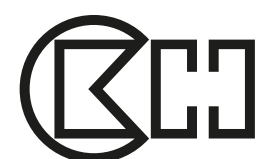


A.S. Watson Group Sustainability Report 2022

To put a Smile on our customers' faces
today and tomorrow 😊



A member of CK Hutchison Holdings

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MESSAGE FROM OUR GROUP MANAGING DIRECTOR

While the world rebounds back to a new normal from the pandemic, at A.S. Watson we have become more stringent in pushing through initiatives, and stepping up on our actions towards a healthier and more sustainable world, for ourselves and our future generations.

As the world's largest international health and beauty retailer, we continue to strive to put a smile on our customers' faces today and tomorrow, with that comes our passion and commitment in sending smile, love and care across 28 markets worldwide.

LOVE AND CARE FOR ALL

First and foremost, during the pandemic, we prioritized the health and safety of our colleagues, of whom a majority work in our physical stores; we maintained proactive communications, and offered financial security to our staff during the lockdowns. Together, we kept the team morale high to support the customers who visit our stores, offline and online. Recently, we have committed to providing 200,000 positions worldwide for young people by 2030, a validation of our confidence for the next generation and positivity in our operating markets.

During this period of uncertainty, we ensured our customers' daily wellbeing is served seamlessly. We kept on with our business expansion by accelerating our O + O (Offline Plus Online) platform strategy. We opened new stores to provide innovative services and unique shopping experiences.

TOGETHER WE BUILD A GREENER & BETTER WORLD

To run ahead in the hurdle race of Sustainability against time, we took the initiative to connect with our people, our customers, our business partners, and the local communities. Together, we become a global team to make a bigger impact on our planet. This teamwork successfully culminated in the following:

- The launch of Greener Stores Global Framework for a progressive transformation of our retail into lower-environmental impact stores,
- The introduction of 8,000 Sustainable Choices products to our customers in Watsons store network,
- The validation of our near-term targets from the Science Based Targets initiative (SBTi) through the implementation of a major supplier engagement programme to reduce greenhouse gas emissions more accurately, and
- Giving back to the community with ongoing and new support programmes at local and international levels

At A.S. Watson, we believe retail is so much more than about the products – it is a platform where we can bring more love and smiles to everyone in the world through interaction between people, giving enjoyable experiences and fortifying relationships. We will continue to collaborate, engage and inspire to make the world a better place for everyone.



Dominic Lai

Group Managing Director
A.S. Watson Group

Our Sustainability Vision

As a responsible retailer, we must integrate our business values and operations to meet the expectations of our stakeholders, customers, employees, suppliers, shareholders, regulators, and local communities.

To create a long-lasting positive impact on the environment and society, we have already been embedding sustainability into our company’s policies and practices.

Sustainability is about our passion and commitment to giving back to our global community and creating a healthier and more sustainable world. It is about systematic focus, on-going innovation and sharing of ideas and the collective efforts of every operation and every individual in the company.

We aim to bring more to the life of everyone we touch



1

By providing our customers with the largest store network and a wide assortment of the best choice in sustainable products



2

By leveraging group synergies and business partnerships to deliver our priorities in sustainability



3

By providing an environment where every employee feels rewarded and can reach their full potential



4

By ensuring business continuity sustainably and responsibly

Supporting the United Nations Sustainable Development Goals (UN SDGs)

The United Nations formulated the UN SDGs in 2015 as a blueprint for governments, corporations and civil societies towards the long-term sustainable development of our world, of which actions are to be implemented up to 2030, or even beyond.


Our activities are structured around 15 out of the 17 UN SDGs.



Our Materiality & Priorities


Conducting regular materiality assessments is imperative to the identification and prioritisation of the environmental, social and governance (ESG) issues that are the most significant to our business operations and stakeholders.

To identify our materiality topics, we use a variety of tools




1

Surveys with our staff and customers



2


Reference to ESG rating agencies' materiality maps



3

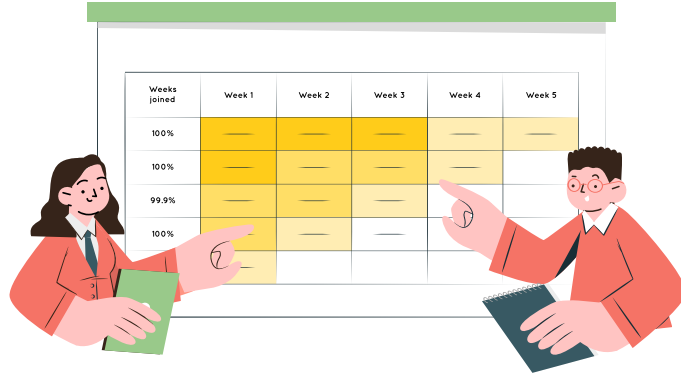
Review of global risk reports, as well as peers' and industry-specific reports

Once the materiality topics are identified, the work plan is formulated




1

The topics are prioritised based on the risks and opportunities thereby associated



2

A near-term plan is developed along with the responsible teams to drive the concerned projects



3

The prioritised topics are added to our Sustainability roadmap and mapped against the relevant UN SDGs

	Environmental		Social			Governance
Material Topics	<ul style="list-style-type: none">Greenhouse gas emissions and energy management	<ul style="list-style-type: none">Waste managementMaterials sourcing & efficiency	<ul style="list-style-type: none">Community relations	<ul style="list-style-type: none">Employee engagement, wellbeing, diversity and equity	<ul style="list-style-type: none">Products quality and safetyHuman rights	<ul style="list-style-type: none">Business ethicsLegal & regulatory environment
Sustainability Priorities	<ul style="list-style-type: none">Fighting the climate crisis	<ul style="list-style-type: none">Embracing a circular economyOffering more sustainable product choices	<ul style="list-style-type: none">Supporting our communities	<ul style="list-style-type: none">Creating a great place to work	<ul style="list-style-type: none">Promoting a responsible value chain	<ul style="list-style-type: none">Strengthening the oversight structure, policies, and reporting
UN SDGs	<div><div>6 CLEAN WATER AND SANITATION</div><div>7 AFFORDABLE AND CLEAN ENERGY</div><div>13 CLIMATE ACTION</div><div>17 PARTNERSHIPS FOR THE GOALS</div></div>	<div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>14 LIFE BELOW WATER</div><div>15 LIFE ON LAND</div><div>17 PARTNERSHIPS FOR THE GOALS</div></div>	<div><div>2 ZERO HUNGER</div><div>3 GOOD HEALTH AND WELL-BEING</div><div>4 QUALITY EDUCATION</div><div>5 GENDER EQUALITY</div><div>10 REDUCED INEQUALITIES</div><div>17 PARTNERSHIPS FOR THE GOALS</div></div>	<div><div>1 NO POVERTY</div><div>3 GOOD HEALTH AND WELL-BEING</div><div>4 QUALITY EDUCATION</div><div>5 GENDER EQUALITY</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>10 REDUCED INEQUALITIES</div><div>17 PARTNERSHIPS FOR THE GOALS</div></div>	<div><div>5 GENDER EQUALITY</div><div>6 CLEAN WATER AND SANITATION</div><div>7 AFFORDABLE AND CLEAN ENERGY</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>13 CLIMATE ACTION</div><div>15 LIFE ON LAND</div><div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div><div>17 PARTNERSHIPS FOR THE GOALS</div></div>	<div><div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div><div>17 PARTNERSHIPS FOR THE GOALS</div></div>

Our 2030 Sustainability Roadmap focuses on engaging our employees, suppliers, and local communities in reducing greenhouse gas (GHG) emissions, improving energy efficiency, promoting environmental protection awareness, and encouraging a more sustainable lifestyle.

Fighting the Climate Crisis

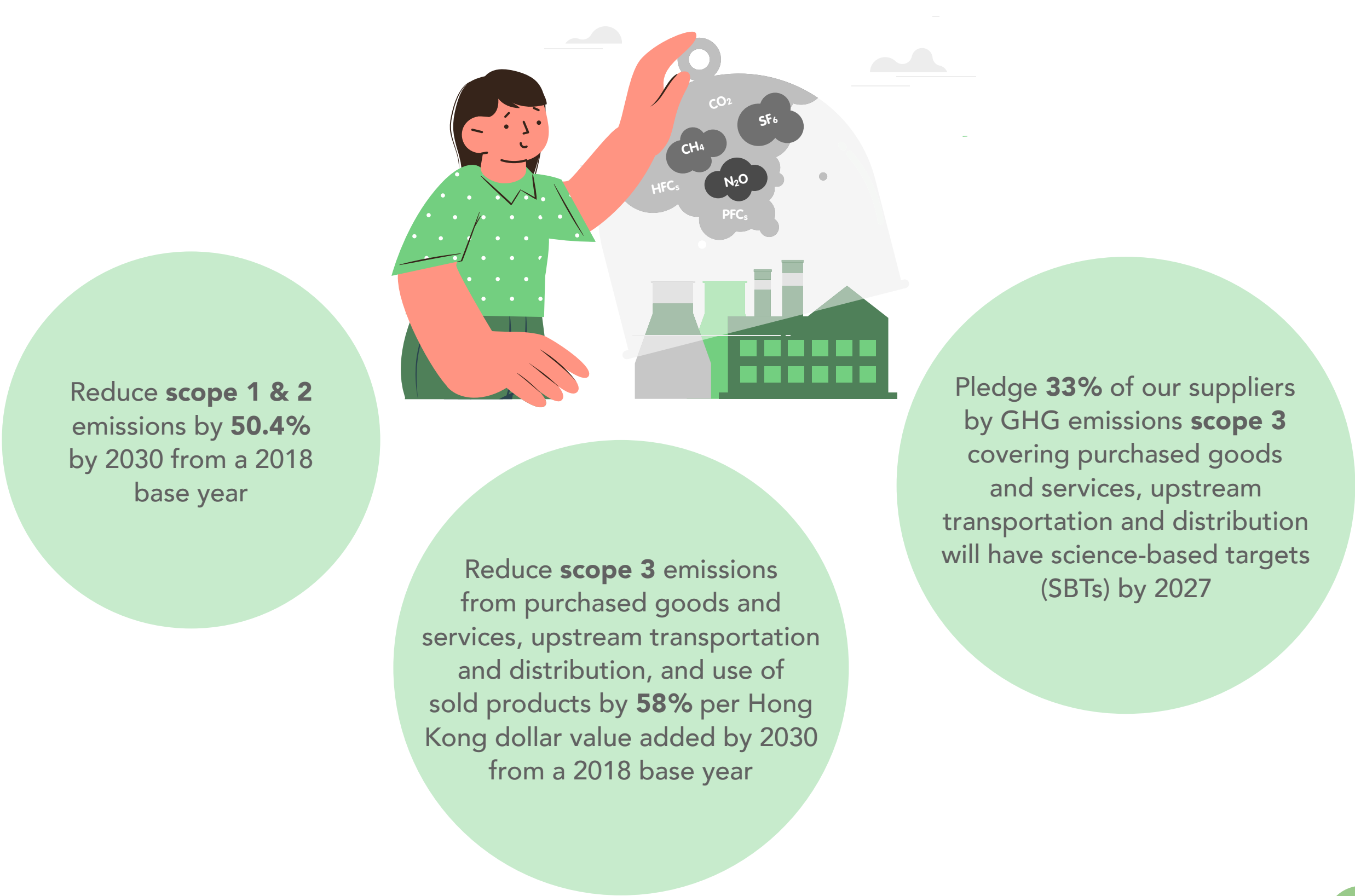
In 2019, we released a GHG emissions reduction target with a commitment to reduce our scope 1 and 2 emissions by 40% by 2030 versus a 2015 baseline, which was calculated using the Science Based Targets initiative (SBTi) tool. By 2021, we have already surpassed that target with a 42.6% reduction.

**WE'VE HAD OUR
SCIENCE-BASED TARGETS APPROVED**



We remain committed to science-based reduction targets in keeping temperature increases to a maximum of 1.5 degrees Celsius compared to the pre-industrial period.

