

# A.S. WATSON GROUP SUSTAINABILITY REPORT 2021



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



A member of CK Hutchison Holdings

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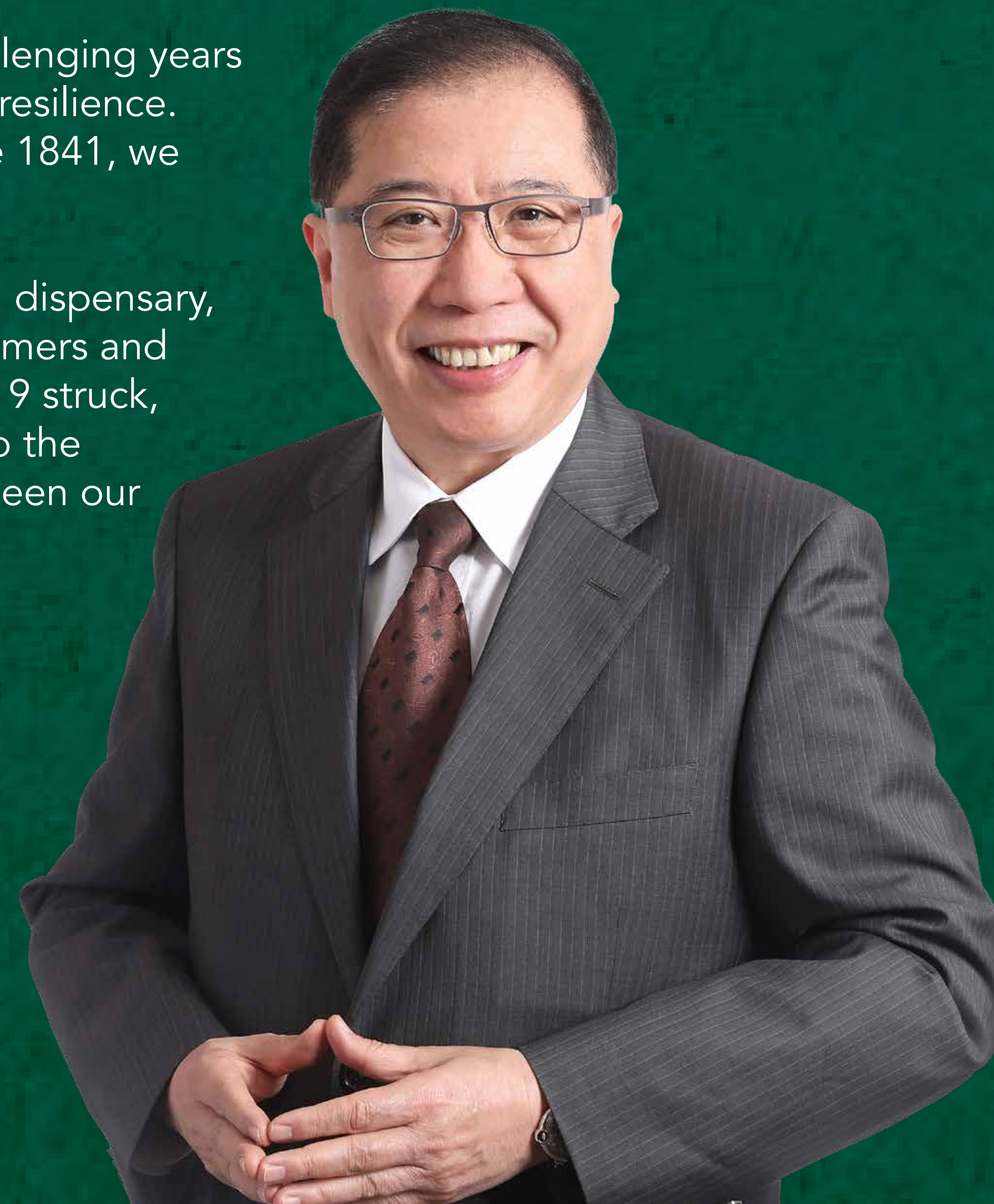
## Message from our Group Managing Director

Last year could easily go down in history as one of the most unexpectedly challenging years for people's physical and mental health. It was a test for our economy and our resilience. Coincidentally, it was also a noteworthy year for A.S. Watson: established since 1841, we were entering into our 180<sup>th</sup> year of service.

Back in the early days when A.S. Watson was founded in Hong Kong as a small dispensary, we gave out medicines to people in need. This same caring spirit for our customers and our communities has remained steadfast over the years, so that when COVID-19 struck, against all the challenges and uncertainties, we decided to contribute swiftly to the betterment of the wider community. Bringing a smile to everyone has always been our dedicated Purpose, and one that has well survived the test of time.

### OUR HERITAGE IN GIVING AND CARING

As the world's largest international health & beauty retailer, we are in touch with customers across 29 markets daily, offering them with quality choices and necessities. When the pandemic hit us, we spared no effort in assisting customers with supplies and deliveries, offering donations to protect the vulnerable, taking care of our employees' safety and mental health, mobilising colleagues to volunteer for the healthcare workforce, and later introducing testing and vaccination services. As an extension to our



# Message from our Group Managing Director

heritage in giving and caring, we launched the Global Smile Campaign with a vision to invigorate the mental wellbeing of the community.

## 2030 SUSTAINABILITY VISION AND BEYOND

As we adapt to a “new normal” way of life, we are also refreshing our strategy for a better future. The launch of our 2030 Sustainability Vision is testimonial to our furthering of businesses towards a higher Social Purpose with measurable progress. We prioritise to support our communities and colleagues during this pandemic and maintain our company as a great place to work at. We are also determined to act on climate change, promote a circular economy, offer more sustainable product choices, and promote a responsible upstream value chain.

Love has been at the heart of A.S. Watson for 180 years. Continuing to put a smile on the face of everyone we touch is our underlying promise to our colleagues, suppliers and customers. I am sure this culture of love and care has set a solid foundation for A.S. Watson to march into the next century together with our customers towards a more sustainable world, giving people more reasons to smile.

A handwritten signature in white ink that reads "Dominic Lai". The signature is fluid and cursive, with a large initial 'D'.

Group Managing Director  
A.S. Watson Group



# 180 YEARS OF LOVE & CARE BREAKING NEW GROUNDS AND RIDING THROUGH CHALLENGES

In 1841, A.S. Watson was founded as a small dispensary in Hong Kong, with a mission to care for people's health and wellbeing. In our early days, we offered free medicines to the needy, and established medical scholarships to nurture talents in healthcare. We built our first Watsons Water plant to provide distilled water to the local community when plague struck the city in the early 1900s. The spirit to love, care and serve has been deeply ingrained in A.S. Watson's 180 year heritage.

2020 was a year of unprecedented challenges brought on by a global pandemic. Among the local communities where we operate, COVID-19 has affected all walks of life. In a time when health became a critical imperative, we felt an obligation to channel our passion and love over our 180<sup>th</sup> anniversary into supportive actions for the particular localities where we operate.

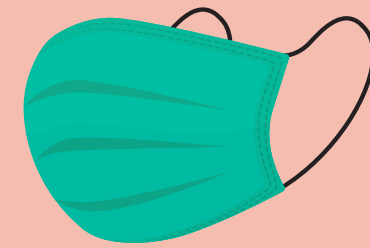
# Helping the Needy in the Communities

When COVID-19 first broke out in early 2020, face masks were in severe demand. We mobilised all efforts to source globally, and ultimately started our own Hong Kong production line for face masks. Within a month, Watsons Water's plant in Tai Po was partially transformed into dust-free clean rooms for producing top-quality surgical face masks. A portion of the masks produced were donated to the higher priority groups, such as the elderly and students to ensure that they were well-protected.





# COVID-19 CARING ACTIONS ROLLED OUT TO THE COMMUNITY



## A.S. Watson Group

**1.8 MILLION face masks donated to:**

- Elderly
- The Underprivileged
- Students



## watsons CHINA

**Over HK\$ 1.8 MILLION worth of hygiene necessities donated to Hubei:**

- Medical institutes
- Frontline healthcare workers



## watsons TAIWAN

**Over HK\$ 1 MILLION worth of 10 mobile isolation cabins for conducting safe COVID-19 swab tests donated to:**

- 8 Hospitals in Taiwan



## PARKNSHOP

**HK\$ 50 MILLION cash food coupons, vouchers and food items. Together with 27 NGO partners, donating to 500,000+ beneficiaries including:**

- Elderly
- Low-Income Families
- Disabled



**Collaborated with almost 3,000 RETAIL OUTLETS:**

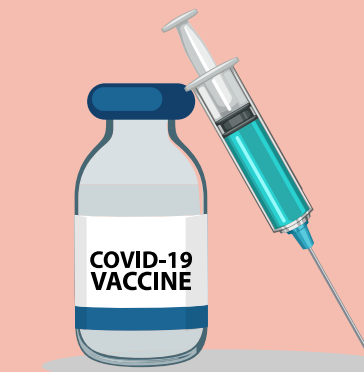
- Over 3.7 Million moneyback members (almost half of Hong Kong population) enjoyed exclusive benefits in a variety of retail outlets



## Superdrug ☆

**Delivered over 100,000 VACCINATIONS on behalf of the NHS**

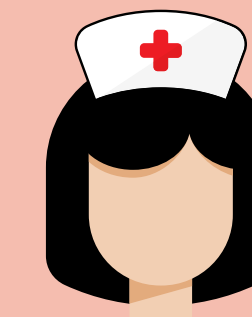
- Made vaccination more accessible to the public
- Vaccines were administered at a rate of 1 in every 5 minutes



## Superdrug ☆

**Over 40 PROFESSIONAL NURSES VOLUNTEERED for 5000 hours**

- Support at NHS hospitals, all salaries fully covered by Superdrug





## BRINGING VIGOUR BACK TO LOCAL BUSINESSES

Through our MoneyBack loyalty programme, we offered support in reviving Hong Kong's businesses by allowing retailers to be promoted on MoneyBack, a platform serving nearly half of Hong Kong's population. Participating retailers came from major food and retail chains to small neighbourhood stores.

## RELIEF SUPPORT FOR UK HEALTH SYSTEM



Superdrug's nurses were re-deployed to assist in hospitals and in conducting convalescent plasma trials.



When stores re-opened for business after nationwide lockdown, Superdrug expanded service to include phlebotomy COVID-19 antibody testing to customers.



Superdrug was also one of the first high-street retailers joining the NHS COVID-19 vaccination programme, increasing accessibility of vaccines for the local neighbourhood.

# GLOBAL SMILE CAMPAIGN

During the pandemic, people's mental wellbeing was at risk due to the extensive lockdown. Coinciding with our momentous 180<sup>th</sup> anniversary, the Global Smile Campaign was launched to promote mental wellness and positivity in the community. The Smile Community was held with a record target of 1.8 million smile index by 20 March 2021, coinciding with the United Nations' International Day of Happiness.

In the 12 months following our 180<sup>th</sup> anniversary, 180 caring actions was further rolled out around the world, commemorating our anniversary in a meaningful way with the community at large.



"SMILE INSIDE OUT" was the theme of our Global Smile Campaign. To promote a culture of happiness, encourage customers and colleagues to foster positivity and raise awareness of mental health and wellbeing, activities were organised under three main aspects: Get Active, Think Positive, and Love Yourself & Others.

We partnered with suppliers and NGOs to encourage a culture of positivity in the community. 13 millennial staff were being appointed as our Chief Smile Officers, who also sit on our Global Millennials CSR Committee, with a mission to get billions of smiles on the faces of our colleagues and our customers.

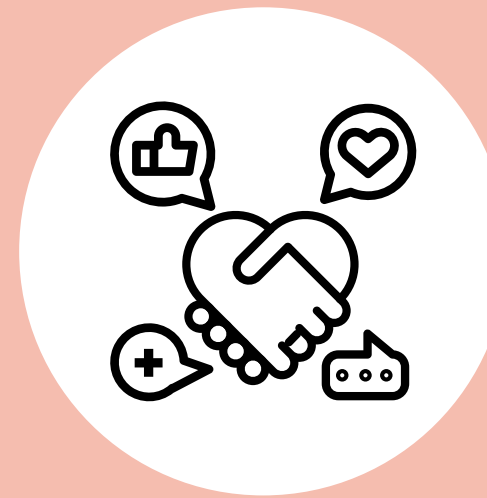
# Supporting the Frontline Through the Crisis

We keep our own body and mind in good health, and likewise, we took care of our own staff who have braced and buckled down in the swiftest response towards the soaring threat of COVID-19.

Dedicated to being a responsive and receptive employer, we organised various creative and motivational programmes for our staff in the Benelux, some of which the ideas were contributed by our own employees. These gave a strong boost to the physical and emotional well-being of our staff, helping to pull off competent teams to reach out and support the local communities in such challenging times.



