee policies.</p>
<p>C. Forced & Compulsory Labor: Auditor assesses whether Supplier recruits employees at their free will and allows them to come and go, and to work overtime freely. Supplier must not hold employees' personal identification documents, wages or request any deposit.</p>
<p>D. Health & Safety: Auditor assesses whether Supplier factories provide a safe working environment as well as clean and hygienic living and eating facilities for employees. Supplier must meet all health and safety requirements under Applicable Laws, including, without limitation, with valid certificates and reports. Sufficient employee training and records. The Auditor will conduct an in-depth evaluation in the following areas:</p> <ul style="list-style-type: none">• Building safety: Auditor assesses whether Supplier is housed in a sound building structure that has passed all legal inspections required under Applicable Laws, and that the Supplier factory contains no illegal construction.• Fire safety: Auditor assesses whether Supplier possesses good firefighting equipment and alarms, an employee evacuation plan, accessibility, visibility and the safety of exits and exit routes.• Chemical safety: Auditor assesses whether Supplier properly stores and uses chemicals, correct labelling, MSDS in the local language for safe handling and emergency handling, personal protective equipment (PPE), leak-proof secondary containers.• Electrical safety: Auditor assesses whether Supplier has an appropriate power supply system, with no exposed or outdoor wiring, and electrical systems in compliance with Applicable Laws.• Machinery & Tools Safety: Auditor assesses whether Supplier provides safe operation procedures to employees, proper and adequate machine guards, PPE, regular maintenance, instant repairing, sharp tools or blades are properly stored if not used.

- Medic & physical conditions: Auditor assesses whether Supplier provides sufficient trained and certified first aid providers, easily accessible first aid equipment and clear emergency procedures. Supplier's working environment is evaluated for proper workspace allocation, temperature, light, air ventilation.
- Occupational health: Auditor assesses whether Supplier clearly identifies any occupational hazards in the workplace, including, without limitation, an affected employees list, regular occupational health compliance checks, precaution procedures, and a remediation policy.
- Canteen: If there is a canteen inside Supplier's factory area, auditor assesses whether the canteen and kitchen personnel are operating under Applicable Laws. The Auditor will assess whether the kitchen area is safe and clean. The certificates required under Applicable Laws must be available and provided to the Auditor upon request.
- Dormitory: If there is a dormitory inside Supplier's factory area, Auditor assesses whether the dormitory provides a safe, clean, reasonably sized living space, with adequate firefighting equipment, alarms and first aids tools. Auditor assesses whether employees can go and leave the premises freely. The dormitory building must be separated from Supplier factory's production buildings. The certificates required under Applicable Laws must be available and provided to Auditor upon request

E. Freedom of Association: Auditor assesses whether Supplier provides rights to employees to gather or join a union so as to reasonably voice their opinions to Supplier's management. Any agreement of collective bargaining and grievance procedures will be reviewed by Auditor.

F. Discrimination: Auditor assesses whether Supplier operates with appropriate discrimination policies of equity and equality applicable to employees and Supplier's operation.

G. Disciplinary practices: Auditor assesses whether Supplier operates with appropriate disciplinary policies, and that employees are properly treated per legal requirements.

H. Wages & Benefits: Auditors assesses whether Supplier explains clearly to employees the wages policy, payment, all benefits that employees are entitled to with proof and records that Supplier meets its obligation.

- Wages: Auditor assesses whether Supplier's payment of wages, including, without limitation, payment method and time, comply with Applicable Laws, and that Supplier can provide proof of such compliance.
- Benefits: Auditor assesses whether Supplier provides all mandatory benefits such as paid leave, statutory holidays and insurance, in compliance with Applicable Laws.

I. Working hours: Auditor assesses whether Supplier provides employees with proper working hours, proper breaks and rest periods in compliance with Applicable Laws, with proof and records of compliance (e.g. attendance record).

5. MONITORING & EVALUATION

We are committed to a policy of continuous improvement, and we continually monitor and critically evaluate our policies and processes to improve scope and effectiveness. We have an internal project team tasked with analysing gaps and making recommendations based on the current performance of our SA Program and we value the industry intelligence and expertise provided by third parties to ensure that our approach matches that of the most progressive organisations in our sector.

6. TRAINING

Our education programmes extend to our employees and also to our suppliers. We operate a regular timetable of formal training sessions that compliment our Code of Conduct. The training is designed to communicate the key themes on forced labour and develop internal and external awareness so that our business and supply chain is alert to the issues.

7. NEXT STEPS

In the coming year we will continue with the approach that we have outlined in this statement which we feel provides a robust response to the threats posed by modern slavery, however additionally we will look to horizon-scan for trends and emerging modern slavery risks in our industry so that we can effectively prepare our supply chains for any additional threats

Richard Flook

Director

HCT Europe Limited