Our new GHG emissions reduction targets were validated by the SBTi in November 2022:



Scope 1 & 2 GHG Emissions

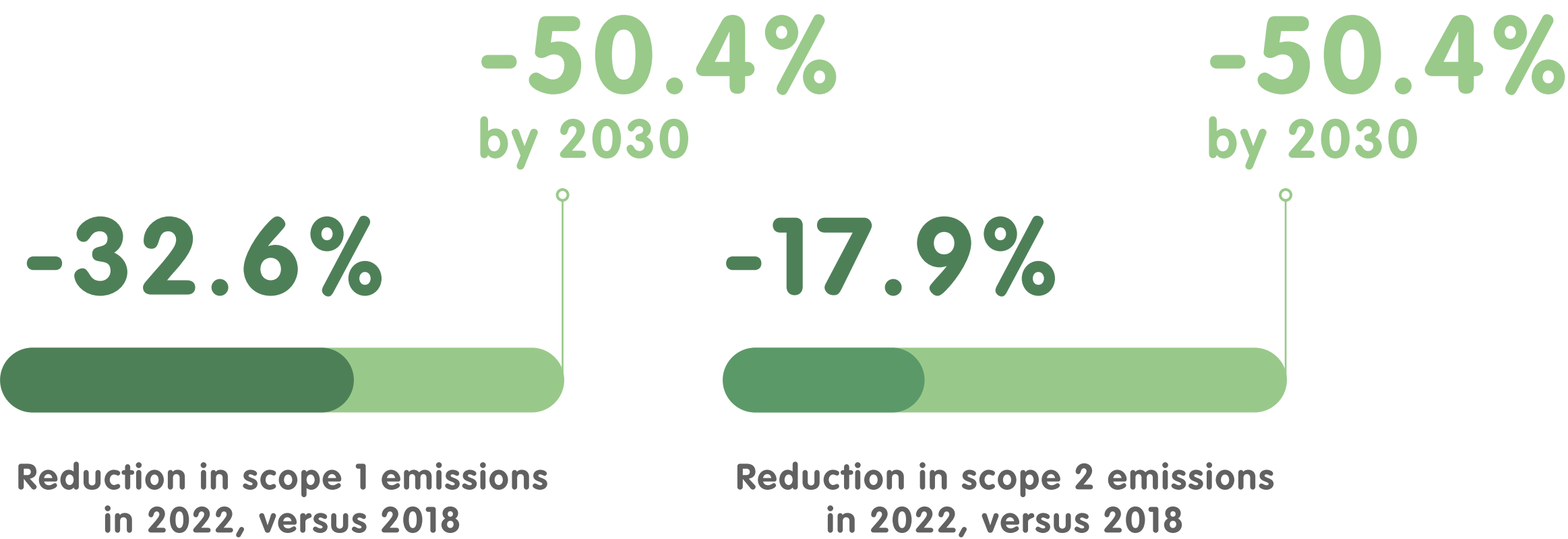
We are making significant progress towards our 2030 target of reducing scope 1 & 2 emissions by 50.4%, versus a 2018 baseline:

SCOPE 1

Emissions decreased by 10.4% versus 2021, and 32.6% versus the 2018 baseline. The major contributor of scope 1 emissions, PARKnSHOP (Hong Kong), has reduced more than 50% of its emissions between 2018 and 2022 by switching to lower Global Warming Potential (GWP) refrigerants in stores.

SCOPE 2

Emissions decreased by 5.3% versus 2021, and 17.9% versus the 2018 baseline. We maintained our energy-saving practices across our portfolio and purchased renewable electricity via Energy Attribute Certificates (EACs) mainly in our UK and Benelux businesses.



Scope 3 GHG Emissions

In 2021, we appointed an independent external expert to guide us on our scope 3 emissions accounting. Our scope 3 emissions encompass the following categories:

- 1

Purchased Goods and Services
- 2

Capital Goods
- 3

Fuel- and Energy-related Activities
- 4

Upstream Transportation and Distribution
- 5

Waste Generated in Operations
- 6

Business Travel
- 7

Employee Commuting
- 11

Use of Sold Products
- 12

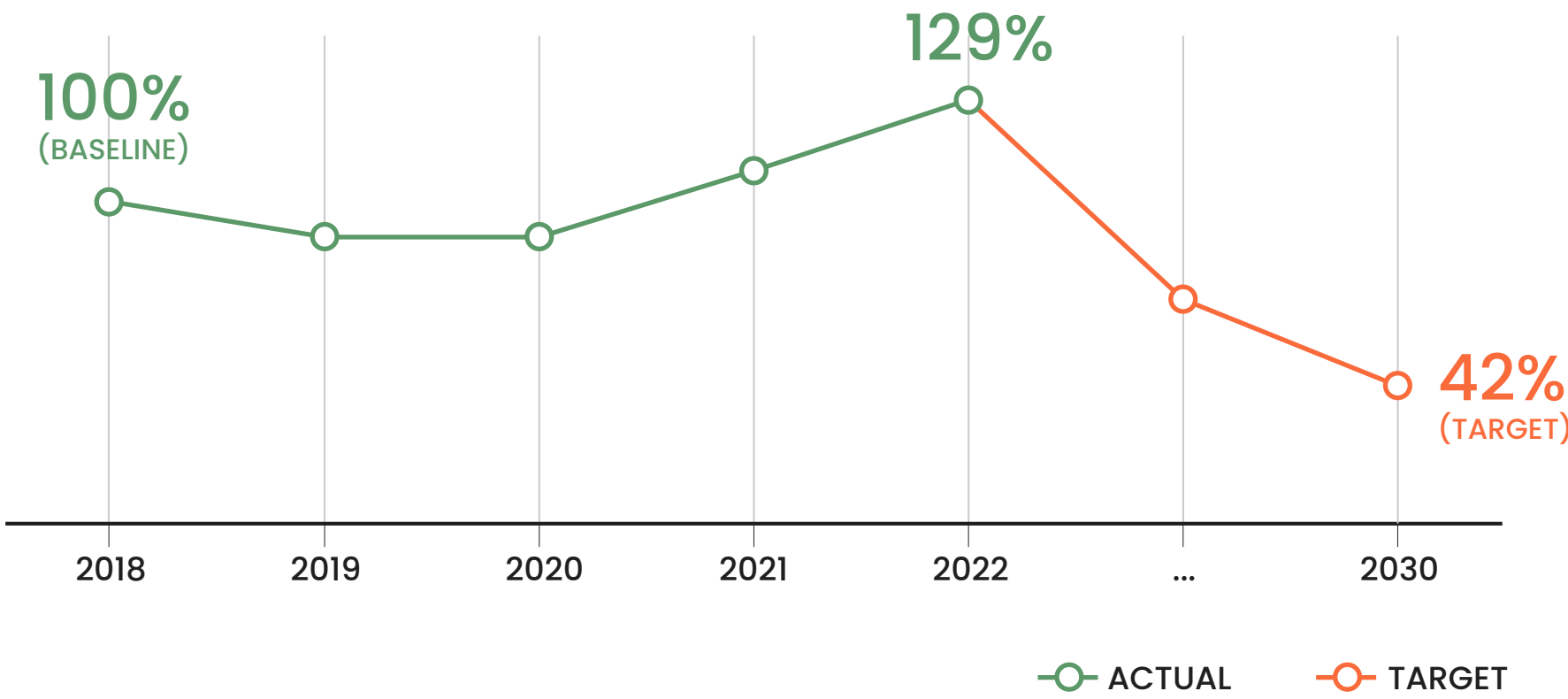
End-of-Life Treatment
- 15

Investments

SCOPE 3

Emissions represent over 90% of our total GHG emissions. Our 2030 target of 58% reduction per Hong Kong dollar value added, from a 2018 base year, covers categories 1, 4 and 11. We saw a drop in 2019 and 2020 mainly driven by COVID’s impact on our businesses. Since 2021, we had a rebound in activities, and the intensity became higher than the baseline year, as our initial calculations comprised a mix of primary and proxy data. In 2022, the intensity of our scope 3 emissions increased by 29.3%.

INTENSITY TRACKING OF SCOPE 3 EMISSIONS



Over time, as we work towards collecting more primary data, we will acquire a better understanding of our scope 3 emissions. We aim to improve the accuracy of our scope 3 emissions data with a supplier engagement project and an industry engagement project.

We are confident these two projects will help us improve the accuracy of our scope 3 emissions data.

Supplier Engagement Project

We are collecting primary data from key value chain partners using the ClimatePartner’s Network Platform with a focus on suppliers representing up to 80% or more of our scope 3 emissions. We started collecting some primary data and performed maturity assessments on the first batch of suppliers registered in the platform.



50%

of the suppliers provided GHG data already



17%

of the suppliers already have SBTs on scope 3 emissions



Industry Engagement Project

We are collaborating with the EcoBeautyScore Consortium to develop an industry-wide assessment and scoring system for cosmetic products that consider environmental impact. The approach has a global scope and may help to provide consumers with clear, transparent, and comparable information on environmental impact based on a common science-based methodology.



EcoBeautyScore
CONSORTIUM

Embracing a Circular Economy

We have projects working on the promotion of a circular economy with three key initiatives:

1 Fulfil our pledge for the New Plastics Economy (NPE) Global Commitment

2 Achieve Zero waste to landfill from our operations

3 Launch our Greener Stores framework



The New Plastic Economy

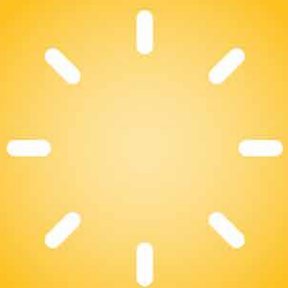
We have been a signatory of the NPE Global Commitment since 2020.

Our Own Brand packaging covers our Own Brand products packaging (e.g. shampoo bottle and pump), tertiary packaging used by suppliers to deliver products to our warehouses, as well as tertiary packaging used in stores (carrier bags) and on our eCommerce parcels.

We have pledged to reduce the overall impact of our Own Brand packaging through various actions:



THE NEW PLASTICS ECONOMY VISION



ELIMINATE
the plastics we
don't need.



INNOVATE
to ensure that the
plastics we do need are
reusable, recyclable,
or compostable.



CIRCULATE
all the plastic items
we use to keep them
in the economy and out
of the environment.



ELLEN
MACARTHUR
FOUNDATION

51.5%

100%
by 2025



Reusable, recyclable or
compostable plastic packaging
in 2021

7.4%

20%
by 2025



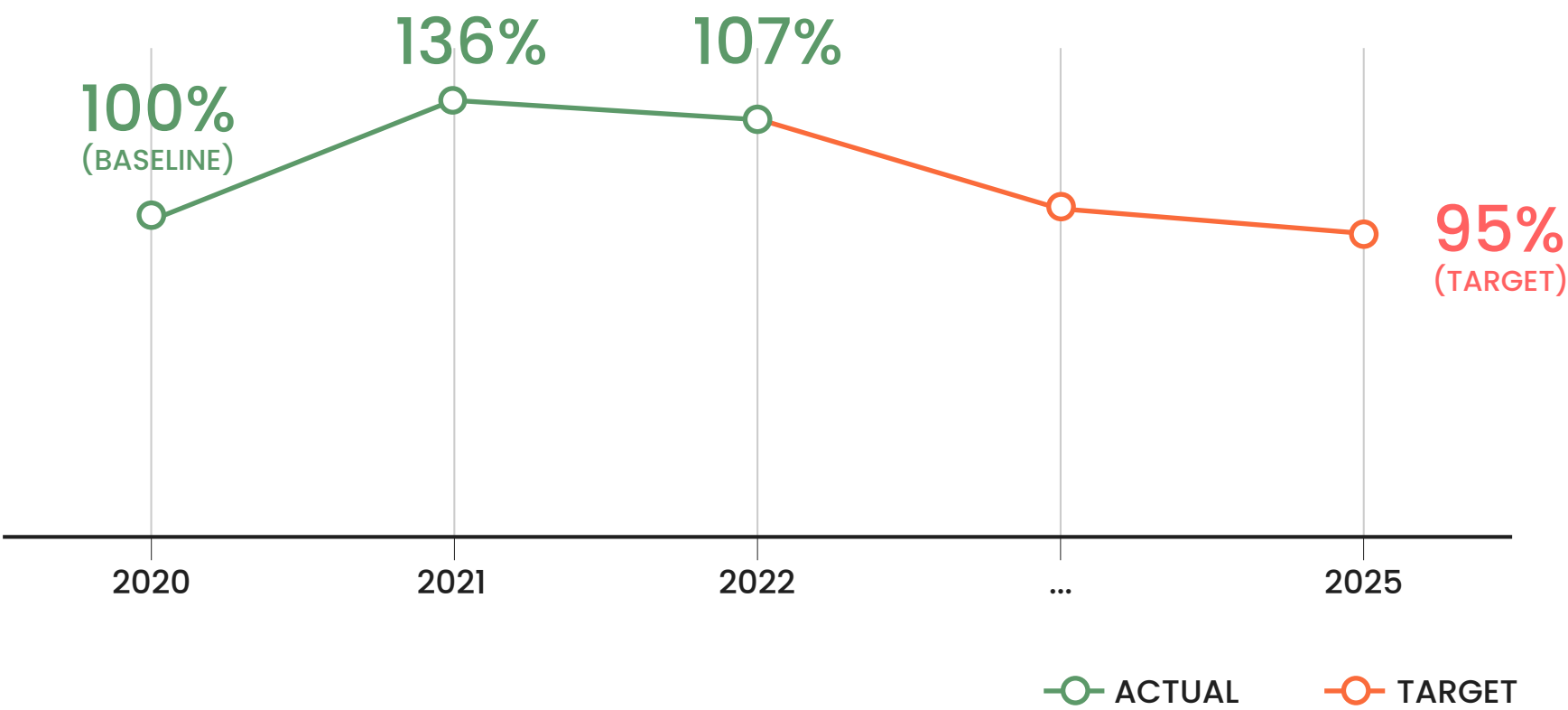
Post-consumer recycled plastic
content in 2021

Progress by the End of 2021

We made good progress in using more recycled plastic in our packaging. However, our packaging manufacturers faced difficulties in securing more recycled plastic content due to high demand from different industries; additionally, the regulation on food-contact materials in one of our key markets in Asia still forbids the use of recycled plastic content in food-contact packaging.