## SUPPORT PROGRAMMES FOR STAFF IN THE BENELUX



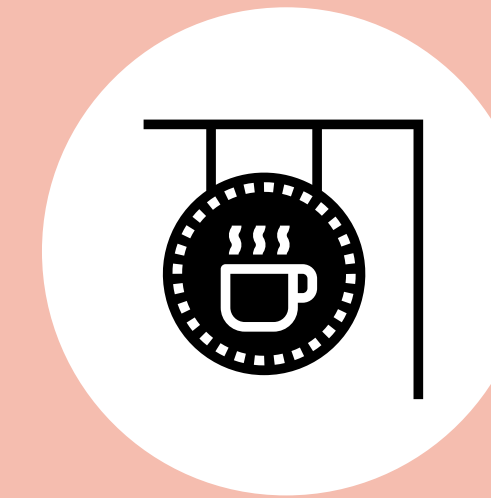
### *#StayConnected*

Encourages office staff team cohesion and mutual appreciation



### *#healthytogether*

Promotes healthy workplace among store teams



### *eBarista Café*

Opens every Monday for participants to be randomly matched for a virtual coffee chats



### *eCard Greeting*

Enlivens colleagues with words of gratitude or empathy for each other



### *Inspiration Thursday*

Shares useful online resources and host webinars for employees, featuring internal and external speakers, covering a diverse range of topics to offer insight on managing home-office work and wellbeing amidst lockdown



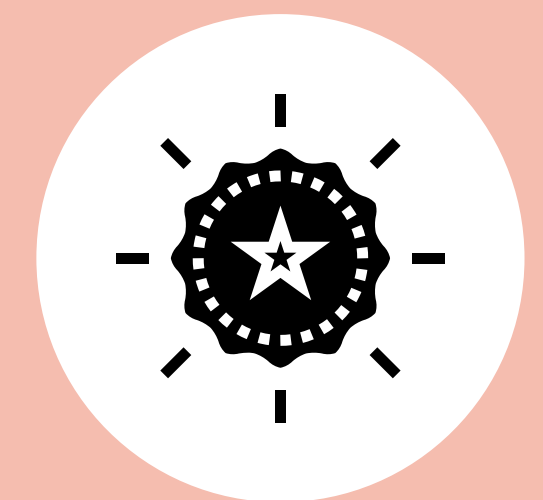
### *Support Hotline*

Addresses to the emotional needs of employees, offering a channel of expression and building up compassion



### *Fitness Challenge App*

Advocates healthy habits through daily walk challenges and group dance activities



### *Wellness Hampers Give-out*

Delivers tokens of care to store teams to encourage healthy diet and boosting immunity

# Working to Reopen



## PUTTING CUSTOMERS FIRST

As a retailer providing essential health supplies to the general public, we coordinated on adjustments for a gradual return to normal service for our customers. Trekpleister modified opening hours to keep more stores open, and preventive measures were established to maintain a safe environment for shoppers.

To minimise the risk of contraction, Kruidvat avoided hand-to-hand contact by encouraging electronic payment. Over in Hong Kong and Singapore, we had also introduced the touchless payment WatsonsGo. In all of our stores, all product testers had been removed from our merchandise shelves, and we adhered to strict hygiene requirements.

## ENERGISING CUSTOMERS

Watsons China lightened up customers' hearts with the Smile with Mask challenge, rewarding masked customers who nonetheless radiate with positive energies.

When customers were homebound during lockdown, ICI PARIS XL dismissed the physical barriers with We've Got Your Back campaign. Beauty Advisors offered personalised advice and recommendations to customers through online live-chats, helping them make purchase decisions easily during online shopping.

# Working to Reopen

watsons  
Health  
Guide to Proper  
Hand Washing



## OFFERING CONVENIENCE WITH SAFETY

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During the early pandemic outbreak, surgical masks, as a practical and immediate shield against infection, was in serious shortage on a global scale. In Hong Kong, Watsons designed and rolled out an online surgical mask registration system within one week, so that customers could reserve masks online instead of queuing up outside the stores. When the webpage was launched, the queue hit 1.5 million at its peak. Prompt action and efficient operation among different functions across our company was integral to the scheme's success, which brought a sense of relief to the public during such stressful times.

## LEARN AS WE SHARE

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Watsons Turkey focused on brightening up its customers, and encouraged them to care for their wellbeing during the pandemic through sharing videos on social media about stretching exercises at home.

Watsons Philippines highlighted to the public on social media about proper hand-washing tips to prevent the spreading of viruses, while Watsons Thailand shared information on how to wear surgical masks properly on social media.



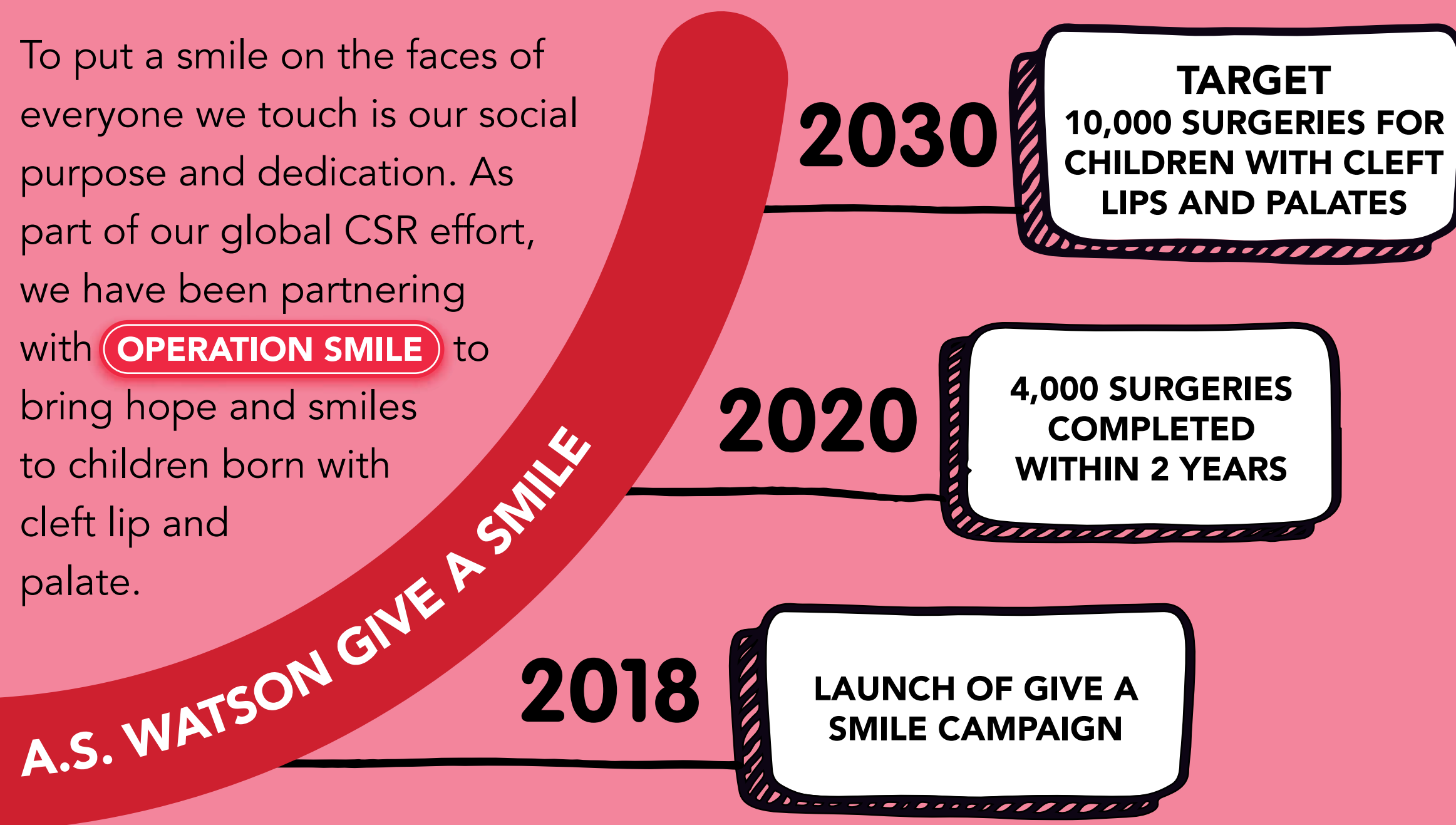
**OUR COMMUNITY**

# Global Causes for *Good*

Our global retail businesses operate across 29 markets. Being in touch with the community on a daily basis, we are constantly reminded by our humble beginnings as a small local dispensary, giving out medicine to the needy, that we can do MORE to make the world a better place.

## BRINGING HOPE THROUGH CONCERTED EFFORTS

To put a smile on the faces of everyone we touch is our social purpose and dedication. As part of our global CSR effort, we have been partnering with **OPERATION SMILE** to bring hope and smiles to children born with cleft lip and palate.



## VOLUNTEERING IN THE COMMUNITY

We have a strong volunteering culture among our employees. In 2020, every business unit stood by the Smile for Good volunteering programme, reaching out to the community, serving, giving love and care to the needy including elderly, underprivileged children and families, the mentally and physically challenged, patients and healthcare institutions, local communities and green groups.

### 2020 SMILE FOR GOOD GLOBAL VOLUNTEERING PROGRAMME



OVER  
**240,000**  
BENEFICIARIES



OVER  
**10,000**  
VOLUNTEERS



OVER  
**70,000**  
SERVICE HOURS



# Smile Makes a Difference

In Hong Kong, we have been in a long-term partnership with YWCA for over a decade. Since 2017, we have launched a special programme under the Labour and Welfare Bureau's Community Investment Inclusion Fund (CIIF), providing support for elderly who live in remote areas of the city. The programme won the CIIF Outstanding Social Capital Partnership Award (Corporate) in 2020.

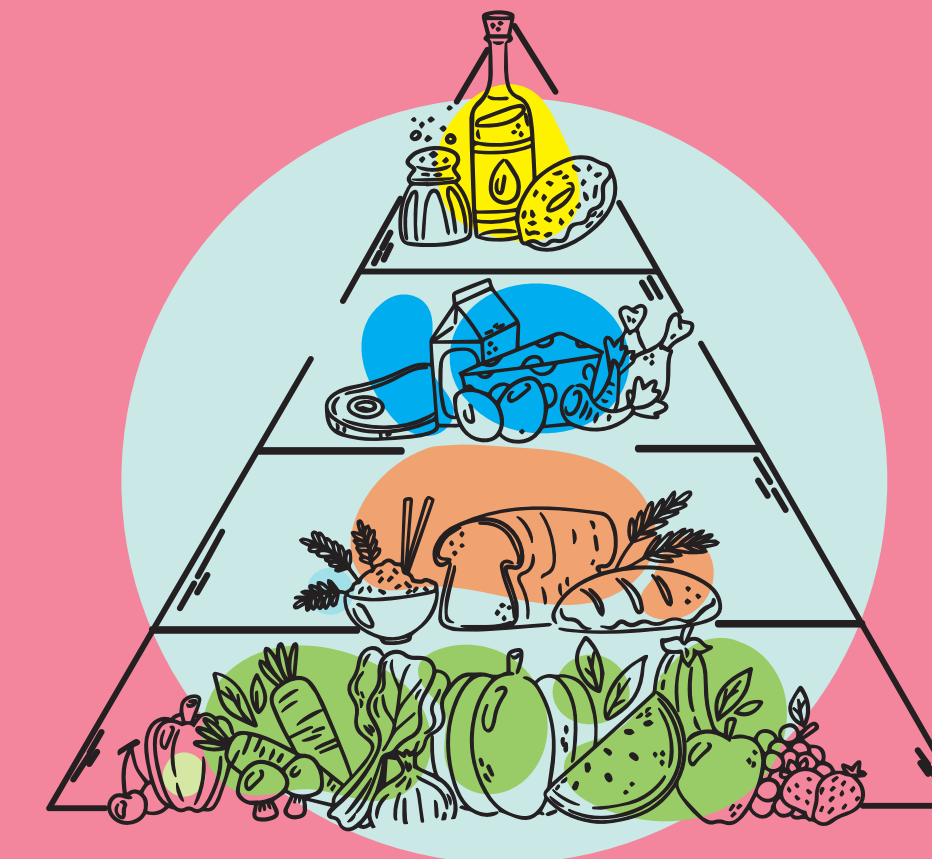
Our business units contributed their expertise and established networks, complemented resources for the elderly, and assisted in the delivery of some much-demanded services.

Besides helping the underprivileged elderly, the programme has also enabled participating volunteers to know more about the culture of traditional villages in Hong Kong, and in the process promoted the idea of inclusive urban-rural linkages. We endeavour to continue our efforts in conserving and cultivating social capital, and fostering a more caring community.



**watsons**

Health specialists organised health check-up sessions and health knowledge workshops



**PARKnSHOP**

Shared proper knowledge on food nutrition



**豐澤 FORTRESS**

Offered skills in usage for communication

# Recognitions



A.S. Watson Group

## Caring Community Prize 2019

(by Hong Kong Children & Youth Services)

## Hong Kong Outstanding Corporate Citizenship Awards 2019

- Enterprise Category - Gold
  - Volunteer Category - Bronze
- (by The Hong Kong Productivity Council & Committee on the Promotion of Civic Education)

## Social Capital Builder Awards

- Outstanding Social Capital Partnership Award (Corporate) 2020
- Social Capital Builder Logo 2020 (by Labour and Welfare Bureau)

## International Business Awards

### COVID-19 Response (Most Valuable Corporate Response)

- Silver Stevie Winner (by Stevie Awards)



A.S. Watson Group

watsons



Watson's Wine



## HONG KONG

### 15 Years Plus Caring Company Logo 2020-2021

(by The Hong Kong Council of Social Service)

CLICK AND SEE MORE OF OUR COMMUNITY STORIES



**OUR PEOPLE**

# Our mental wellbeing survey

Due to our retail service nature, our staff have experienced exceptional stress while trying to maintain operations amidst the pandemic. The assistance and support that our staff needed during such precarious times was identified through an online Mental Wellbeing Survey.