For virgin plastic reduction, our baseline year was 2020 during which COVID had impacted our overall sales; with a strong business recovery in 2021, the virgin plastic reduction efforts taken by various business units could not be precisely reflected.

VIRGIN PLASTIC TRAJECTORY



Click for more detailed report **NPE Website**

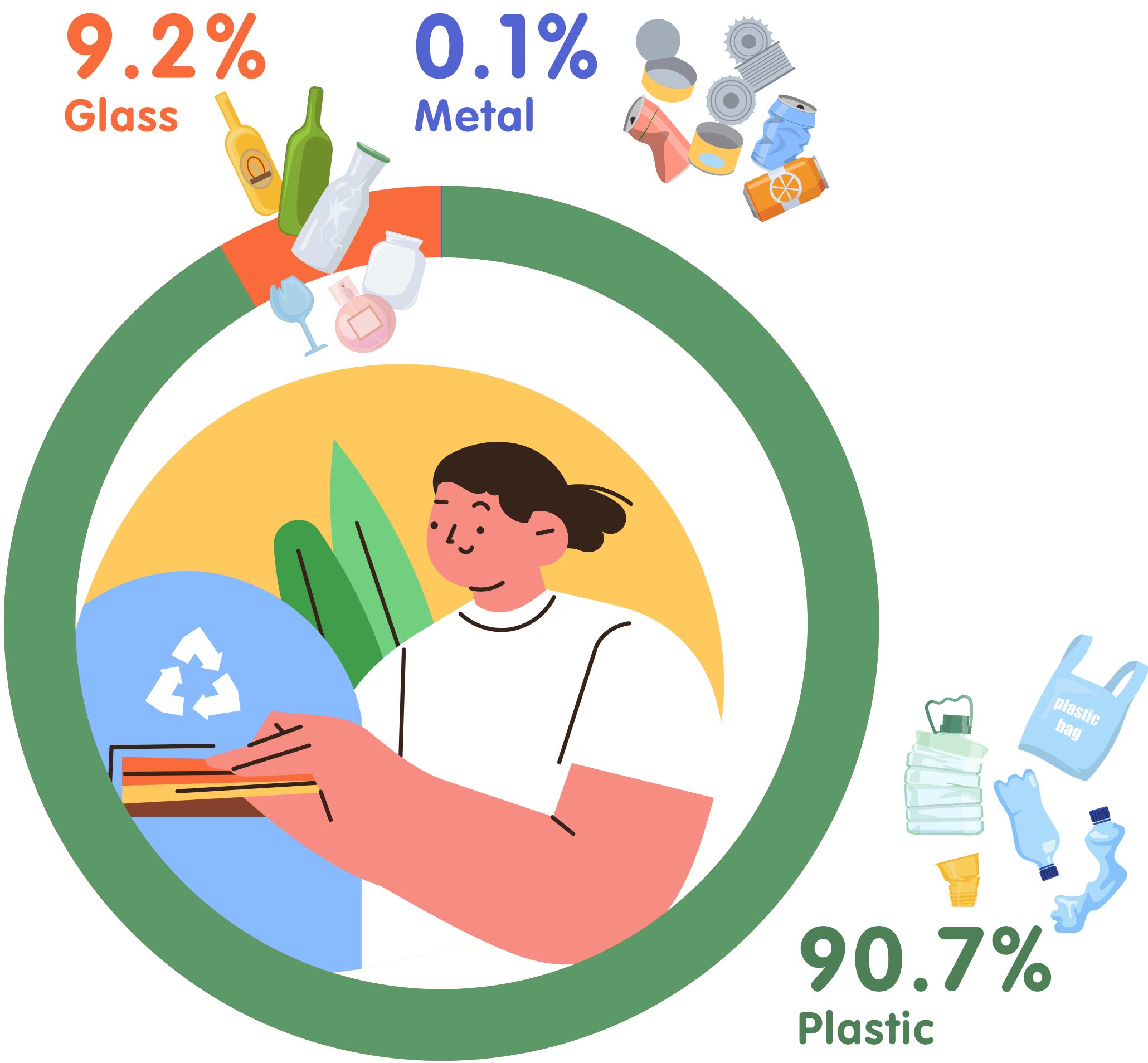
Progress by the End of 2022

The NPE reporting cycle starts each year between April and July, with the publishing of results in November. As of the release of our Sustainability Report, we are working on a most updated review of our latest NPE commitments.

In our Retail division, we have continued our in-store collection programmes for empty containers from personal care, cosmetics to fragrances. These have been supported by supplier brand partners as well as NGOs and recyclers. The collected containers are repurposed, thereby cutting down on the waste sent to landfills. We collected 131.8 tonnes of packaging waste, and the volume of plastic packaging has doubled compared to that in 2021.

In our Beverage division in Hong Kong, we collected the equivalent of 767.4 tonnes of plastic beverage packaging, an increase of 52% from 2021. This was due to broader public participation in recycling and the increased number of reverse vending machines we have installed across the city. We have also added more smart water refill stations to schools and public spaces in Hong Kong. As a complementary measure, we have also introduced refillable aluminium bottled water using containers made from 70% recycled content, and are 100% recyclable.

PACKAGING WASTE COLLECTED IN OUR STORES IN 2022



Zero Waste to Landfill from Our Operations

Building a circular economy means moving away from the traditional take-make-waste extractive industrial linear model to keeping perfectly suitable resources within the manufacturing loop for as long as possible.

A circular economy has several means to achieve, with wide-ranging benefits. However, notably, it means less extraction of already-scarce natural resources, less pollution to land, air and water, and significant reductions in GHG emissions.

We adopt the 4Rs operational mindset to contribute to a circular economy:

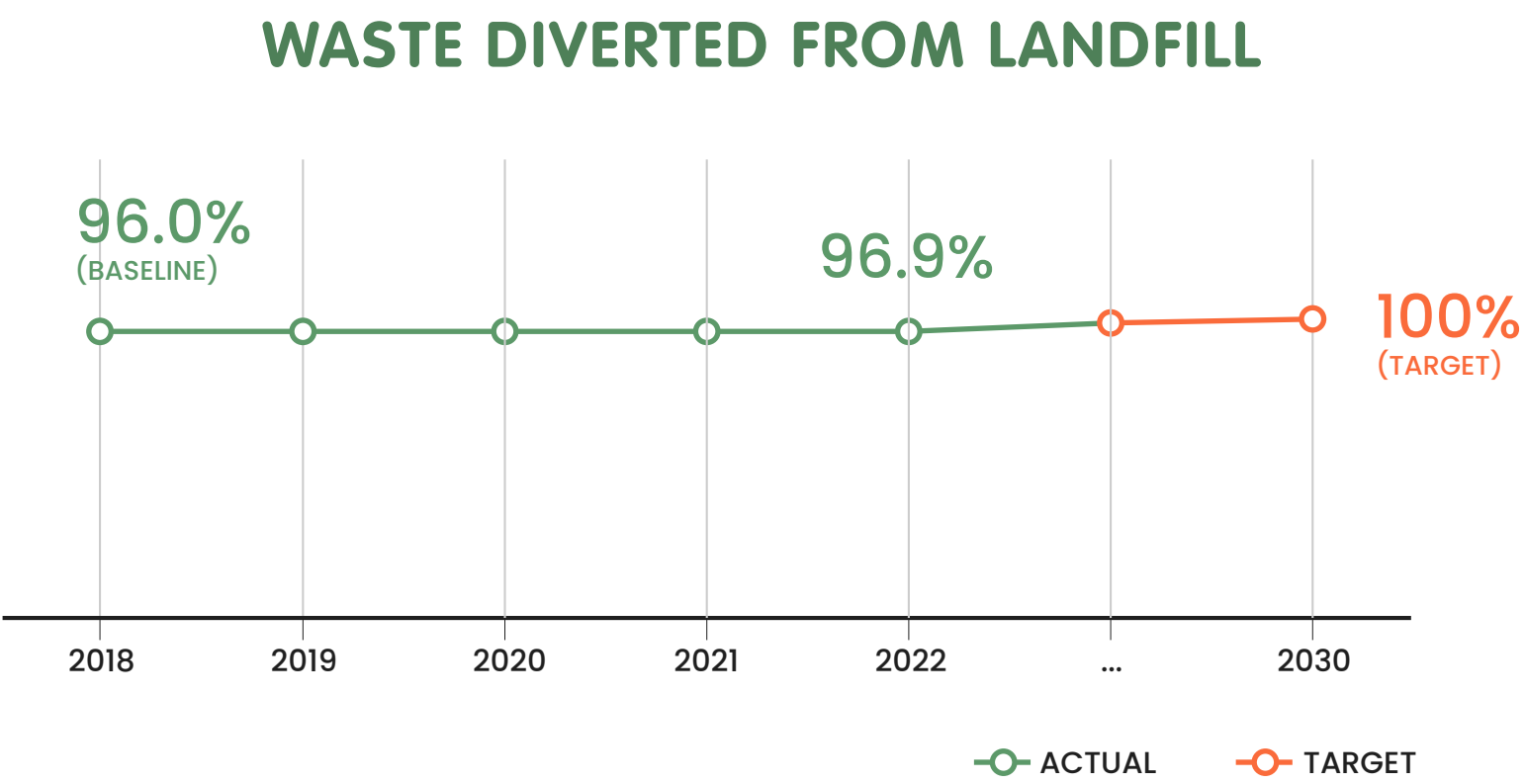


¹Waste from packaging materials (carrier bags, products, and eCommerce packaging) is not included here, it is available in the NPE commitment report.

Within our operations from stores, through warehouses to offices, hazardous and non-hazardous waste is managed responsibly by following local legislation.

Food waste comes primarily from our food retail, PARKnSHOP (Hong Kong). Non-edible food waste is repurposed through local composting or animal feed; we also divert waste from landfills to organic waste treatment facilities. Additionally, we donate surplus food to local NGOs such as Food Angel and St. James' Settlement which totalled 64 tonnes in 2022.

Non-food waste¹ is made of hazardous waste (such as light bulbs or batteries), and non-hazardous waste (such as carton boxes and shrink-wrap plastic films) generated from our operations..



Greener Stores Framework

In April 2022, we launched a Greener Stores Framework to accelerate our global transformation towards lower-environmental impact stores, thus reducing our carbon emissions, water usage and landfill waste. This has also leveraged on its scale for a positive impact in speeding up the global movement towards a more sustainable future.

We aim to forge and inspire our businesses in building a stronger sustainability culture and practice. Stores must be designed, constructed, operated, and maintained according to the principles of the Framework.

Since the recent launch of the Framework, we have developed internal guidelines to support our business units to accelerate their store transformation. By the end of 2022, three stores have already met all eight areas of focus under the stringent Framework to be listed as a Greener Store, with more than 20 additional greener stores planned for 2023.



RESPONSIBLE MATERIALS
Source responsible and sustainable materials when building and merchandising stores. Reduce plastic bags usage



ENERGY EFFICIENCY
Identify ways to reduce energy consumption



SUSTAINABILITY ENGAGEMENT
Inspire a culture of sustainability through increasing our knowledge and everyday actions



SUSTAINABLE CHOICES
Provide more sustainable products to customers to promote a more sustainable lifestyle



RENEWABLE ENERGY
Support the growth of green energy to reduce greenhouse gas emissions



WASTE DIVERSION
Reduce waste from products and store materials. Increase store equipment recycling at end-of-life



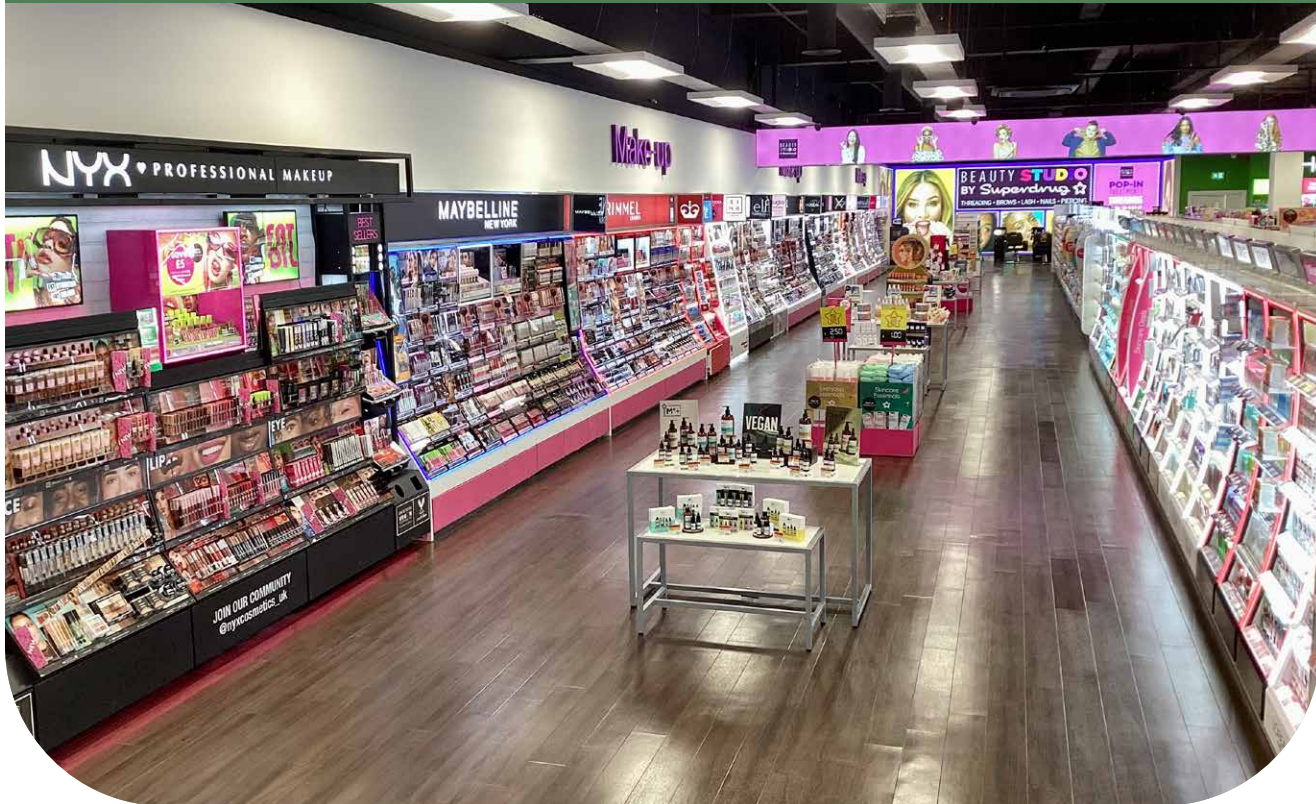
CUSTOMER ENGAGEMENT
Involve more customers in recycling and caring efforts for the community



WELLBEING
Promote a safe and healthy environment for our people and customers



Superdrug Peterborough (UK)



Highlights:

- Signage made from recycled yarn and plastic bottles, and ceiling tiles made from bio-soluble mineral wool, clay and starch
- 7% reduction in construction materials and 61% increase in recycled or recyclable materials
- Installation of LED lighting and other energy-efficient equipment
- 37% reduction in light fittings, saving 5,800 kilowatt-hours of electricity
- Purchasing renewable electricity at up to 100% of the store’s overall electricity consumption

Watsons Mongkok (Hong Kong)



Highlights:

- Installation of LED lighting and other energy-efficient equipment to achieve over 18% additional energy savings
- Increased application of 100% recyclable and reusable store fixtures
- Provision of more sustainable product choices for customers, and setting up of in-store collection point for empty cosmetic containers

PARKnSHOP Causeway Bay (Hong Kong)



Highlights:

- Installation of LED lighting and other energy-efficient equipment to achieve over 12% additional energy savings
- Purchasing renewable electricity at up to 7% of the store’s overall electricity consumption
- Provision of a bigger assortment of sustainable product choices to customers, including more plant-based and sustainable seafood options in store
- Paper bags made available in the fruit & vegetable section to encourage customers to avoid plastic bags
- “Share Bag” rack made available for customers to reuse recycled bags freely

Offering More Sustainable Product Choices

To offer sustainable choices to our customers, guidelines have been developed to provide comprehensive criteria for suppliers to follow through in developing sustainable products. The guidelines serve as a directive principle which explains how products can be more environmentally friendly by having a lower impact from their content or packaging.

Health and Beauty Retail

Our health and beauty retail brands (Superdrug, Kruidvat, Watsons) have a close collaboration with various brand partners to offer more products with sustainability features to our customers, through three campaigns running throughout the year:



In Superdrug



In Kruidvat



In Watsons

Products meeting one or more of the below criteria can be listed in our brands' Sustainable Choices campaigns:



Packaging

- FSC/PEFC/recycled paper
- Recyclable content
- Refill pack
- Refillable container
- Replaceable components
- Reusable product



Ingredients / materials

- Sustainable palm oil
- Fairtrade
- Rainforest Alliance
- Union for Ethical BioTrade
- Roundtable on Sustainable Biomaterials
- Recyclable content (paper, plastic)
- FSC/PEFC paper

In Watsons retail, in addition to our health and beauty Own Brands, we also collaborate closely with our brand partners, such as Procter & Gamble, L’Oréal, SHISEIDO, Beiersdorf, Haleon, Johnson & Johnson, Kao, Reckitt, and Unilever to offer more products with sustainability attributes both in-store and online, including packaging containing recycled material or refill packs that can reduce plastic waste by up to 80%.



Food Retail

Besides adopting the same guidelines on packaging, ingredients and materials listed for Health and Beauty retail, PARKnSHOP (Hong Kong) has also committed to expanding its assortment of sustainable seafood, plant-based products, and vegetarian products under the motto “Eat Better, Live Better”.



Beverage Division

Watsons Water was the first brand in Hong Kong to launch 100% recycled plastic (rPET) bottles in 2015. The technology of rPET was also rolled out in the production of bottle sleeves, which helped reduce the use of PVC. In addition to water refill stations, the Beverage division also sells refillable and reusable water carboy bottles for households and offices.

In 2022, Watsons Water launched its campaign “Go Green, Now or Never”; the scheme aimed to maximise the benefits of the circular economy by introducing key sustainability concepts - REDUCE (utilising reusable and recyclable aluminium bottles), REUSE (installing smart water refilling stations), SERVICE (providing carbon reduction reporting) and RECYCLE (offering a one-stop recycling solution), all of which aligned well with the sustainability mission of Watsons Water.



Pledge to End Deforestation

We are committed to eliminating commodity-driven deforestation and finding more sustainable alternatives such as recycled material content (paper) and working with reputable suppliers and organisations towards the promotion of responsible management for forests and plantations (palm oil, soy and beef).

Paper

Certification from the Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) offers consumers choices to select products that have been sourced in an environmentally preferable, socially responsible, and economically viable way.

The Retail division has set a target to achieve 100% Own Brand paper products and paper packaging from responsible sources (i.e., FSC, PEFC, or recycled) by 2030. On paper products, Watsons retail has already reached the target. Kruidvat and Superdrug have accomplished over 90% of the target while other business units are on track with this target. For packaging, efforts were made across all our product portfolio and businesses. Meanwhile, we are also working on a better product management tool to keep track of such packaging information.

Palm oil

Palm oil can impact global biodiversity adversely by driving destruction of species-rich habitats in the tropical forests of Asia, Central and South America. However, a simple shift from palm oil to other oil crops is not a sustainable solution, as it may lead to further biodiversity loss.

As a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2020, the Retail division supports effective policies and programmes to stop the clearing of native tropical forests. We have a target to achieve 100% of Own Brand products incorporating or containing RSPO palm oil by 2030. Kruidvat and Superdrug have reached over 90% for their Own Brands products, and other business units are on track with this target.

Soy and Beef

PARKnSHOP (Hong Kong) is committed to sourcing exclusively deforestation-free meat and soy-based Own Brand products (meaning that no forest areas were cleared or converted to raise livestock for meat production). Currently, we offer over 115 plant-based meat alternative products (excluding soya milk / bean curd ranges).



A.S. Watson is purpose-driven towards a better future. As the world’s largest international health and beauty retailer, we connect our brands with our communities, our people, and our suppliers. We aspire to make the world a happier and healthier place for everyone.

Supporting our Communities

Over the years, we have been passionate about serving the community, and fulfilling social purposes relevant to local community needs. We strive to engage our global community of loyal customers to work together for a healthier and more sustainable world. We also support our employees’ contributions to the society. Our Community Investment Policy guides the structuring and prioritisation of our communities’ initiatives.

Giving the Gift of Smile

Since 2018, we have collaborated with major retail brands to implement its signature community investment programme, Give a Smile. This campaign supports the international charity, Operation Smile, in the provision of free surgery for children with cleft lip, cleft palate, or other facial deformities.

We take pride in reaching the sponsorship milestone of 5,000 corrective surgeries through Operation Smile worldwide. This has enabled many children to enjoy beautiful new smiles with fresh hopes for life.

We also joined Women in Medicine, also a global initiative of Operation Smile, which aims to empower women to become leaders in global medicine, and elevate the quality of cleft care in underserved communities by providing education pathways for female healthcare workers.



Learn more about **Give a Smile**

Hong Kong’s Best Community Project

A.S. Watson and Hong Kong Young Women’s Christian Association have teamed up for the “Rural-Net Works, LonelyLess” programme to provide health support services to the elderly and create a caring community. The programme has received the Outstanding Partnership Project Award by The Hong Kong Council of Social Service, the Outstanding Collaboration Project in the Hong Kong Volunteer Award by the Home and Youth Affairs Bureau, and the Top Ten Outstanding Community Services Award by Lions Clubs International District 303 - Hong Kong & Macao, China.



Inspiring Students to Follow their Dreams

A.S. Watson Group Hong Kong Student Sports Awards boasts the theme “YOU ARE STAR” with a belief that every student-athlete is a star shining bright in both Hong Kong and the international sports arena, and passes the spirit onto the next generation. In 2022, the Awards recognised 850 Outstanding Student Athletes and launched personalised NFT STARCERT certificates for the first time to support and inspire student-athletes to pursue their dreams. The campaign has won the Gold Award for Innovation in Community Relations at Asia-Pacific Stevie Awards and the Bronze Award in the Sports Category at PR Awards Asia.



Spreading Smiles to the World

Employee volunteering is an area we are passionate about. Our recurring corporate volunteering programme, Smile for Good, was supported by all business units in 2022. Over 15,000 volunteers have contributed 18,000 hours to serve over 214,000 of those in need in the communities where we operate.



Empowering Women with “The New Beautiful”

Watsons rolled out “The New Beautiful” campaign to celebrate holistic beauty. Through a series of activities under the themes of Go Green, Go Smile and Go Empower, Watsons aims to involve over 100 million loyalty members in Asia and empower female members to express their true selves in a way that helps them Look Good. Do Good. Feel Great.



Energising our Customers

To help customers stay active and healthy while at home during Covid lockdowns, Watsons VR Get Active Park landed in the market of Hong Kong, Taiwan, Thailand and Malaysia. It is made up of different sections with a game zone, exercise arena, virtual Watsons store and rewards station to offer customers a virtual immersive experience of an active lifestyle, and has successfully garnered 1.2 million visits.