**ALL  
STAFF**  
INVITED TO  
PARTICIPATE\*

“  
...  
**LOVE TO SEE  
MANAGEMENT'S  
ADVICE ON  
MENTAL HEALTH**  
...”

“  
...  
**(NEED)  
SOMEONE  
TO TALK  
TO**  
...”

“  
...  
**HOPE MENTAL  
HEALTH CAN BE  
PRIORITISED THIS  
YEAR, AS IT'S  
GOING TO BE  
TOUGH FOR  
US ALL.**  
...”

“  
...  
**HOW TO  
SPOT THE  
PROBLEM?**  
...”



**45,000+**  
STAFF  
RESPONDED



**68%**  
COMPLETION  
RATE

\*except Kruidvat due to regulation constraint

# LOVE FOR OUR PEOPLE UNDER THE NEW NORMAL

The evaluation was conducted on the state of mental wellbeing, the support provided by our company during COVID-19 and staff's interest in participating in various mental wellbeing activities. Results from the survey were taken to formulate actions in 2021, encouraging business units to continue promotion of mental wellbeing, using activities that resonate on a local level.



# CONCERTING EFFORTS TO FORGE RESILIENCE

We organised #Wellbeing ASW, a Wellbeing Programme for our colleagues in Asia, to promote health awareness and inject positivity through a series of heart-to-heart interactions:



Distribution of bottled water to staff to encourage hydration; the bottles were reusable as part of our contribution towards a sustainable environment



Management video sharing of personal tips on wellbeing practices



Staging of Wellbeing Workshops: programmes included Better Sleep, Mental Wellbeing Analysis and Practising Mindfulness



Share Your Wellbeing Tips Campaign: to encourage mutual exchange of wellbeing ideas, the staff with the winning idea was rewarded with a "wellbeing day-off" to rejuvenate physically and mentally

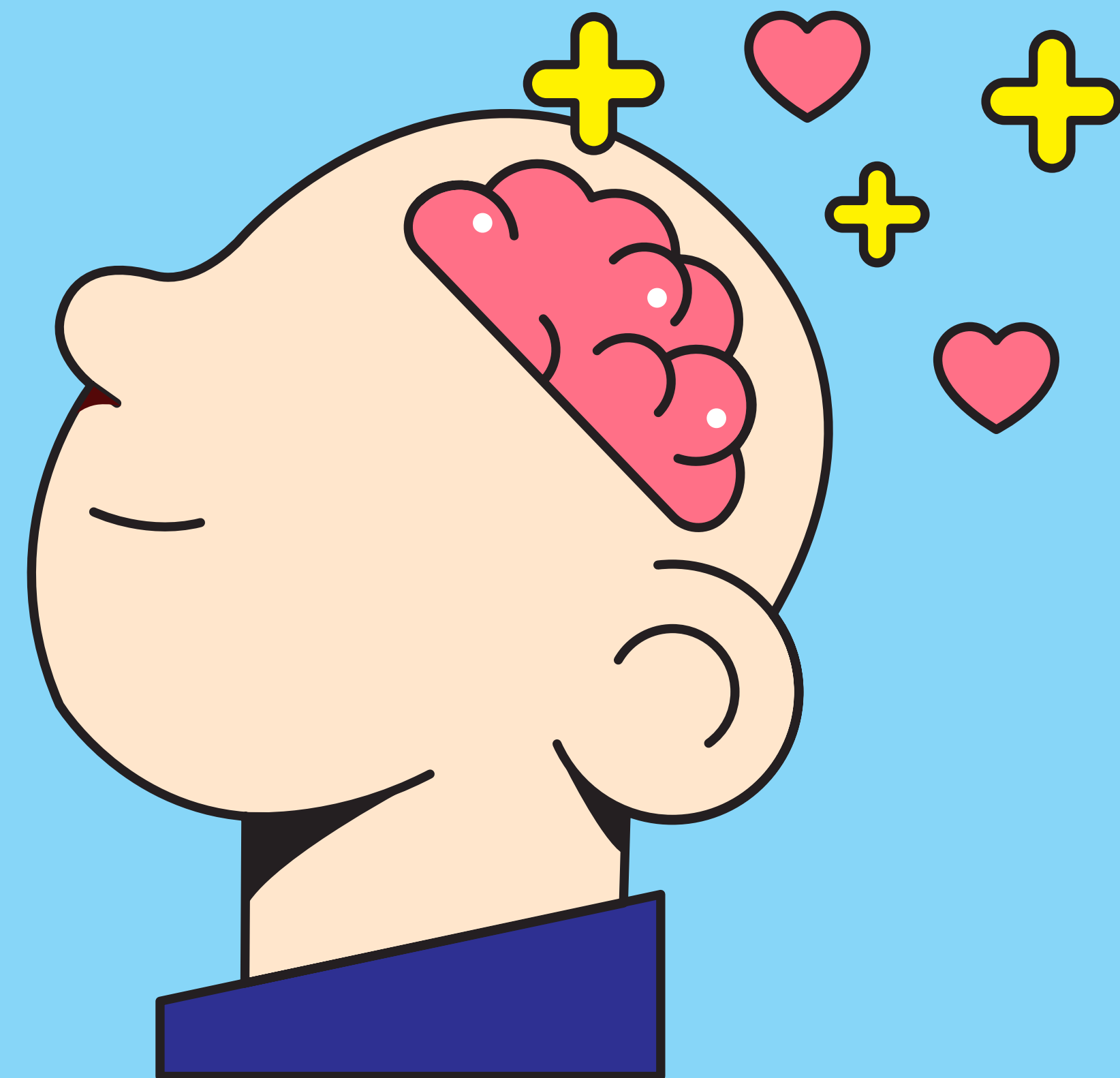
## MORE HELPING HANDS FOR MENTAL HEALTH

A two-day pilot certification workshop for training Mental Health First Aiders (MHFA) was organised with selected staff members, helping them to understand common mental health problems, and how to handle related situations when there is staff in need.



## HEARTENING SUPPORT AROUND THE CLOCK

An e-learning programme was designed especially for our staff in Europe to offer support to their mental wellbeing on a 24-hour basis – a necessity during the pandemic in view of the geographical distances and work-hour differences between our office, store and warehouse teams. The modules aimed to raise recognition of mental health as part of our overall wellbeing, with ways to strengthen our mindset in preparation for challenging times.



# INJECTING FUN INTO TEAMWORK

Amidst the pandemic, our UK office held a LAB Elympics - a mini-Olympics organised virtually to promote physical wellbeing and provide some unwinding time for colleagues to socialise. Teams were formed to compete in various wellbeing challenges to foster team-building across departments and stretching our colleagues' experiences. Additional initiatives such as donation actions and awareness for the global environment were included in the activities to sustain our goodwill for the community.



# Talent

## Attraction and Retention

We house a strong team of about 130,000 employees serving in 29 global markets. The complexity and specificity of work behind our mission "To put a smile on our customers' faces", particularly in today's fast-changing digital era, calls for a wide range of talents from diverse backgrounds, with different skills and competence in order to fulfil our customers' expectations.

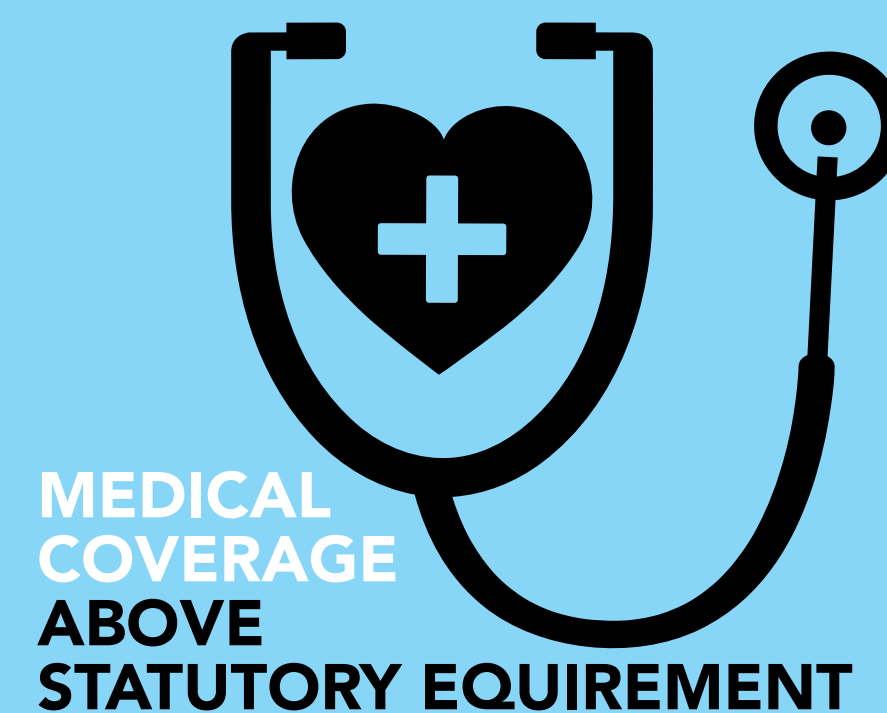
We value every staff member's contribution towards our customer promise. We make every effort to ensure that our staff can develop, thrive and receive equal opportunities, so that they enjoy being a part of our big family.

## HOW WE ATTRACT AND RETAIN TALENT

COMPETITIVE  
PACKAGES  
FOR ALL



### A BROAD RANGE OF NON-STATUTORY BENEFITS



# Diversity and Inclusion

As an international retailer in multiple markets, our workforce reflects the multifaceted communities in which we operate. Inclusivity, diversity and respect are ingrained in our organisational culture. We strive to be the employer of choice to attract talents of different backgrounds and acumen.



# BECAUSE EVERYONE MATTERS

At Superdrug and Savers, Everyone Matters, an Inclusion & Diversity strategy, is made a key part of Our People's plan.

Everyone Matters consisted of six key pillars. Each pillar has an employee network and a steering group, an actively involved executive sponsor, a lead from Our People's team, and is represented at the overarching Everyone Matters Steering Group. Senior leaders and recruitment teams have attended Inclusive Leadership training, and Inclusion is now part of every new employee's induction programme.



## Access All Areas Network

1. Apprenticeships for over 1,750 individuals, with 80% progressing to permanent roles. Job placements for people ages 16 – 24 through the UK government's Kickstart Scheme
2. Training staff for "cold spots" in the UK on the Social Mobility Index

**SOCIAL MOBILITY**



## BAEM Network (for Black, Asian and Ethnic Minority)

1. Developed a committed strategy for BAEM, which includes balanced shortlists for senior roles, listening groups and signing up to the "Race at Work Charter"
2. Staff activities include different nationalities' festivities; and career development stories sharing by staff from different ethnicities

**REPRESENTATION AND DIVERSITY**



## Gender Equality Network

1. Champion inspiring women within our business. Encourage leadership to build gender balanced teams through training, mentoring and career stories
2. Partner with organisations and concern groups e.g. domestic abuse charity Hestia, and Menopause in the Workplace to launch domestic abuse and menopause awareness training and support

**GENDER EQUALITY**



## LGBTQ+ Network

1. Celebration of gender expression and sexual identity
2. Enable experience sharing and community for LGBTQ+ employees

**LGBTQ+ ADVOCACY**



## Make Work Work Network

1. Partner with Working Families, a UK charity, to better support colleagues
2. Develop support for staff returning from maternity and paternity leave

**WORK AND FAMILY BALANCE**



## DisAbility Network

1. Build awareness and break down stigmas around disabilities and long term health conditions
2. Signed up to the Valuable 500, committing to ensure disability awareness is a priority at Superdrug

**DISABILITY AWARENESS**

# EMBRACING AND RETAINING TALENT

Watsons Singapore values committed staff who have contributed a large part of their time to the growth of the company. As a progressive employer and adopter of Tripartite Standards, which is an initiative of the Singapore government to promote good corporate practices and increase the adoption of fair and progressive workplace practices, Watsons Singapore continues to look into opportunities to support employees who aspire to stay productive beyond their retirement age.

# TOWARDS AN AGE-FRIENDLY WORKPLACE

Effective from 1 January 2021, Watsons Singapore has

- Raised the minimum retirement age from 62 to 65 (application for this was approved by the government, ahead of legislative schedule which will have this in place by 2030)
- Provided full-time employment to employees ages 65 to 70 (subject to specific criteria)
- Offered part-time re-employment opportunities to eligible senior workers who wish to continue working, but prefer to reduce their work hours and intensity



Name: **DORIS**

Length of Service: **22 YEARS**

Job Title: **STORE CLERK**

Doris has benefited from this policy where she has been offered yearly full-time re-employment since 2015.