Watsons Malaysia was the first business unit to restart Watsons Get Active Fest with Move Your Body Zumba after two years of the pandemic. Over 6,000 members attended the event with various health-related booths where they engaged in activities connected to healthy living.




Creating a Great Place to Work

We are committed to providing a safe, healthy, supportive, and discrimination-free environment for all employees. We foster a culture of people development where employees receive appropriate training to optimise their performance, progress, and growth in the A.S. Watson family throughout their careers.

Our people strategy covers the following priorities:



Diversity, Equity & Inclusion (DEI)



Health & Wellbeing



Good Jobs



Youths Careers Development



Diversity, Equity & Inclusion (DEI)

DEI are crucial elements in our culture and values. We are committed to creating a diverse, equitable, and inclusive workplace that welcomes individuals from all backgrounds, perspectives, and abilities. We recognise that diversity is not just about gender or ethnicity, but also includes age, religion, sexual orientation, disability, education, socioeconomic status, and more. We value our people’s unique ideas, strengths, and experiences. By embracing diversity, we believe we can bring fresh ideas and perspectives that help us be innovate and grow as a company.

To achieve our vision, our senior executives have committed to creating a diverse and inclusive workforce. They foster an inclusive culture that will eliminate biases and barriers through staff engagement and ongoing learning.

In 2022, we launched a global DEI Steering Group to direct our business units and group functions. Our commitment to equity means we are dedicated to fairness in all our policies and practices, from hiring and promotion to compensation and benefits. We strive to eliminate biases or barriers that prevent employees from reaching their full potential. We aim to cultivate a workplace where everyone feels safe to speak up, contribute their ideas, and be themselves.

Eliminating Unconscious Bias

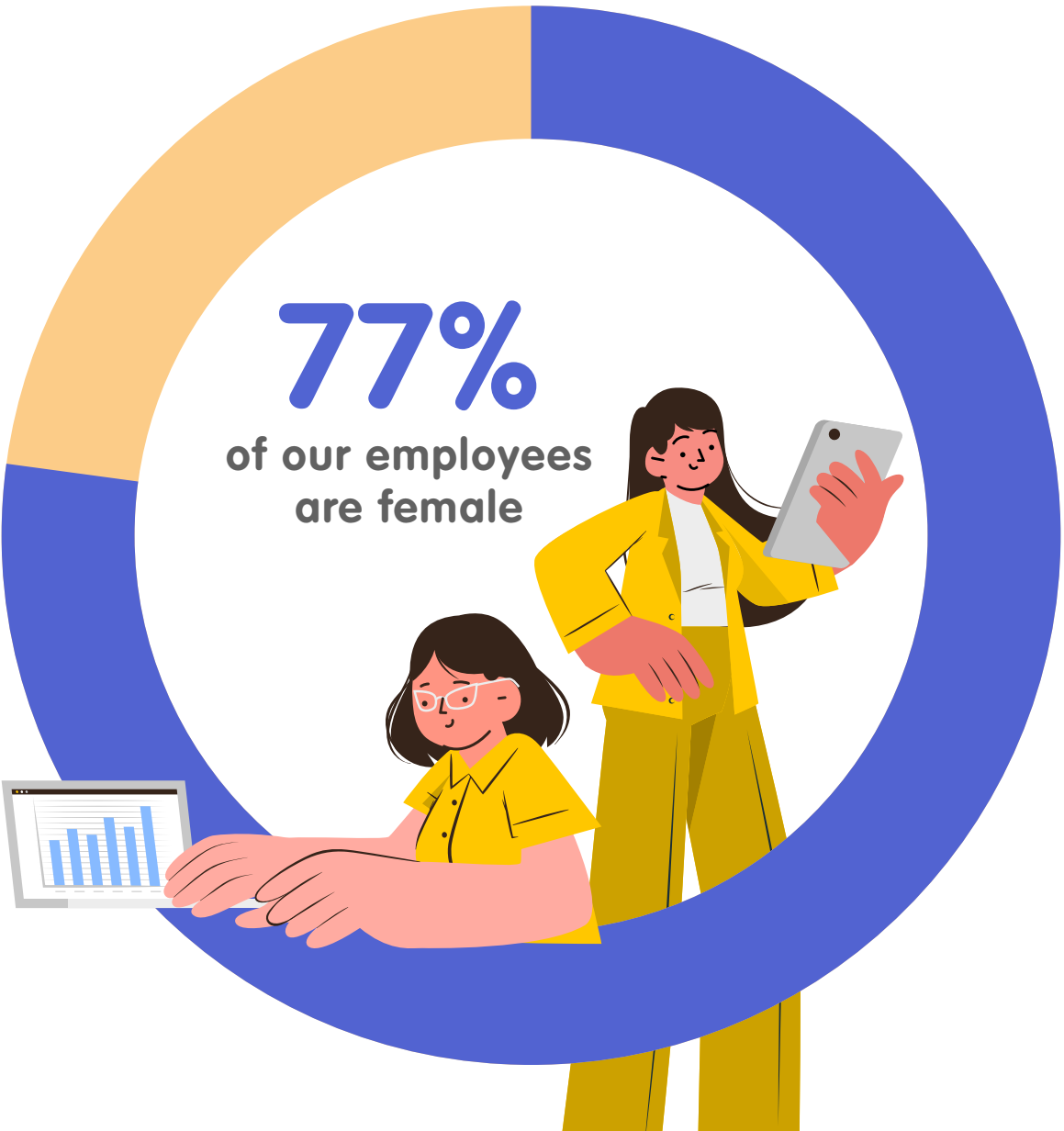
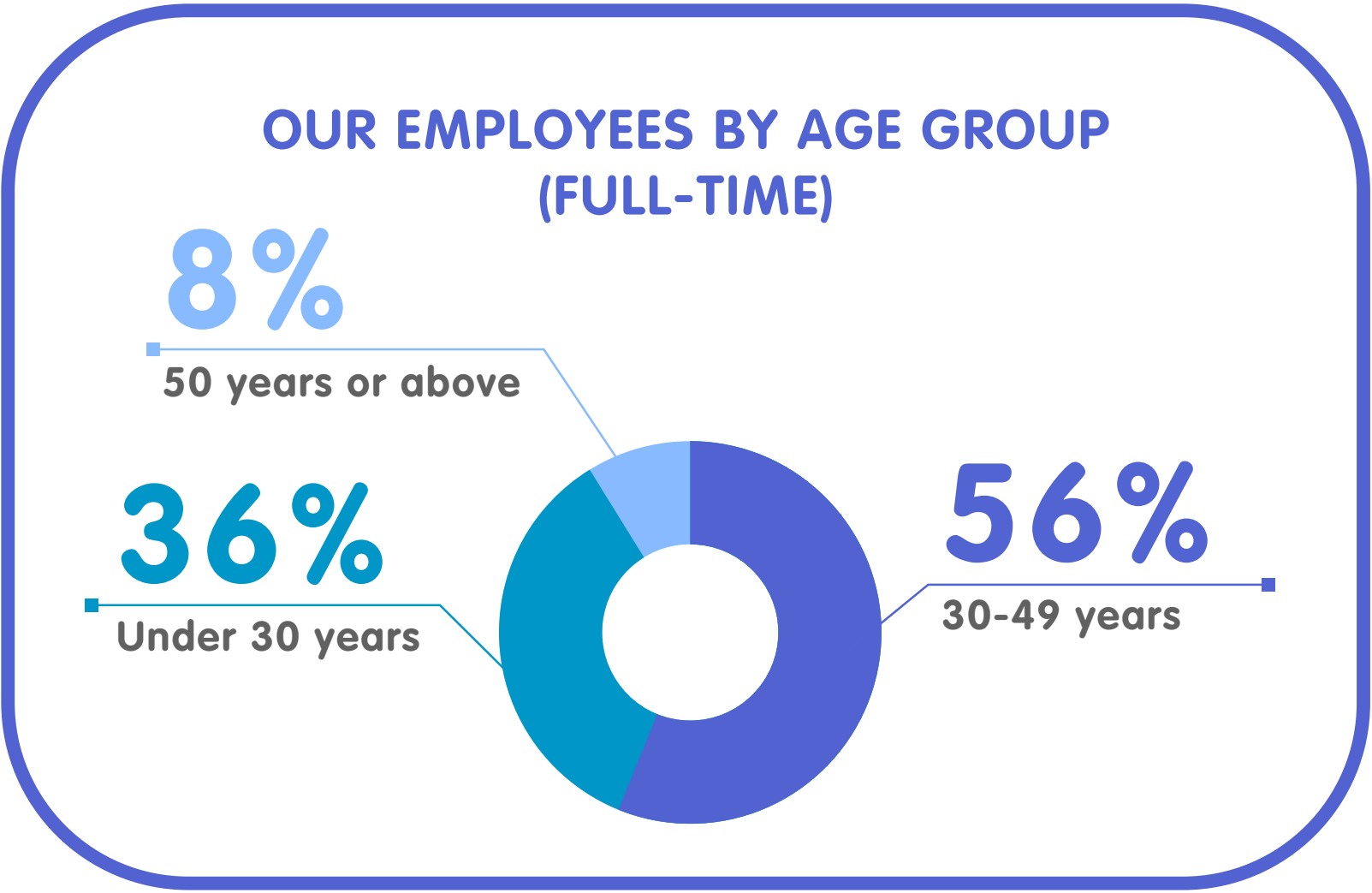
To create a more diverse and inclusive workplace, our business units have undertaken workshops to raise awareness of unconscious bias. These workshops have covered hiring and promotion decisions to interactions with customers and colleagues. In some markets, we have also engaged with local organisations to share best practices on DEI.

Everyone Matters

Superdrug is working hard to become a more diverse and inclusive workplace. Its inclusion and diversity strategy, Everyone Matters, has six focus areas: Age, Social Mobility, Disability, Gender Equality, LGBTQ+, and Race & Ethnicity.

The Everyone Matters Steering Group is chaired by the CEO of Health and Beauty UK. Employee Networks for each focus area provide safe spaces for colleagues to discuss issues, share experiences, and provide support.

Employee Networks design and implement internal campaigns, forge partnerships with external organisations, and raise awareness by celebrating key dates. In 2022, our senior executives and recruitment team members attended inclusive leadership training and upskilling sessions.



Health and Wellbeing

We support our employees by providing access to resources and programmes that promote the four pillars in our Wellbeing framework, namely Physical, Mental, Financial and Social.

In 2022, we launched the Global Wellbeing Steering Group to direct our business units and group functions. This Steering Group was formed to develop and communicate best practices so that each market can have a clear plan to support team wellbeing.

We also introduced wellbeing champions across all business units and group functions, supported with external training and, where appropriate, relevant external qualifications that add value and help with talent retention.

In 2022, our initiatives focused on emotional and physical health tips, mental wellbeing webinars and free online yoga. This provided the necessary tools and support to bring out our highest potential selves to work.

We launched the WatsonVital employee wellness programme in the Benelux market, in which we trialled easily accessible debt counselling and psychological help by telephone.



Health and Wellbeing (cont'd)

In addition to providing traditional medical coverage, we launched an eDoctor service in Hong Kong, providing convenient and timely assistance for colleagues who needed medical consultation; business units in England, Scotland, and Wales have introduced comprehensive schemes to support colleagues in times of economic uncertainty, with free financial education and consultations, and discounts for friends and family.



Good Jobs

We are committed to providing Good Jobs in all of our business units and group functions. We create employment opportunities that offer fair wages, benefits, job security, and career growth.

We have developed training programmes for managers to design jobs that are conducive to health, wellbeing, and organisational performance. We also built sustainability KPIs and objectives into our performance reviews, supported with sustainability learning in all job roles.



General Training

The A.S. Watson Retail Academy is a platform for continuous learning, delivering high quality programmes certified by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications. As digital skills become increasingly essential for all employees, we introduced a Digital Gym Mobile App and other toolkits to provide accessible learning opportunities for all. This was part of our “Fit for the Future” campaign.



Cognitive

- 1. Agile thinking
- 2. Structured problem solving
- 3. Communication
- 4. Mental flexibility



Interpersonal

- 5. Team effectiveness
- 6. Coaching & empowering



Self-Leadership

- 7. Entrepreneurship
- 8. Self-awareness & self-management
- 9. Continuous learning
- 10. Growth mindset



Digital

- 11. Digital fluency
- 12. Data analytics

In 2022, our global membership of the Digital Gym has grown to over 850 colleagues, and more than 150 items of learning content have been posted. Full-time employees received an annual average of 22 hours’ training.

Average hours of training completed by full-time employees		2021	2022
By gender	Male	20.3	16.1
	Female	31.3	23.7
By employee category	Manager grade or above	15.8	16.0
	General staff	29.2	22.2

Sustainability Training

We must ensure all our employees understand and acquire knowledge about sustainability (environmental, social and governance), and that they understand our Sustainability Roadmap.

Since 2019, we have offered online training from Cambridge Institute for Sustainability Leadership for Heads of our business units and group functions, sustainability champions and Next Gen members.

In 2022, we rolled out the Foundations of Sustainability, an internal training programme to all our Asia operations; the module was taken by 51,669 employees with highly positive feedback.

A similar training module is planned in Q2 2023 for business units in Europe



Youths Careers Development

We provide enhanced opportunities to young people so that they can realise their career ambitions regardless of their social and economic background.

We provide Trainee & Apprenticeship Programmes as part of a framework for careers in stores, distribution centres and head offices. We also equip managers with the knowledge and skills to manage and leverage younger colleagues’ potential.

We have pledged to provide 200,000 job opportunities and 5 million training hours for youth globally by 2030.

In 2022, we created a global team for employer branding through virtual platforms.

During the year, Superdrug re-launched its employer brand with a campaign entitled “Where You Can Be You”, celebrating its workforce diversity and featuring current employees.

Kruidvat launched #friendsteam in the Benelux region, an innovative social media-based recruitment campaign targeting young people and encouraging friends to apply together for employment opportunities.

In Hong Kong, one of our key collaborations this year was with the SEED Foundation. Sponsored by Alibaba Entrepreneurs Fund, SEED collaborates with The University of Hong Kong to offer beginners’ cloud computing courses to secondary school

students. We were the first company to provide a one-month technology-focused workplace training for students to gain real-world experience. After a rigorous selection process, 10 students from three schools were selected to participate in eLab Asia, Watsons International eCommerce Team and Group IT Department. They were involved in projects including user journey analysis, cloud computing, machine learning and O+O express delivery testing, together with training. This initiative also provided our colleagues with insights into Gen-Z’s shopping behaviour and the current trends in retail to fuel better business ideas targeted at young customers.



Promoting a Responsible Value Chain

We are committed to complying with all applicable laws, regulations, as well as the national and international conventions. We are also committed to best practices in ethical behaviour, human rights, environmental protection, product quality, and safety compliance.

Code of Conduct and Assessments for Suppliers

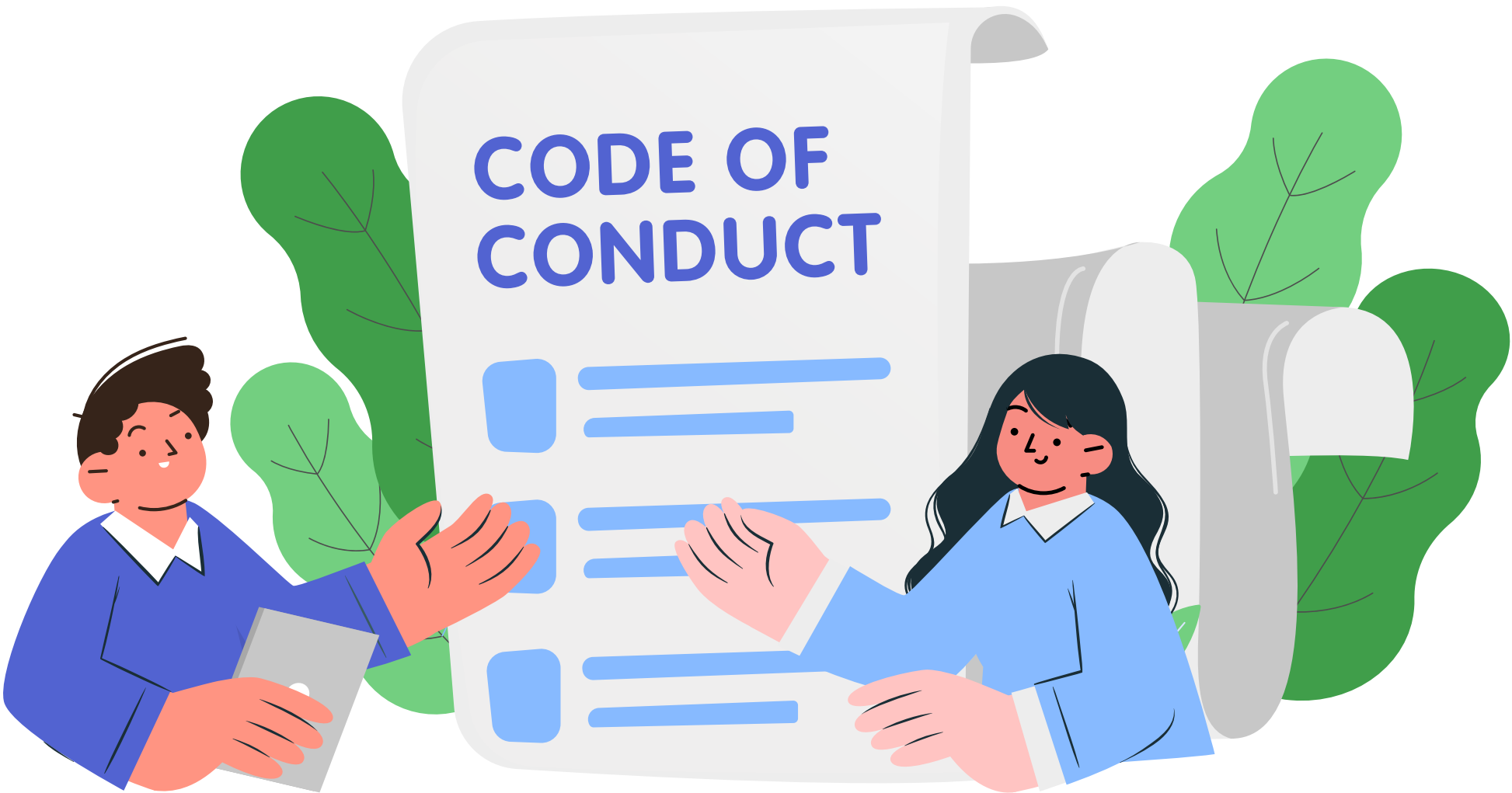
Our Supplier Code of Conduct guides our due diligence screening process for new suppliers. Suppliers are subjected to vetting based on 23 risk indicators across five categories, which include reputation and sanctions, the financial, environmental, social, and governance conditions.

Since 2008, we have been a member of amfori, an international organisation dedicated to improving working conditions and environmental management in global supply chains. As part of its supplier assessment programme, all Own Brand suppliers in high-risk countries undergo audits referencing amfori’s Business Social Compliance Initiative or other leading frameworks, such as Sedex Members Ethical Trade Audit (SMETA), the Initiative for Compliance and Sustainability (ICS) or SA8000 Social Accountability.

Factories identified with non-compliances are required to submit a remediation plan and be re-audited within 2-12 months of the last audit depending on their audit score. Based on the factory’s competency, additional training is offered face-to-face or online through external independent third parties. Termination of business would occur only when a factory has not shown any improvements through independent re-audit, or when its management refuses to cooperate.

We actively engage suppliers in environmental protection by taking part in amfori’s Business Environmental Protection Initiative to drive sustainability improvements in their supply chain. Suppliers identified as having high risks must complete a self-assessment covering 11 environmental performance areas. Following the assessment, suppliers are informed of their assessed risks and notified of the appropriate training to attend. This is delivered either by amfori Business Social Compliance Initiative (BSCI) or by other appointed training companies. Their progress is further monitored for improvement tracking.

[Click here](#) **Supplier CoC**



Code of Conduct and Assessments for Suppliers (cont’d)

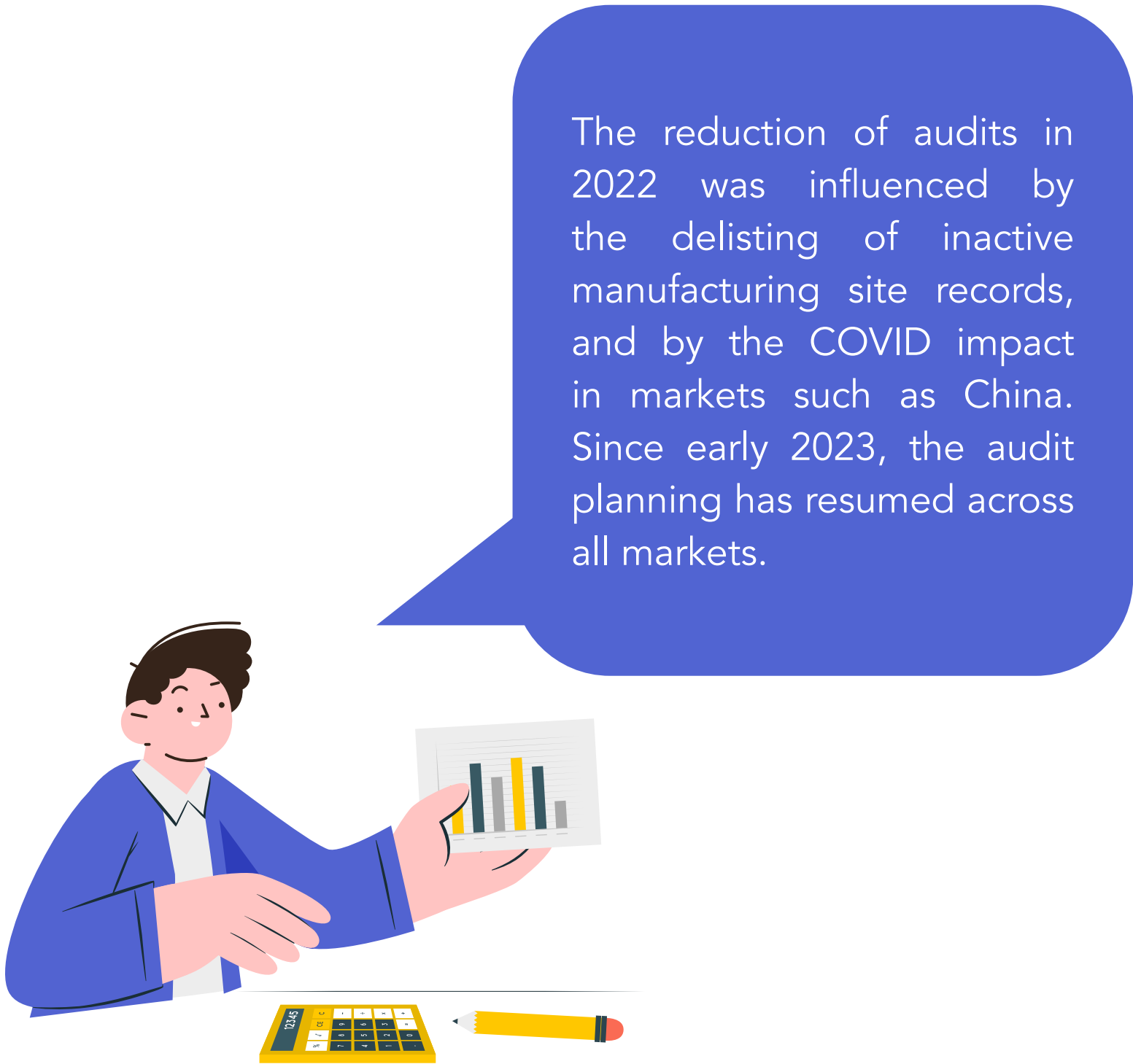
During 2022, 374 factories located in high-risk countries were audited for their social compliance, with the following scores:

	Score*	No. of factories			
		2019	2020	2021	2022
amfori BSCI audits	A	5	3	15	9
	B	8	14	30	17
	C	298	319	490	322
	D	31	21	27	10
	E	6	3	0	0
	ZT	0	0	0	0
Other social audits accepted**		69	81	22	16
Total		417	441	584	374

(*) Audits scores:

- A, B: Very good practices exhibiting continuous improvement. Audit is valid for a maximum of two years.
- C: Acceptable level of performance. A remediation plan must be provided within two months of the audit date and a follow-up audit within 12 months of the audit date.
- D, E: Poor levels of performance. A remediation plan must be provided within two months of the audit date and a follow-up audit within six months of the audit date.
- ZT: Human rights violations and business behaviour that may endanger the independence of the audit may qualify as possibly zero tolerance (ZT) cases. Examples include child labour, bonded labour, and unethical behaviour. Upon discovery of ZT issues, the auditor would inform amfori BSCI, which will coordinate an expedited remediation plan and require immediate improvements.