Name: **PAULINE**

Length of Service: **13 YEARS**

Job Title: **PERMANENT PART-TIME CUSTOMER ASSISTANT**

Started as a Customer Assistant with us in 2008, Pauline has been our permanent staff and was converted to permanent part-timer in 2016 after her retirement as part of our efforts to offer part-time re-employment opportunities.



Name: **FELICIA**

Length of Service: **10 YEARS**

Job Title: **SENIOR CUSTOMER ASSISTANT**

Felicia has benefited from this policy where she was offered yearly full-time re-employment since 2015.

# Learning and Development

## ENGAGE, EXCHANGE AND INSPIRE

Our passion to bring a smile to every customer we serve is what drove our desire to engage and communicate with our customers. To reinforce our staff's adeptness in drawing attention, and making impressions that inspire actions, we introduced Storytelling Sessions to equip staff with tools to better identify, create and share motivational stories about our customers, our staff and our products, thereby prompting mutually encouraging experiences.

## TRAINING AND UPSKILLING

We do periodical refreshment of all our staff training and development programmes in response to changing needs of customers, technological innovations and supporting digital transformation.



### AGILE LEADERSHIP SERIES

Raising high-performing senior executives with strategic leadership skills to more senior roles. Modules reviewed yearly to keep up with market developments and thought leadership. Delivered by Ivey Business School Asia using a hybrid delivery approach.



### STRUCTURED DEVELOPMENT PROGRAMMES

Critical business skills for managers under the Aspire Leadership Programme, leveraging a range of business simulations.



### DIGITAL LEARNING FACULTY

An internally formed multi-functional team, aiming to enhance and upskill staff's digital fitness, ultimately adding value to the customer experience.



### REVERSE MENTORING PROGRAMME

Leveraging digital native team members to offer senior executives an opportunity to stay up-to-date on the latest technological and workplace trends. Sessions that enhance in-depth mutual understanding helped to break down generational and positional boundaries.

## A.S. WATSON RETAIL ACADEMY

We are the first retail group in Hong Kong successfully offering 14 Qualification Framework-recognised programmes for our Hong Kong employees. Our Retail Academy is focused on continuous learning for our retail professionals, maintaining staff's competency with relevant skills and knowledge. Our Academy programmes meet the required standards and stringent quality assurance of the Hong Kong Council for Accreditation of Academic and Vocational qualifications.



## DEVELOPING SUSTAINABILITY INTRAPRENEURS

As the world's largest international health & beauty retailer, we have a strong sense of responsibility to create a better and sustainable world through our global operations. We adopt a ground zero approach to integrate sustainability into all our core business functions, so it is not a standalone operation.

Our Millennials Committee is made up of 13 millennials across 11 markets in Asia and Europe. They are our budding sustainability leaders. Perceptive of sustainability issues on the global front, they play a crucial role in our sustainability strategy development. Aided with senior management mentorship, they provide important input into various business areas such as store environment, and ways to foster inclusivity and diversity in our workforce.

Sustainability undertaking in the dynamic and volatile world today commands our quick uptake of new knowledge and ways of thinking. During 2019 to 2020, we sponsored 96 employees to attend the training course on Sustainability Essentials for Business organised by the Cambridge Institute of Sustainability Leadership.

Across our 29 operating markets, we also have 300 ambassadors who have been tasked with sustainability as part of their roles.

# Recognitions



**A.S. Watson Group**

**Best Companies to Work For in Asia 2019-2020**  
(by HR Asia)

## BENELUX

**Top Employer 2020-2021**  
(by Top Employers Institute)



## HONG KONG

**Happiness at Work Promotional Scheme 2019 -  
Happy Company 5+**  
(by Promoting Happiness Index Foundation)



**Watson's Wine**



## TAIWAN

**Top 100 Most Attractive Employer**  
(by Cheers Magazine)

**1111 Job Bank Happiness Enterprise Award**  
(by 1111 Job Bank)

**Best Store Manager**  
(by Taiwan Chain Stores and Franchise Association)

**Excellent Store Manager**  
(by Taiwan Chain Stores and Franchise Association)



# Recognitions

The Watsons logo, featuring the word "watsons" in white lowercase letters on a teal background with a red underline.

## THAILAND

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### **Outstanding Organisation Award 2020**

(by Association for the Promotion of the Status of Women)

## MALAYSIA

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### **Most Attractive Employer in Retail - Champion**

(by Graduates Choice Awards)

## PHILIPPINES

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### **We Invest in People - Silver Accreditation**

(by Investors in People Philippines)

## INDONESIA

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### **Top 5 Most Admired Company in Indonesia (Retail)**

(by Warta Ekonomi)

The Superdrug logo, featuring the word "Superdrug" in pink script followed by a pink star icon.

## UNITED KINGDOM

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### **Ranked 5<sup>th</sup> in Financial Times Diversity Leaders (Retail Category)**

(by Financial Times)

A row of several silver trophies with ribbons, set against a blurred background.

[CLICK AND SEE MORE OF OUR PEOPLE STORIES](#)



**OUR CUSTOMERS**

# Product

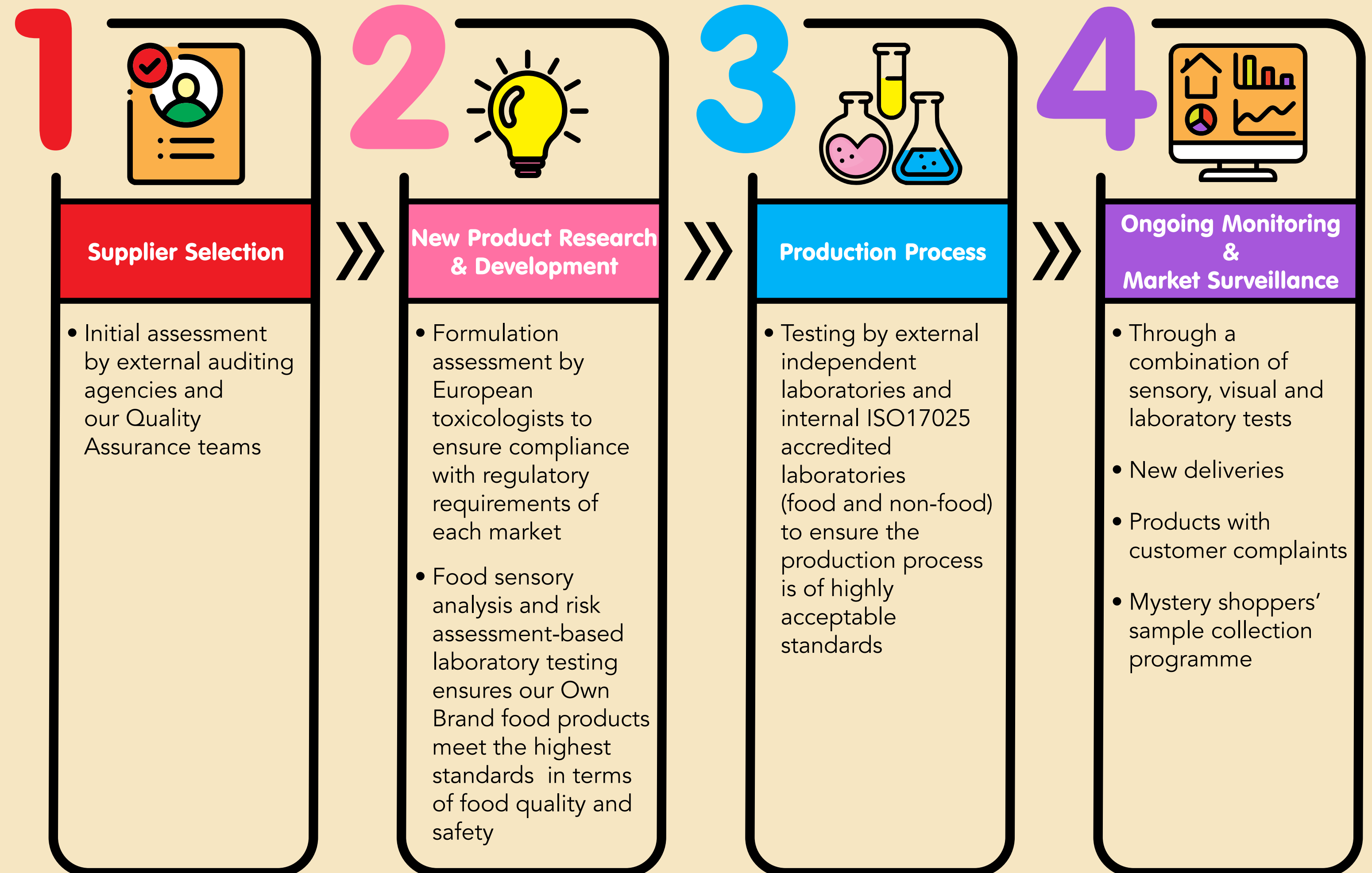
## Quality, Safety, and Traceability

With the wide variety of products that we offer daily to our customers, we have stringent protocols with our suppliers to ensure a responsible and reliable product is delivered to our customers every time they shop with us.

## OUR OWN BRANDS

We work with leading global experts on product development, quality, safety, and operational excellence. From production to shelf, we value customer feedback as a motivation for every improvement we can make to put a smile on our customers' faces.

### STEP-BY-STEP CREATION OF A 100% TRUSTED BRAND



# FOOD RETAIL FARM CHECK PROGRAMME

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We take extra care in ensuring the safety of our food products. Under our Farm Check programme, regular tests are conducted on incoming vegetables for pesticide residue. We have a Farm Check system within supplying farms in Mainland China for chilled pork, chilled chicken and chicken eggs, of which the process is planned for expansion to include farmed fish once COVID restrictions are lifted.

# PROFESSIONAL QUALITY ASSURANCE TEAM

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Our Quality Assurance teams comprise experts and professionals to maintain a high standard of our products in order to protect our customers' health and safety.

Agricultural scientists, including arable, horticultural and veterinary specialists sit on our Food Retail Quality Assurance team. Through their meticulous audit and analysis of our supplier farms, our customers can be guaranteed with wholesome and reliable food products.

Chemists, mechanical and electrical engineers are in our Health & Beauty Quality Assurance team, bringing their expertise to the development and assessment of our suppliers and products.



## RESTRICTING USAGE OF CHEMICALS

Our Own Brands have strict requirements on chemicals usage, with parameters set beyond existing regulations in each market. Since 2009, a restricted ingredients list for personal care and cosmetics has been in force ahead of legislation to ban ingredients considered harmful by independent safety experts. The list is reassessed every six months. Own Brand suppliers are informed of updates for immediate implementation in all new products under development.

In Europe, we also monitor the compliance of ingredients to the European Commission's REACH regulation. Since 2008, 13 substances have been successfully co-registered with support from Ecomundo, an appointed third-party representative agency with strong expertise in chemistry, toxicology, and international legislations covering cosmetics and biocides.

## TRACEABILITY OF RAW MATERIALS

Investment has been made in traceability software, such as Coptis Lab, to keep account of all ingredients used in our Own Brands' formulated products, with records archived up to ten years. Any ingredient in question can be thoroughly traced back to the related products and suppliers for further actions.

We also joined the **AMFORI** BEPI Timber Due Diligence Programme in an effort to ensure all wood pulp materials sourced and used in our supply chains comply with the European Union Timber Regulation (EUTR), maintain transparency in materials used, and protect endangered forest species.



# ONGOING MONITORING AND MARKET SURVEILLANCE

## EFFICIENT REACTION FOR PRODUCT IN QUESTION

Well-established and tested systems are in place to enable the removal of any concerned product from all stores within three hours, including, where appropriate, a barcode blocking system that prevents any concerned item from being scanned and sold.

## INTERNAL TRAINING TO ENHANCE READINESS

Key members of each business units' management teams attend regular crisis management workshops to prepare thoroughly for any emergency.