(**) Refer to other acceptable reputable assessments, such as SMETA, ICS or SA8000



The reduction of audits in 2022 was influenced by the delisting of inactive manufacturing site records, and by the COVID impact in markets such as China. Since early 2023, the audit planning has resumed across all markets.

Products Quality and Safety

Customers’ needs and interests are central to everything we do. We work with leading experts and researchers globally to deliver the highest levels of product and service safety, transparency, and quality through our wide range of Own Brand products.

We pay meticulous attention to every stage of the production-to-shelf process and proactively seek customer feedback to ensure ongoing service quality updates.

We use various traceability tools, such as Coptis Lab compliance screening software, to keep track of all the ingredients used in our Own Brand products. Any ingredient can be quickly traced back to the related products and suppliers involved.

To protect our customers’ health and safety, our Quality Assurance teams consist of experts and professionals. Agricultural scientists, including arable, horticultural, and veterinary specialists sit on our Food Retail Quality Assurance team. Chemists,

mechanical and electrical engineers are in our Health and Beauty Quality Assurance team. Their expertise is crucial to the development and assessment of our suppliers and products. Our Quality Assurance teams monitor supplier audits and product testing to ensure that our products are safe and of high quality.

There are well-established and tested systems in place enabling the company to remove any concerned product from sale in all stores within three hours. These systems include, when necessary, a barcode-blocking function that prevents any concerned item from being scanned and sold.

Furthermore, each business unit has a detailed crisis manual enlisting and guiding the relevant action procedures and management responsibilities, including actions and communications, both internally and externally.

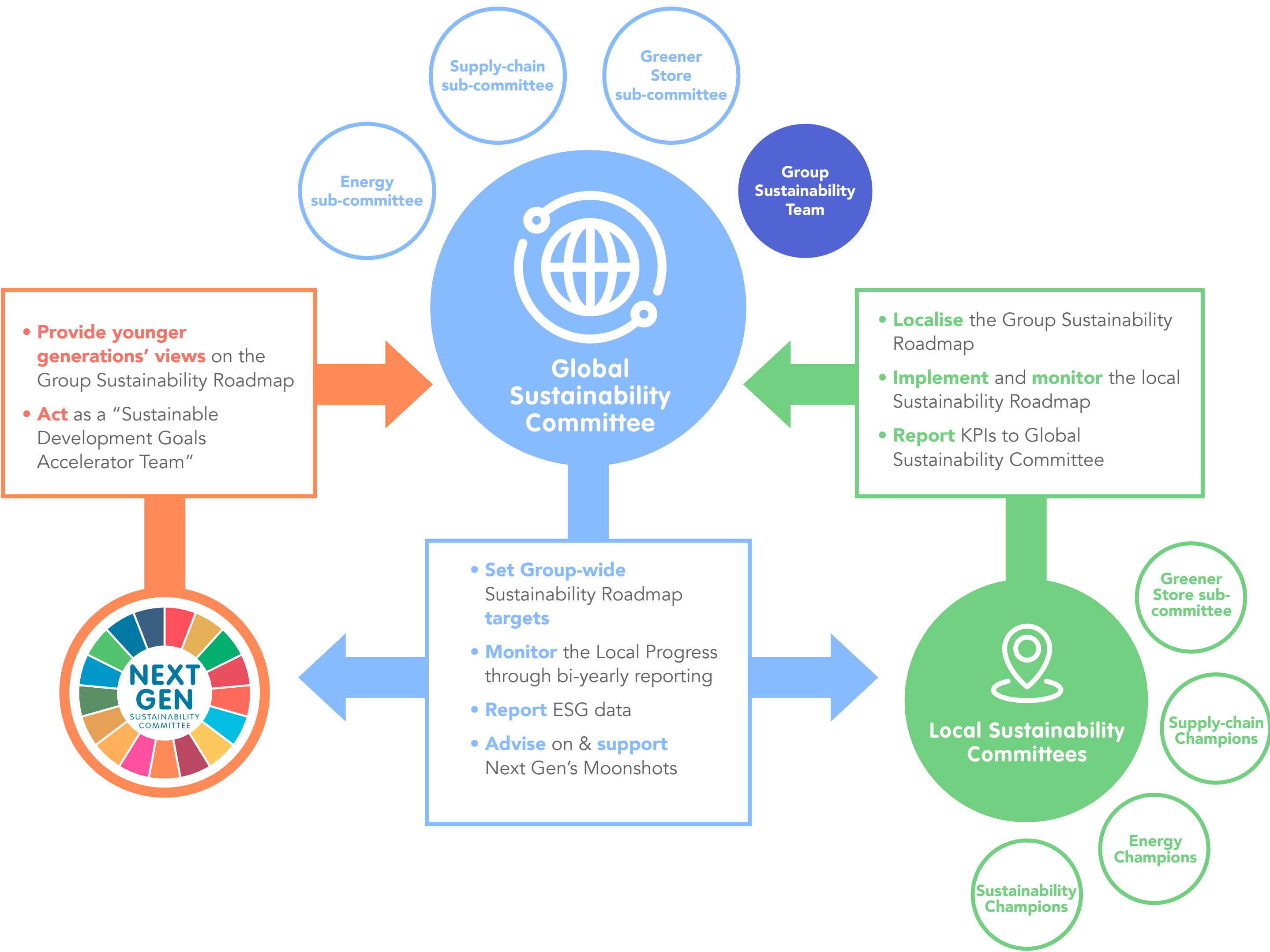


Governance

Since 2010, we have established a Global Sustainability Committee to be the driving force behind our sustainability agenda, with five priorities:

- 1 Endorse our Sustainability Roadmap and the relevant sustainability policies
- 2 Set medium- to long-term targets
- 3 Review the progress of key sustainability initiatives against defined targets
- 4 Promote best practices across the company
- 5 Address future challenges in accordance with the ESG framework

Our Sustainability Roadmap lists ESG priorities cascading down to each business unit. These priorities are implemented through local initiatives supervised by their own local Sustainability Committee.



Our Committees

The **Global Sustainability Committee** is chaired by Malina Ngai, CEO of A.S. Watson (Asia & Europe) and Group COO of A.S. Watson Group, and reports to our Board. It consists of 11 members including CEOs and senior executives from subsidiaries representing different functions of the business. These functions include Human Resources, Legal, Finance and Sustainability.

Three Sub-Committees on Energy, Supply-chain and Greener Stores, and one Next Gen Committee have been tasked with supporting our Sustainability Roadmap.

The **Energy, Supply-chain** and **Greener Stores Sub-Committees** have been set up to play a consultancy role and support our business units with the technical know-how on implementing specific initiatives. Each sub-committee is headed by a director reporting to the Global Sustainability Committee. It is supported by regional coordinators and representatives (“Champions”) from each local business unit.

The **Next Gen Sustainability Committee** was set up in 2019 to channel through younger generations’ views on our Sustainability Roadmap and act as an accelerator for our Sustainable Development Goals. This Committee rotates every 18-24 months and is actively involved in our sustainability projects in collaboration with other teams, such as Store Development, Marketing and Human Resources.



ESG Data

The quality of our ESG data is crucial: we cannot manage what we cannot measure. Since 2018, we have leveraged Schneider Electric’s data management system, Resource Advisor, to facilitate the continuous monitoring of over 250 KPIs covering environmental and social metrics. This has allowed us to calculate greenhouse gas emissions attributed to our operations and to track progress against targets.



Policies

We have a comprehensive set of policies which outlines our business ethics and sustainability commitments with guidelines for our daily operations.

1

Modern Day Slavery and Human Trafficking Statement

2

Human Rights Policy

3

Supplier Code of Conduct

4

Health and Safety Policy

5

Sustainability Policy

A.S. Watson Group

Asia’s Most Influential Brand
Inside Retail Asia

Ranked 18th in Top 50 Global Retailers
Kantar

Ranked 33rd in Top 100 Retailers in Asia
Euromonitor

Retail Asia Awards
• Omnichannel Strategy of the Year (Asia)
• ESG Initiative of the Year (Asia)
Retail Asia

Best Companies to Work for in Asia
HR Asia

Counsels of the Year Awards
• In-House Industry Awards in Retail & Healthcare
• In-House Best Practice Awards in Innovation
• In-House Best Practice Awards in Integration
In-House Community

HONG KONG

Best HR Awards
• Employer of the Year - Grand Award
• Best Corporate Social Responsibility Award - Gold
• Best Innovative L&D Initiative Award - Gold
CTgoodjobs

Outstanding Partnership Project Award
The Hong Kong Council of Social Service

Hong Kong Volunteer Award 2022
• Outstanding Corporate
• Outstanding Volunteer Group
• Outstanding Collaboration Project
Home and Youth Affairs Bureau, HKSAR Government & Agency For Volunteer Service

20 Years Plus Caring Company Logo
The Hong Kong Council of Social Service



INTERNATIONAL

Asian Experience Awards - Customer Experience of the Year (Retail)
The Asian Business Review

Retail Asia Awards
• Health & Beauty Retailer of the Year (Asia)
• Sustainability Initiative of the Year (Asia)
Retail Asia

Asia’s Most Innovative Sustainable Retailer
Inside Retail Asia

HONG KONG

Top 10 Quality E-Shop - Gold Award

Top 10 O2O Retail Brand Award

The Best User Experience E-Shop Award
Hong Kong Retail Management Association

15 Years Plus Caring Company Logo
The Hong Kong Council of Social Service



CHINA

Outstanding Brand Award

JD.com

Industry Exploration Excellence Award

Tencent

Aladdin Magic Lamp Awards

- Best eCommerce Mini Programme
- Best Brand Mini Programme

Aldzs.com

SINGAPORE

Retail Asia Awards - Health & Beauty Retailer of the Year

Retail Asia

Excellent Service Award

Singapore Retailers Association

Singapore’s Best Customer Service

The Straits Times

TAIWAN

Taiwan Sustainability Action Awards (SDG13 Climate Action) - Silver

Taiwan Institute for Sustainable Energy

Taiwan Corporate Sustainability Awards (TCSA) - Best Global Company

Taiwan Academy of Corporate Sustainability

The Happiest Company - Gold Award

1111 Job Bank

THAILAND

Superbrands Thailand

Thailand Superbrands Council

Best Companies to Work for in Asia

HR Asia

MALAYSIA

Best Retail Partner

Huawei

The MARKies Awards Most Effective Use of Loyalty & CRM - Gold

Marketing Excellence Awards - Excellence in Communications /Public Relations - Gold

Advertising + Marketing Magazine

No.1 Most Preferred Graduate Employer in Retail

Graduates Choice Awards

PHILIPPINES

Retail Asia Awards

- Health & Beauty Retailer of the Year
- Sustainability Initiative of the Year
- Omnichannel Strategy of the Year

Retail Asia



INDONESIA

Inspiring Women Awards (Marketing Transformation in Retail Companies Category)
Iconomics

TÜRKIYE

Customer Brand of the Year
A.L.F.A Awards

Ranked 30th in Top 100 Women Executive Friendly Companies

Ranked 44th in Top100 Women Friendly Companies
Capital Magazine



HONG KONG

HKIM Market Leadership & Power Brand Award - Market Leadership in Supermarket
Hong Kong Institute of Marketing

Smart Retailing Awards Smart Transformation & Innovation Award (Retailer Group) - Silver

Service Talent Award - My Favourite Outstanding Service Retail Brand Top 10

Top 10 Quality E-Shop Award

Top 10 O2O Retail Brands Award
Hong Kong Retail Management Association

15 Years Plus Caring Company Logo
The Hong Kong Council of Social Service



HONG KONG

Service Talent Award - My Favourite Outstanding Service Retail Brand Top 10
Hong Kong Retail Management Association

Top 10 Quality E-Shop Award - Bronze

Top 10 O2O Retail Brands Award
Hong Kong Retail Management Association

15 Years Plus Caring Company Logo
The Hong Kong Council of Social Service

Watson's Wine

HONG KONG

Social Enterprise Supporter Award
Fullness Social Enterprises Society

15 Years Plus Caring Company Logo
The Hong Kong Council of Social Service



HONG KONG

Metro Health Award
Metro Health Plus

MARKies Awards Best Idea (Experiential Marketing) - Gold
Marketing Magazine

20 Years Plus Caring Company Logo
The Hong Kong Council of Social Service



NETHERLANDS

Best Retail Chain in the Netherlands (Personal Care Category)
ABN-AMRO

Number of Retail Outlets in Netherlands - No. 1
Locatus

BELGIUM

2nd Best Retailer category Fashion & Beauty
Retaildetail



UNITED KINGDOM

- Top 100 Retail Leaders
Retail Week
- Top 100 Apprenticeship Employers
Department of Education



NETHERLANDS

- Retailer of the Year
 - Best Perfumery in the Netherlands
 - Best Webshop Award*ABN-AMRO & Q&A Research & Consultancy*

BELGIUM

- Best Retail Chain Store in Belgium
- Best Webshop in Belgium
 - Personal Care and Perfumery categories*Q&A Consultancy*



UNITED KINGDOM

- The Fragrance Foundation Awards
 - Online Retailer of the Year
 - Consultant of the Year*The Fragrance Foundation*

Environmental KPIs

Environmental KPIs^{1,2}

GHG emissions	Unit	2020	2021	2022
Total scope 1 + 2 GHG emissions ³	tonne CO2 e	507,067	544,083	508,215
Scope 1 GHG emissions	tonne CO2 e	125,345	139,071	124,631
Scope 2 GHG emissions	tonne CO2 e	381,723	405,012	383,584
Scope 3 GHG emissions ⁴	tonne CO2 e	–	–	9,698,665

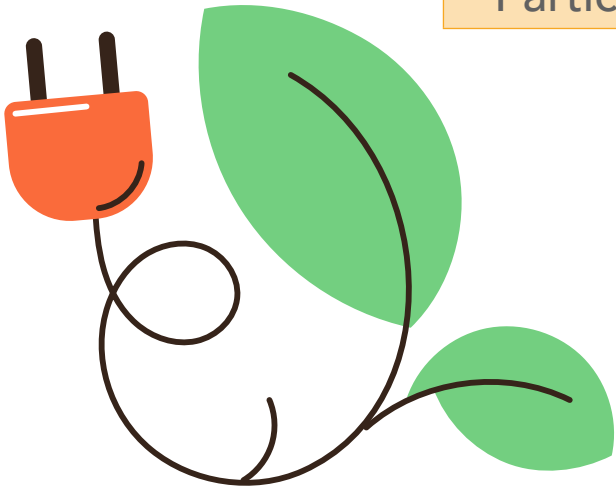


Use of energy	Unit	2020	2021	2022
Total energy consumption	kWh'000	1,116,280	1,210,298	1,129,055
Total direct energy consumption	kWh'000	340,562	403,366	353,471
Gasoline/ Petrol	kWh'000	1,410	2,474	1,672
Diesel	kWh'000	240,235	276,028	257,023
Natural gas	kWh'000	79,268	108,867	71,221
Towngas	kWh'000	17,316	13,285	19,899 ⁵
Other gases	kWh'000	1,725	2,021	1,919
Other fuels	kWh'000	0	0	0
Geothermal	kWh'000	-	0	0
Wind	kWh'000	-	0	0
Solar	kWh'000	-	456	1,277

Environmental KPIs^{1,2}

Use of energy	Unit	2020	2021	2022
Hydro	kWh'000	-	0	0
Biomass	kWh'000	608	235	460
Other renewables	kWh'000	-	0	0
Self-generated energy	kWh'000	-	0	0
Sale of energy	kWh'000	-	0	0
Total indirect energy consumption	kWh'000	775,718	806,932	775,584
Electricity	kWh'000	775,718	806,932	775,584
Heating	kWh'000	-	0	0
Renewable electricity purchased and supported by green certificates	kWh'000	165,826	164,250	161,442
% renewable electricity purchased and supported by green certificates	%	21%	20%	21%
Total energy consumption intensity	kWh / revenue HK\$'000	9.209	9.258	8.864
Total direct energy consumption intensity	kWh / revenue HK\$'000	2.809	3.085	2.775
Total indirect energy consumption intensity	kWh / revenue HK\$'000	6.399	6.172	6.089

Air emissions ⁶	Unit	2020	2021	2022
NOx emissions	tonne	3,116	2,538	3,549
SOx emissions	tonne	7,563	5,803	8,692
Particulate matter emissions	tonne	63	61	69



Environmental KPIs^{1,2}

Waste produced	Unit	2020	2021	2022
Total hazardous waste produced	tonne	351	843	872
Total hazardous waste produced intensity	tonne / revenue HK\$'000	0.000	0.000	0.000
Total non-hazardous waste produced	tonne	131,632	142,719	148,343
Total non-hazardous waste produced intensity	tonne / revenue HK\$'000	0.001	0.001	0.001
Total waste recycled	tonne	-	137,818	143,333
Recycled material usage	tonne	-	3,174	3,995



Use of water	Unit	2020	2021	2022
Total water consumption	'000 m3	1,838	1,686	1,538
Total water withdrawal	'000 m3	1,838	1,686	1,538
Surface water	'000 m3	0	0	0
Groundwater	'000 m3	0	0	0
Seawater	'000 m3	0	0	0
Third-party water	'000 m3	1,838	1,686	1,538
Other sources	'000 m3	0	0	0
Total water discharged	'000 m3	0	0	0
Surface water	'000 m3	0	0	0
Seawater	'000 m3	0	0	0
Third-party water	'000 m3	0	0	0
Other sources	'000 m3	0	0	0
Water consumption intensity	m3 / revenue HK\$'000	0.015	0.013	0.012
Water withdrawal from areas with water stress	'000 m3	-	0	0
Water withdrawal from freshwater sources	'000 m3	-	0	0
Water recycled	'000 m3	-	0	0

Environmental KPIs^{1,2}

Packaging material	Unit	2020	2021	2022
Total packaging material used for finished products	tonne	141,411	154,235	146,305
Plastic	tonne	30,982	41,841	34,443
Paper	tonne	99,666	99,795	98,752
Metal	tonne	5,177	6,115	6,376
Glass	tonne	3,496	3,400	3,339
Other packaging material	tonne	2,090	3,084	3,395
Packaging material intensity	tonne / thousand of products	0.096	0.098	0.106



Notes

- 1) “-” refers to items not reported in previous years.
- 2) 2020 and 2021 figures have been restated to exclude Watsons Russia as it ceased operations in 2022. In addition, natural gas, towngas, other gases, biomass, non-hazardous waste produced, waste recycled, recycled material usage and packaging material have been restated/reclassified to reflect the most accurate data.
- 3) These data points differ from those released in the report of our parent company, CK Hutchison Holdings, due to an update of the reporting methodologies after the date of our reporting. These will be restated for alignment in future reporting.
- 4) Scope 3 emissions were calculated with the best available data which will be updated during 2023 as calculation processes continue to improve. For the Retail division: only six scope 3 categories were completed, with the remaining to be updated during 2023 (Purchased Goods and Services, Upstream Transportation and Distribution, Use of Sold Product, and End of Life Treatment).
- 5) Towngas usage increased for the Retail division as A.S. Watson Industries (Hong Kong) substituted diesel in certain processes with towngas. The increase in towngas also led to the increase in NOx, SOx and particulate matter emissions.
- 6) The Group updated its calculation methodologies and emissions factors for NOx, SOx and particulate matter emissions for more accuracy.

Social KPIs

Social KPIs^{1,2}

Number of employees	Unit	2020	2021	2022
Total		127,791	126,644	123,280
By employment type	Full-time	75,110	74,871	71,874
	Part-time	52,681	51,773	51,406

Number of full-time employees	Unit	2020	2021	2022
By gender	Male	17,789	17,452	16,747
	Female	57,321	57,419	55,127
By employee category	Manager grade or above	2,811	2,795	2,943
	General staff	72,299	72,076	68,931
By age group	Under 30	28,608	27,847	25,901
	30-49	41,063	41,520	40,255
	50 or above	5,439	5,504	5,718
By geographical region	Hong Kong	8,137	7,651	7,325
	Mainland China	27,791	26,725	22,893
	Europe	16,369	17,279	16,502
	Canada	0	0	0
	Asia, Australia and others	22,813	23,216	25,154

Social KPIs^{1,2}

Turnover rate for full-time employees		2020	2021	2022
Overall		30%	31%	36%
By gender	Male	25%	29%	31%
	Female	31%	32%	38%
By age group	Under 30	45%	50%	61%
	30-49	21%	21%	23%
	50 or above	15%	19%	18%
By geographical region	Hong Kong	13%	25%	24%
	Mainland China	36%	29%	29%
	Europe	32%	42%	44%
	Canada	0%	0%	0%
	Asia, Australia and others	27%	29%	43%

Work-related fatalities		2020	2021	2022
Number of work-related fatalities		0	1	0
By employee type	Full-time employees	0	1	0
	Contractors	0	0	0
Rate of work-related fatalities		0.000%	0.001%	0.000%

Lost days due to work injury		2020	2021	2022
Number of lost days due to work injury ²		18,610	22,273	20,960
Number of lost time injury incidents ²		429	570	430

Percentage of full-time employees who received training ³		2020	2021	2022
Overall		79%	91%	84%

Social KPIs^{1,2}

Breakdown of full-time employees who received training		2020	2021	2022
By gender	Male	20%	22%	22%
	Female	80%	78%	78%
By employee category	Manager grade or above	3%	3%	4%
	General staff	97%	97%	96%

Average hours of training completed by full-time employees ^{2, 3}		2020	2021	2022
Overall		17.4	28.8	22.0
By gender	Male	10.8	20.3	16.1
	Female	19.3	31.3	23.7
By employee category	Manager grade or above	8.4	15.8	16.0
	General staff	17.7	29.2	22.2

Number of suppliers		2020	2021	2022
Total		15,337	14,984	27,684 ⁴
By geographical region	Hong Kong	3,034	2,825	4,161
	Mainland China	1,053	1,242	3,737
	Europe	5,339	5,960	6,177
	Canada	0	26	118
	Asia, Australia and others	5,911	4,931	13,491

Percentage of total products sold or shipped subject to recalls for safety and health reasons		2020	2021	2022
Percentage of total products sold or shipped subject to recalls for safety and health reasons		0.0%	0.0%	0.0%

Social KPIs^{1,2}

Number of complaints received		2020	2021	2022
Products related		3,074	3,133	3,943
Services related ²		109,984	128,676	136,167

Number of employees who received training on anti-corruption/ethics ³		2020	2021	2022
Total		53,374	96,132	83,120
By employment type	Full-time	-	68,337	50,923
	Part-time	-	27,795	32,197
Percentage of employees who received training on anti-corruption/ethics ²		45%	69%	52%

Number of training hours on anti-corruption/ethics ³		2020	2021	2022
Total		29,250	96,614	54,349
By employment type	Full-time	-	83,905	45,583
	Part-time	-	12,709	8,766

Notes

- 1) “-” refers to items not reported in previous years.
- 2) 2020 and 2021 figures for the Retail division have been restated due to the exclusion of Watsons Russia. In addition, our parent company, CK Hutchison Holdings, has also restated the percentage of employees who received training on anti-corruption/ethics, the number of lost days due to work injury, the number of lost time injury incidents, the number of services-related complaints received, and the average hours of training completed by full-time employees to reflect the most accurate data and align with the refined reporting approach.
- 3) Training data for full-time employees incorporates both existing employees as at the end of the reporting period and the employees who left the company during the reporting period.
- 4) The reporting scope for the number of suppliers for the Retail division has been expanded so that there were more suppliers reported in 2022.

ABOUT A.S. WATSON GROUP

Established in 1841, A.S. Watson Group is the world’s largest international health and beauty retailer operating over 16,100 stores under 12 retail brands in 28 markets, with about 130,000 employees worldwide. For the fiscal year 2022, A.S. Watson Group recorded revenue of US\$22 billion. Every year, we are serving over 5.5 billion shoppers via our O+O (Offline plus Online) technology-enabled platforms.

A.S. Watson Group is also a member of the world-renowned multinational conglomerate CK Hutchison Holdings Limited, which has four core businesses - ports and related services, retail, infrastructure and telecommunications in over 50 countries.

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