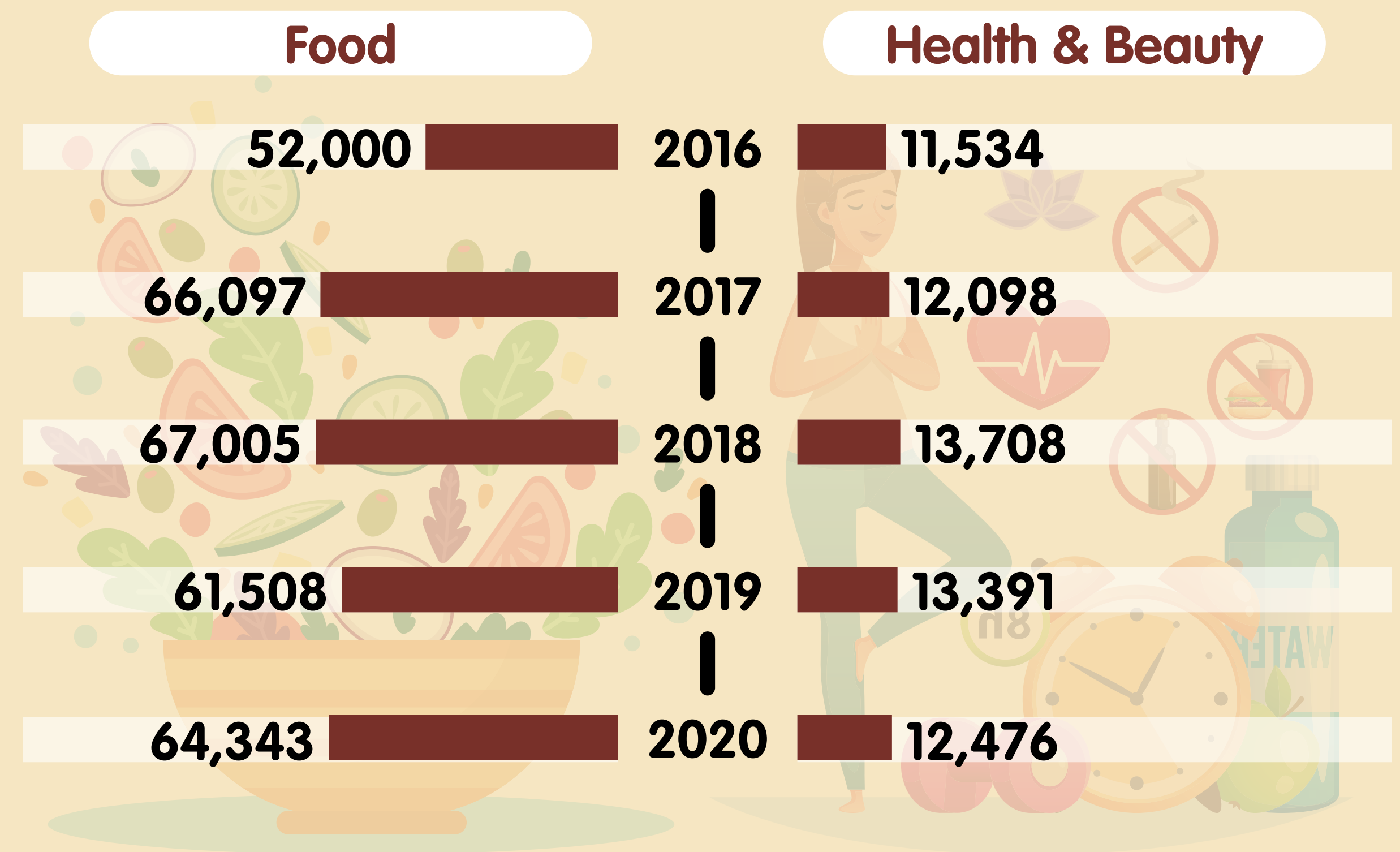
## PROMPT COMMUNICATION WITH THE PUBLIC

Each business unit has a detailed crisis handling procedure. Management responsibilities including internal and external actions and communications have been adequately planned.

## POST-MARKET SURVEILLANCE TESTING

For both food retail and health & beauty retail, we have implemented regular surveillance testing on products sold to ensure they consistently meet expected quality and safety standards.

## NUMBER OF POST-MARKET SURVEILLANCE TESTS CONDUCTED



# Our Passion for Excellence in Customer Service

Customer is at the core of our businesses. We have built a strong relationship with customers, connecting with and truly understanding them, being responsive to their changing needs and remaining at the cutting edge of innovative retailing.

Customer insights inspire our investment in the latest digital innovations and O+O (Offline plus Online) integration, helping to improve our customers' shopping experience and build an even more robust customer connectivity.

Our established data and research functions actively collect and track customers' feedback about their purchases and shopping experiences, from which we develop an in-depth knowledge of our customers' needs.



# CUSTOMER LOVE SCORE



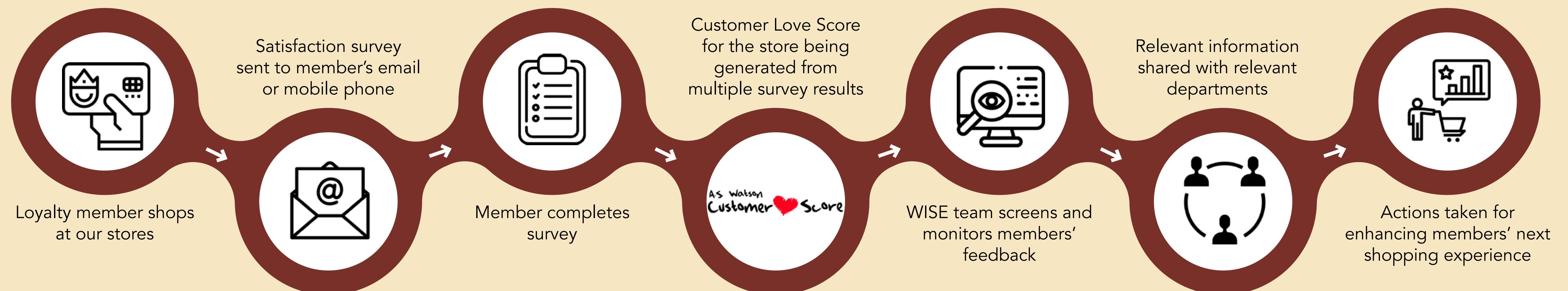
We pledge to provide quality service that over 139 million loyalty members expect and deserve. The Watson Insights on Shoppers Experience (WISE) team is an independent research team which focuses solely on customer insights and ensures it continuously measures and identifies ways to enhance the customer experience.

Customer Love Score is generated globally across 29 markets to capture members' feedback on their shopping experience in physical stores as well as online store.



**YEAR**  
**2020** **OVER**  
**5 MILLION**  
**CUSTOMER VOICES**  
**HEARD**  
**IN 29 MARKETS**

## OPERATION OF THE CUSTOMER LOVE SCORE



# Protecting our Customers' Data Privacy and Security

Being liked and chosen by millions of customers worldwide, we value the trust that our customers have in our products and services. As a pioneer in O+O retail, our responsibility in protecting our customers' privacy is of uncompromising priority.

Our Customer Data Privacy Policy is being regularly reviewed and updated to ensure transparency and accountability to our customers. As an international retailer spanning over 29 markets, we take a vigilant stance in defending the rights of our customers over their personal details. Our Intra-group Data Transfer Agreement enlists clear terms and strict guidelines on data sharing and transfer, so that customers can be rest assured of their personal data's safety when they shop with us. The Policy for Data Privacy Governance outlines notification procedures to customers regarding policy changes or data breaches.

We are a member of IFS (Information Security Forum), a leading global authority on information security and risk management. We use their Standard of Good Practices for Information Security (aligned to ISO207001) as our information security management framework to conduct routine audits, tests and assessments.



# Our Approach to *Socially and Environmentally* Responsible Sourcing

We are committed to working closely with suppliers, ensuring respect for human rights, providing decent working conditions and implementing sustainable practices in all parts of the production processes.

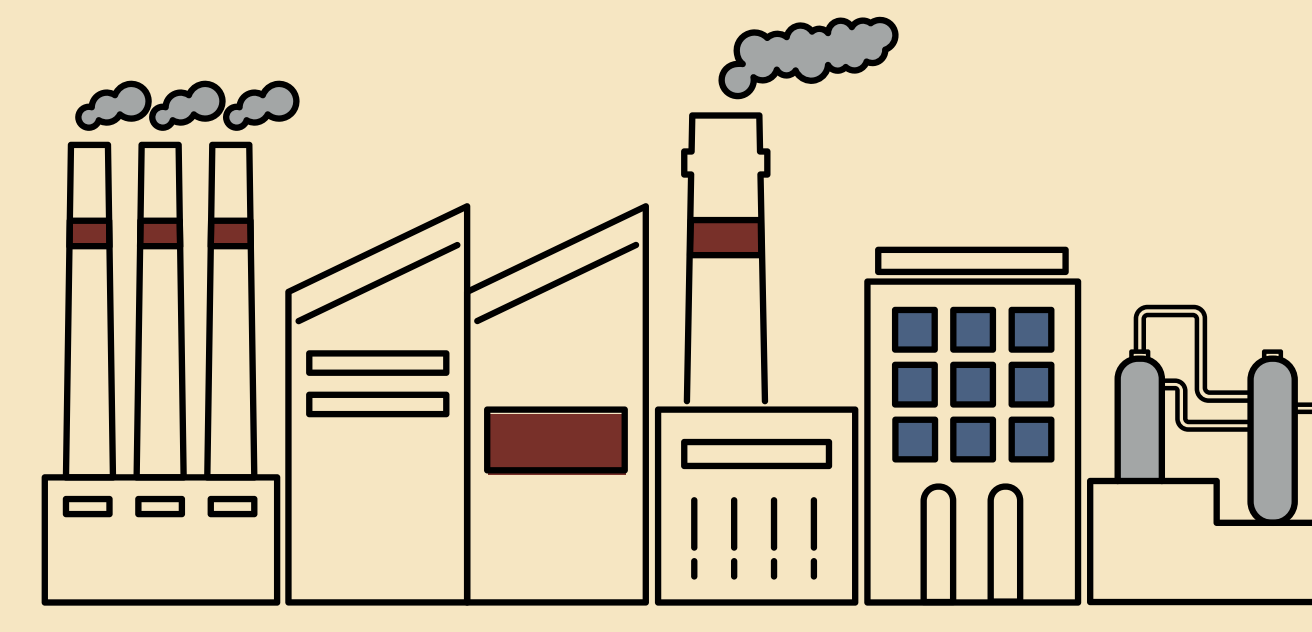
We engage suppliers in an assessment programme through our membership to **AMFORI** Business Social Compliance Initiative (BSCI), an organisation dedicated to improving working conditions and environmental management in global supply chains. This arrangement has reduced “audit fatigue” especially for some suppliers who maybe receiving multiple audits in a year. It has aligned expectations among amfori members and provided an opportunity to have a stronger voice with common suppliers.

## IMPROVING WORKING CONDITIONS IN THE SUPPLY CHAIN

We require all suppliers to follow amfori BSCI’s Code of Conduct as part of the supplier contracting process, and in so doing secure their operational adherence to these international conventions:

- Universal Declaration of Human Rights
- Children’s Rights and Business Principles
- United Nations Guiding Principles for Business and Human Rights
- Organisation for Economic Co-operation and Development Guidelines
- United Nations Global Compact and the International Labour Organisation (ILO) Conventions and Recommendations relevant to improve working conditions in the supply chain

We also acknowledge other social audit programmes, such as Sedex Members Ethical Trade Audits (SMETA) and the Initiative for Compliance and Sustainability (ICS).



YEAR **2020**  
**440+**  
FACTORY  
AUDITS CONDUCTED

## WORKING TOGETHER FOR SOLUTIONS AND IMPROVEMENT

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To foster a continuing communication and long-term partnership, suppliers are given the opportunity to improve by submitting a remediation plan, and schedule to be re-audited within an agreed timeframe. In some cases, additional training is even offered to help suppliers improve and become competent.

## OWN BRANDS TARGET FOR 100% RESPONSIBLE SOURCING

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Our on-going responsible sourcing goal is to achieve 100% of our Own Brand purchase value from high-risk countries being assessed for social compliance against amfori's BSCI audits, or other endorsed reputable social audit programme.



# PREVENTING MODERN SLAVERY

With supply chains becoming more global and complex, we take a proactive approach towards preventing slavery or abuse of any type within our global supply chains.

Since 2016, we have been a member of **THE MEKONG CLUB (TMC)**, an organisation that helps its member companies roll out toolkits for identifying potential modern slavery. We are the first company to sign up to TMC's Business Pledge against modern slavery.

Employee workshops have been carried out in Mainland China, Hong Kong, Singapore, the UK and France. The Perfume Shop, Savers and Superdrug supported the UK Modern Slavery Act by issuing statements on modern slavery and human trafficking.

# MITIGATING OUR SUPPLIERS' IMPACT TO THE ENVIRONMENT

We take part in **AMFORI'S** Business Environmental Protection Initiative (BEPI) to drive environmental improvements in our supply chain. Suppliers are assessed on their environmental performance; training either with amfori or other appointed training companies is offered to underperforming suppliers, with expectations to improve through progress tracking over time.

Our 2030 responsible sourcing goal is to achieve 100% of our Own Brand purchase value from high-risk countries being assessed against amfori's BEPI.



# Offering More Sustainable and Inclusive Product Choices

## CONNECTING WITH CONSUMER VALUES

### SUSTAINABLE CHOICES AT WATSONS

In late 2020, Watsons launched Sustainable Choices, initially with a filter mechanism in our online store, allowing customers to choose according to four sustainable categories: Clean Beauty; Refill; Better Packaging and Better Ingredients. The programme is now available in all Watsons Asia markets' eCommerce platforms. In-store activation to raise customers' awareness have been progressively rolled-out in 2021.

### SUSTAINABILITY AT AFFORDABLE PRICES

There has been a misconception that sustainable products come at a premium price, making them unavailable to a wider audience. In early 2020, Kruidvat launched the Natural and Affordable campaign, promoting brands with positive sustainability impacts in terms of positive ingredients, packaging or manufacturing processes at accessible prices.

### PLANT-BASED OFFERINGS AT PARKNSHOP

Living up to its social purpose "Eat Better. Live Better!", and responding to the increased demand from vegan, vegetarian and flexitarian customers, PARKnSHOP Hong Kong has set a target to triple its plant-based alternative to meat and dairy options by 2030. PARKnSHOP has also been a springboard for plant-based innovations identified by Horizon Ventures, such as IMPOSSIBLE™ Products and Perfect Day ice-cream.



# Offering More *Sustainable* and Inclusive Product Choices



## CONNECTING WITH CONSUMER VALUES

### INCLUSIVE PRODUCTS AT SUPERDRUG

Superdrug is on a journey to broaden product ranges to be inclusive of all customers, and encourages suppliers to work on the same.

### INCLUSIVE BEAUTY

Superdrug has made significant progress on the inclusivity of Own Brand ranges through its Shades of Beauty campaign launched in 2016. Superdrug has increased its foundation ranges to be more inclusive and was the first on the high street to develop Own Brand afro hair care.

### LGBTQ+

Partnering with Unilever, Superdrug stocked several exclusive, special edition products in the Lynx, Closeup, Simple and Vaseline ranges in 2020. The packaging of each special edition product includes information promoting Switchboard, an organisation which offers the LGBTQ+ community a discussion helpline. In 2020, Superdrug and Unilever had also jointly donated £50,000 to Switchboard.

### VEGAN CHOICES

Superdrug launched B. Cosmetics, a vegan range of beauty and skincare products in 2017. The brand has since become a market leader in offering a complete vegan range at high street prices. Nowadays, 1,600 products suitable for vegans are available at Superdrug.

# Recognitions



A.S. Watson Group

## HONG KONG

**Top 50 Innovative Retailers**  
(by Inside Retail)

**Ranked 27<sup>th</sup> in Top 50 Global Retailers**  
(by Kantar)

**Ranked 49<sup>th</sup> in Global Powers of Retailing 2020**  
(by Deloitte)



## HONG KONG

**2019 Retail Excellence Award - Silver**  
(by Hong Kong Retail Management Association)

**Excellent Food Award 2020 - Most Loved Supermarket**  
(by Day Day Cook)

**2020 Top 10 Quality E-Shop Awards - Silver**  
(by Hong Kong Retail Management Association)

Watson's Wine

## HONG KONG

**2020 Top 10 Quality E-Shop Awards - Top 10 Award**  
(by Hong Kong Retail Management Association)

**Asia's Best E-Tailing Awards 2020**  
(by The Best Practice of eCommerce Alliance)



## HONG KONG

**2020 Top 10 Quality E-Shop Awards - Gold**  
(by Hong Kong Retail Management Association)



# Recognitions

**watsons**

## INTERNATIONAL

**Asia's No. 1 Pharmacy/Drugstore Brand**  
(by Campaign Asia)

**Ranked 34<sup>th</sup> amongst Asia's Top 1,000 Brands\***

\*Campaign Asia-Pacific/Nielsen's "Asia's Top 1,000 Brands" Online  
(by Warta Ekonomi)

**Study 2020 is based on interviews with over 8,000 staff members across 14 markets in the Asia-Pacific region**  
(by Campaign Asia)

**Asia-Pacific Power List - 50 Most Influential and Purposeful Marketers**  
(by Campaign Asia)

**Asia eCommerce Awards 2020**

- **eCommerce Marketplace/ eRetailer of the Year 2020**
- **Best eCommerce Fulfillment - Gold**
- **Best eCommerce Campaign (Influencers) - Gold**
- **Best Use of AI - Gold**
- **Best eCommerce Innovation - Silver**
- **Best eCommerce Campaign (Cross-border/Multi-market) - Bronze**  
(by Marketing Magazine)

## CHINA

**Golden Lion Awards Best Ad for Beauty & Skin Care - Gold**  
(by China Advertising Magazine)

**ECR China Annual Golden Cases**  
(by Efficient Consumer Response China)

**2020 Performance Marketing Effie Awards (Digital Assets Development) - Gold**  
(by Effie Awards Greater China)

## HONG KONG

**2020 Top 10 Quality E-Shop Awards - Silver**  
(by Hong Kong Retail Management Association)

**MobEx Awards 2021**

- **Best Customer Journey - Gold**
- **Best Use of Interactive Media - Gold**
- **Most Innovative Use of Mobile - Gold**
- **Best Use of Mobile (Retail) - Bronze**  
(by Marketing Magazine)



# Recognitions



## TAIWAN

**Top 25 Most Influential Brand of Mobile Generation**  
(by Facebook)

**2020 Performance Marketing Effie Awards (Retail) - Gold**  
(by Effie Awards Greater China)

**Top Service Awards 2019 - No.1 in Health & Beauty Store**  
(by Next Magazine)

## THAILAND

**Most Valuable Brands of the Year 2019**  
(by Longtunman)

**Superbrands Thailand**  
(by Superbrands)

## MALAYSIA

**Top Brands During COVID-19 Recognised by Consumer**  
(by Vase.ai)

**Marketing Excellence Awards 2019 Excellence in TV/Video Advertising - Gold**  
(by Advertising Marketing Magazine)

## PHILIPPINES

**Most Reputable Brands Fighting COVID-19 in Philippines - No.2**  
(by Isentia)

**PR Awards 2020 Best Use of Micro & Niche Influencers - Silver**  
(by Marketing Magazine)

## TURKEY

**Istanbul Marketing Awards**  
(by Istanbul Marketing Summit)

**Online Marketing Campaign of the Year - Gold**  
(by Stevie International Business Awards)

## INDONESIA

**Editor's Choice Awards 2019 for CRM - Watsons One Pass**  
(by Marketeers)

## UKRAINE

**Reputational ACTIVists Awards (Retail Perfume and Cosmetics Store Category)**  
(by Ukrainian PR League)

**The Most Competitive Purchases**  
(by Zakupki.Prom.ua)



# Recognitions



## NETHERLANDS

**Most Future-proof Retailer**  
(by Q&A Research & Consultancy)

**Global Digital Excellence Award - Best Global Crisis Communications Campaign Response to COVID-19**  
(by Digital Agency Network)

**Effie Awards 2020 - COVID-Leffie**  
(by Association of Communication Consultants and Association of Advertisers)

## BELGIUM

**IAB MIXX Awards Best Influencer Campaign - Gold**  
(by Belgian Association of Marketing, Inside Magazine and Digimedia.be)

## NETHERLAND & BELGIUM

**Best Private Label Product 2021**  
(by POY Netherlands)

## ICI PARIS XL

## NETHERLANDS

**Retailer of the Year - Best Perfumery in the Netherlands**  
(by ABN AMRO)

**Retailer of the Year - Best Webshop in the Netherlands**  
(by ABN AMRO)

**Best Folder Award 2020**  
(by Q&A Consultancy)

## BELGIUM

**Best of Content Awards Best Distribution Strategy - Gold**  
(by Association of Communication Companies)



# Recognitions

Drogas

## LATVIA

**Latvian Ecommerce Award - Best  
Latvian Online Beauty Store**  
(by iMarketings.lv and Kantar)

**Ranked 13<sup>th</sup> in Top of Most Loved  
Brands in Latvia 2020**  
(by Brand Capital Research)

Superdrug ☆

## UNITED KINGDOM

**Consumer Superbrands in Retail  
Category**  
(by Superbrands UK)

**UK Customers Satisfaction Index - No.1  
(Health & Beauty Retailer)**  
(by The Institute of Customer Service)

**2020 Modern Retail Awards - Best  
Customer  
Insights Strategy (Superdrug Customer  
Community)**  
(by Modern Retail)

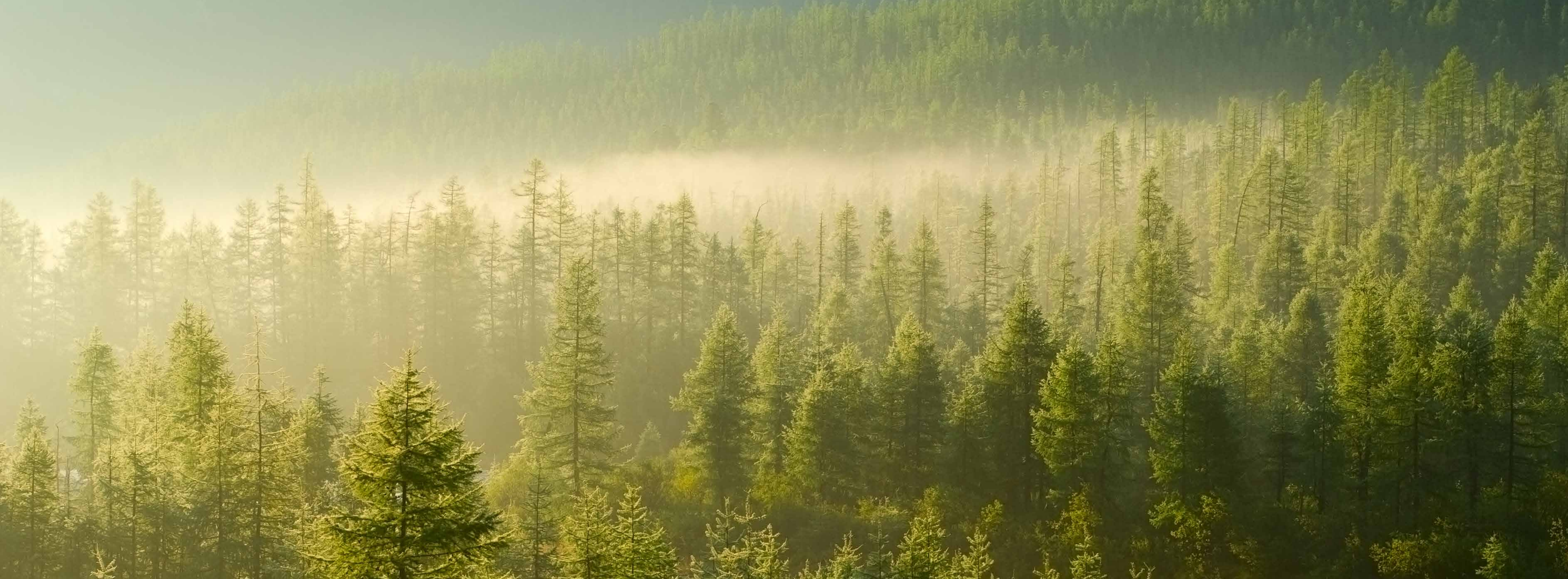
THE PERFUME SHOP

## UNITED KINGDOM

**Platinum Trusted Service Award 2020**  
(by Feefo)

**Online Fragrance Retailer of the Year**  
(by The Fragrance Foundation)

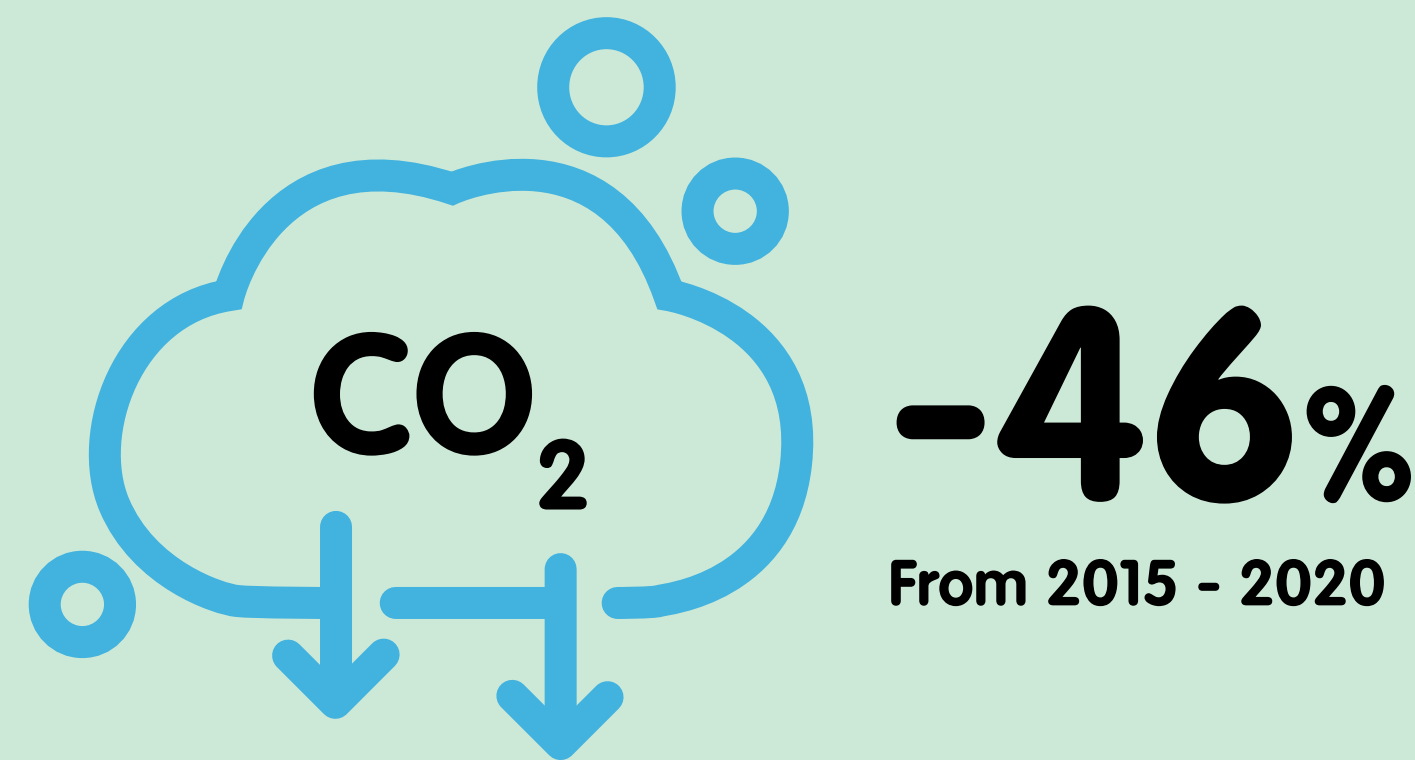
CLICK AND SEE MORE OF OUR CUSTOMERS STORIES



**OUR PLANET**

# Reducing Greenhouse Gas Emissions

We are committed to nurturing a more sustainable world. In 2020, while being affected by social distancing and closure of stores under the threat of COVID-19, we continued to advance towards our 2030 goals of sustainability. We do remain cautious on the overall progress which is likely to be impeded by the restricted business activities in certain markets.

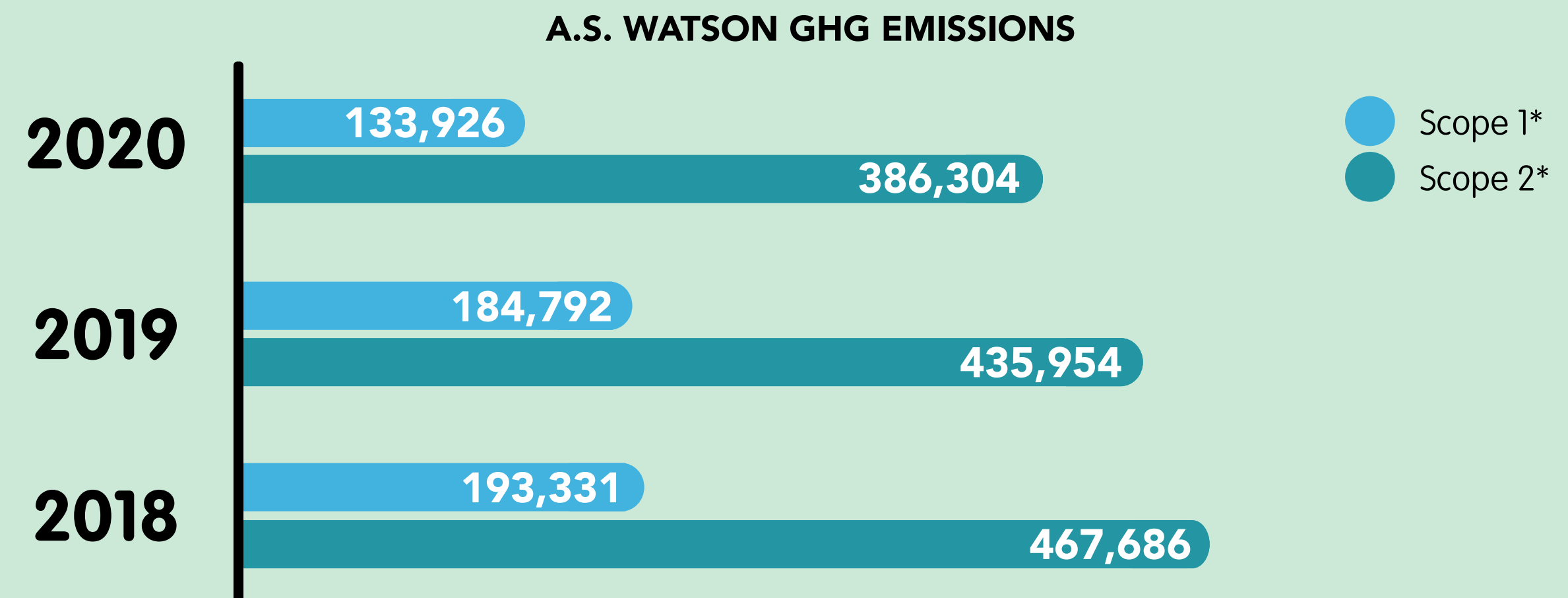


**TOTAL ABSOLUTE GREENHOUSE GAS (GHG)  
EMISSIONS (SCOPES 1 & 2)\***

## OUR COMMITMENT

We remain committed to monitoring our GHG levels in accordance with climate science. Significant steps have been taken to ensure our targets are developed using Science Based Targets initiatives (SBTi) methodology, and are aligned with the Paris Agreement. As supply chain emissions make up most of our total carbon footprint, our Scope 3 emissions tracking and reporting remains a priority for future disclosure, while mapping and assessment work are already underway.

- Reduce Scope 1 & 2 emissions by 40% by 2030 (versus 2015 baseline)
- Target reduction of Scope 3 emissions, starting in 2022



\* Scope 1 emissions are direct emissions from owned or controlled sources.  
Scope 2 emissions are indirect emissions from the generation of purchased energy.

# Energy

Efficiency and Renewable Energy



## ENERGY EFFICIENCY WAS RECORDED IN ALL AREAS OF THE BUSINESS OPERATION

- Stores
- Manufacturing operation
- Distribution
- Office utilities

**ELECTRICITY CONSUMPTION**  
(kWh/m<sup>2</sup>)



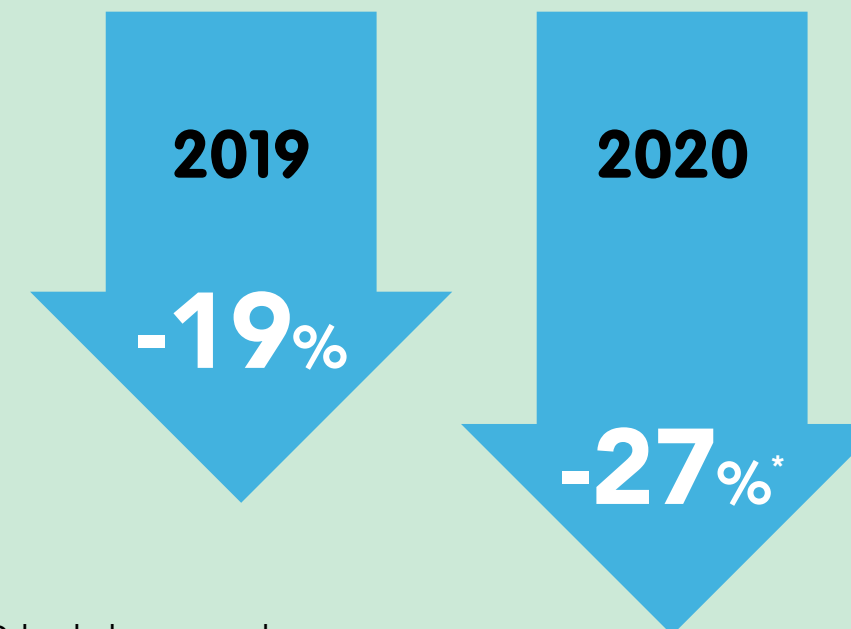
Overall  
Target

**-30%**

(Retail stores and own manufacturing)  
by **2030** (versus 2015 baseline)

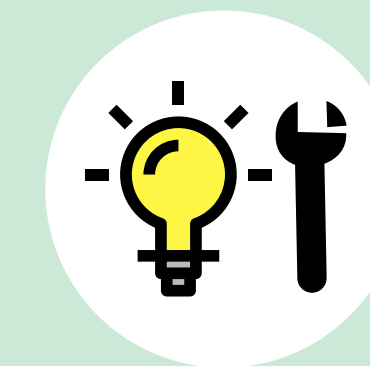
## ENERGY REDUCTION PROGRESS VERSUS 2015 BASELINE

Energy intensity  
(kWh/m<sup>2</sup>) reduction



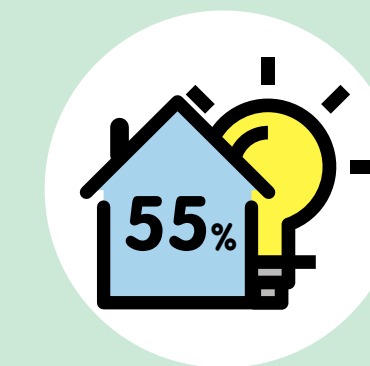
\* Impact from COVID-19 lockdown and stores closure in several markets

## STORE LIGHTINGS REFITTED WITH ENERGY-SAVING LED LIGHTINGS:



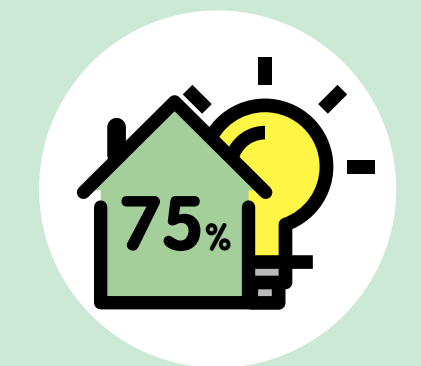
**2014**

Largescale  
lightings  
refit rollout



**2020**

55% stores  
refitted with  
LED lightings



**2025**

Target 75% stores  
to be refitted with  
LED lightings

With 74% of our emissions attributable to electricity consumption in 2020, creating efficiencies in grid electricity consumption became a top priority. By and large, the results have been distorted due to the COVID-19 lockdown, and hence the data only be taken as midpoints towards more substantial achievements in future.

Our global energy management programme is led by our own Energy sub-committee, with 39 energy champions from our businesses in 29 operating markets supporting daily through managing and monitoring their local energy saving initiatives.

Key and ongoing energy saving programmes in 2020 focused on the highest impact areas such as lighting replacement, air circulation optimisation and behaviour changes among staff. In addition, we have set energy efficiency standards for procurement of fixtures, fittings and equipment, ensuring new stores construction and existing store retrofits contribute to as much energy efficiency as possible.

To further improve energy efficiency, we have deployed a data management system, which allows active monitoring of our energy consumption worldwide. We have also used metering to help track energy consumption levels at our stores in Europe.

# LOGISTICS ENERGY CHALLENGE 2020

In the Benelux, we held a challenge day to crowdsource innovations on reducing emissions across warehouses. Startups, freelancers and students were invited to participate, sharing and presenting solutions on buildings, processes and transportation.

Contestant teams were asked to propose solutions on energy challenges to our management. The winning team's idea involved an implementation of a heat pump that uses energy generated in the sprinkler tank for warehouse heating, which could lead to a 60% reduction of gas consumption. The technology has been adopted and is now underway for installation in our warehouses.

# ACHIEVING 100% CONVERSION OF ENERGY MIX TO RENEWABLE SOURCES IN 2020 FOR:

## UNITED KINGDOM

Superdrug ☆

savers  
HEALTH HOME BEAUTY

THE PERFUME SHOP

## BELGIUM

ICI PARIS XL

Kruidvat

## THE NETHERLANDS

trekpleister

Kruidvat

As of 2020, renewable energy makes up 85% of our European portfolio and 21% of our Group's total electricity consumption.

We will be adopting green electricity in more markets as options become available. Challenges remain in the Asian markets where renewable energy infrastructure has yet to catch up with the more developed markets.



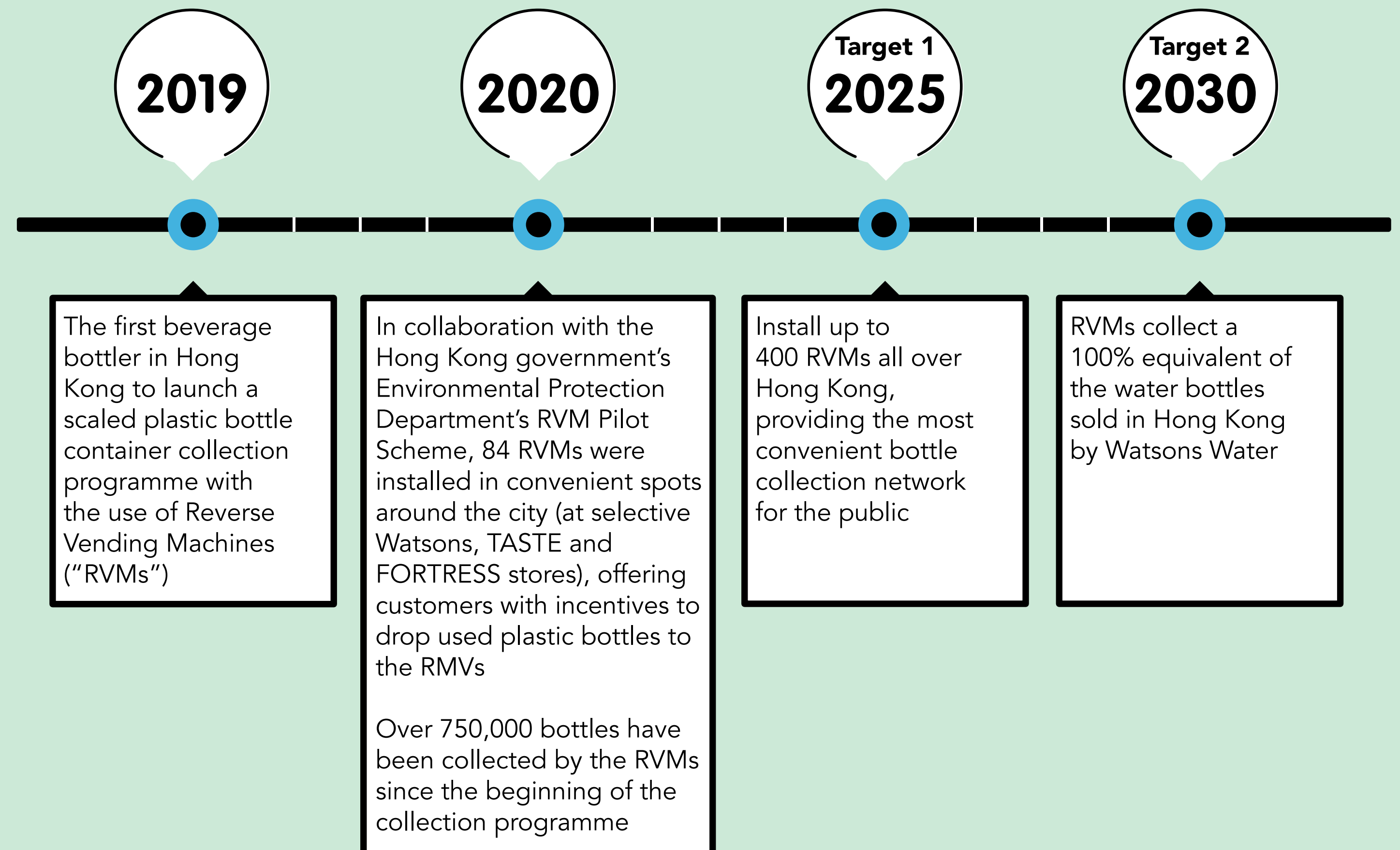
# Encouraging Recycling Habits

## ALL EARS FOR THE COMMUNITY

We understand that user motivation is important in ensuring more public support and participation in recycling. Before the RVMs were installed, a public survey was conducted to find out the most user-friendly locations. Shopping malls and retail outlets were found to be the most popular choices.

## REVERSE VENDING MACHINES

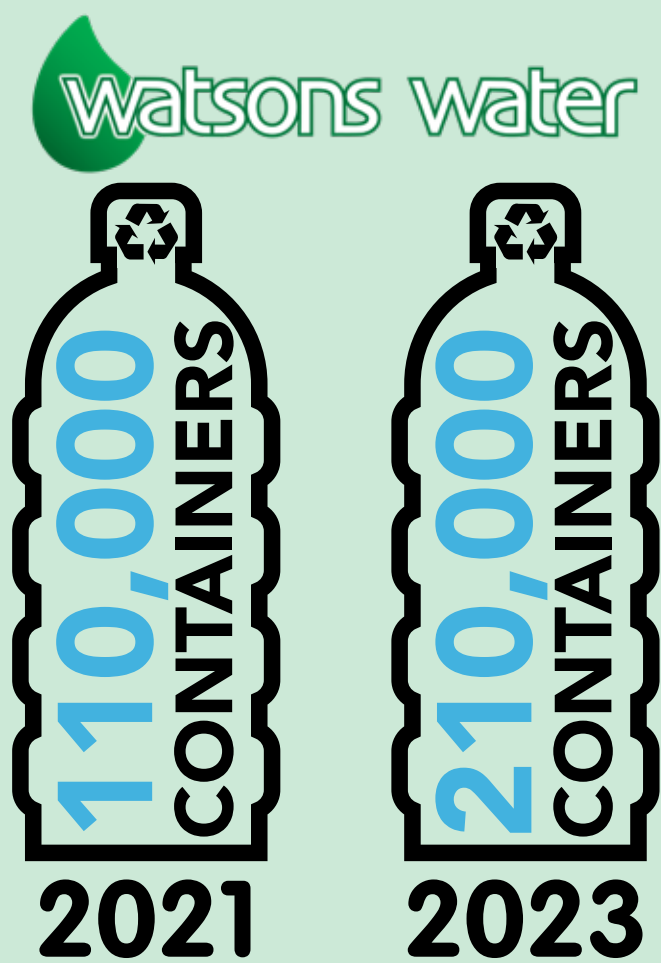
One of our earliest businesses was in bottled water and beverages manufacturing. Today, the drive behind our historical mission in providing clean, distilled water to the local community has geared up with an additional undertaking – to join the global efforts in reducing plastic waste.



# PLASTIC REBORN PARTNERSHIP

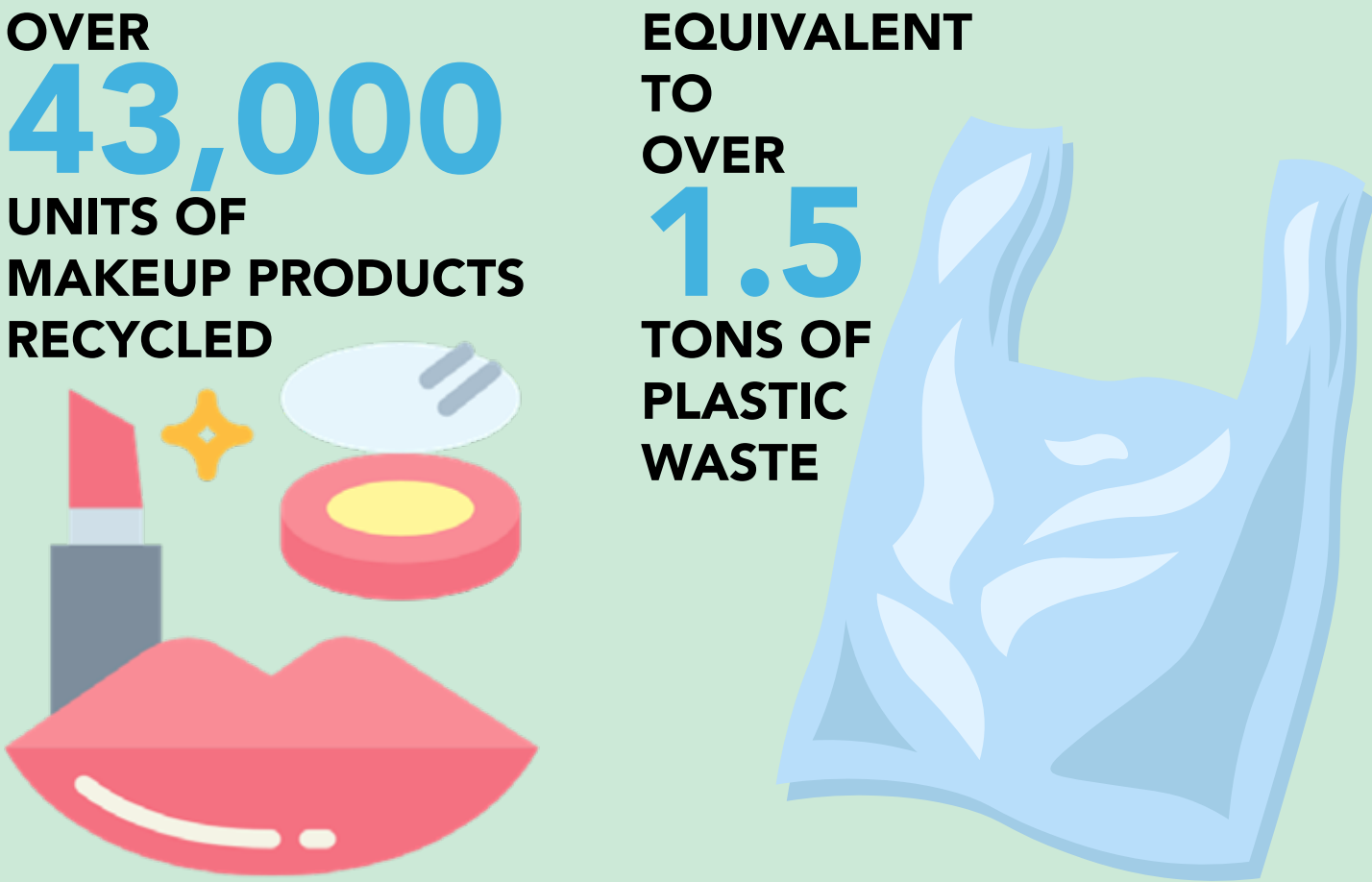
Working together with suppliers and social organisations to create powerful synergies, Watsons Hong Kong refreshed its plastic container recycling campaign Plastic Reborn. In partnership with P&G, Watsons provided collection points across the city for personal care containers, with a target to increase the volume of our plastic personal care containers recycling to 50% of our total sales by 2030. The Loops, a Hong Kong-based circular economy service, then helped to send the collected containers to a recycling facility in Tuen Mun.

TARGETS  
IN PLASTIC  
CONTAINERS  
COLLECTION  
AND  
RECYCLING



# COLLABORATIVE RECYCLING PROGRAMME

Teamwork was particularly necessary where a recycling programme involved more complicated materials. This was because only specialist recyclers can process materials that are of mixed components. Superdrug worked together with supplier, Maybelline and specialist recycler, Terracycle, by placing recycling stations in Superdrug stores to collect customers' old or unused makeup products of all brands. Collected containers will then be handled through a bespoke recycling process.



Superdrug ☆	
2020	<ul style="list-style-type: none"><li>• First retailer in the UK to provide customers with a solution to recycle empty medicine blister packs in store (in collaboration with Terracycle)</li><li>• 10 pharmacies carried out trial operations</li></ul>
2021 TARGET	<ul style="list-style-type: none"><li>• Country-wide roll-out to 200 pharmacies in the UK</li></ul>
Since roll-out in January 2021	<ul style="list-style-type: none"><li>• Over 4.8 million blister packs recycled equivalent to over 10,000 kg in weight (as of August 2021)</li></ul>

# Greener Fleet

Our transportation fleet is powered by diesel, which has accounted for nearly half of our Scope 1 emissions. The pandemic has caused a surge of sales volume in our eCommerce channels. The need to balance between rising customer needs for home deliveries and our environmental targets became a pressing issue in 2020.

## HOW?

Training and Logistical Initiatives:

- Driver training
- Route planning
- Load optimisation

Customer incentives arising from COVID-19 related circumstances:

- Offering Click & Collect on top of the traditional Home Delivery option to cut down on home delivery transportation, allowing customers to pick up in a nearby store
- Offering Store to Home Delivery to reduce the travel distance between pickup points and the point of delivery (compared with a centralised eCommerce warehouse logistics)

In Europe, we backhaul store waste to recycling centres to maximise load and avoid empty vehicles travelling back to the Distribution Centres. Such setup removes the need for a third-party waste management, thereby reducing additional emissions that could have arisen.

To advocate the usage of fuel-efficient delivery vehicles, Superdrug has been replacing all delivery vehicles with Euro 6 engines since 2016, which has the highest emissions standard for vehicles, and has installed particulate filters to reduce impacts on air quality.

We will incorporate compliance tables into the Supply Chain Sustainability Toolkit in 2021, enabling business units to measure their fleet performance corresponding to Euro standards, with scheduled formal reporting to monitor progress. In future, the tendering of fleet and transportation services will include sustainability criteria under the pre-qualification questionnaire for vendors.



# Responsible Sourcing

Consumers today are more conscious of their choices in consumption. While enjoying the abundance of modern day's retail assortment, they are also eager to lessen the negative impacts arising from their shopping behaviour. We recognise the role we have as a responsible retailer and work actively towards providing more environmentally friendly and socially responsible options to our customers. After all, ensuring a high level of product safety, transparency and quality is fundamental throughout our product sourcing and development process.

We work progressively towards lowering the environmental impacts in key raw materials. Sustainable sourcing has become an indispensable principle. These are done rigorously through internal assessments for Own Brands, and compliance requirements, detailed audits while tendering and during contract negotiations with suppliers.



# PROTECTING FORESTS

The world's tropical forests are at risk due to rapid deforestation which is primarily associated with the production of palm oil, pulp for packaging, beef and soy. Being an international retailer with approximately 80% of total revenue coming from our health & beauty businesses, we have prioritised focus in reviewing palm oil and wood pulp usage in our products, and is actively seeking to source commodities with a more sustainable product life cycle. Likewise, we will scrutinise the same issue in food retail where possible.

## WOOD PULP

Wood pulp are used in some of our Own Brands such as tissues, toilet rolls, sanitary products, nappies and wet wipes.

We target to have 100% of Own Brand paper products made with pulp and paper from sustainable sources by 2030. Watsons has already reached this goal, with PARKnSHOP, Superdrug and Kruidvat aiming to reach the same by 2025.

## PALM OIL

Palm oil and its derivatives are highly versatile materials, good for use in many health & beauty products. In this regard, we became a member of the **ROUNDTABLE FOR RESPONSIBLE PALM OIL (RSPO)** in 2020 to contribute positively towards a sustainable palm oil industry.



# Recognitions



A.S. Watson Group

## HONG KONG

### Sustainable Business Award 2019

(by World Green Organisation)

### Sustainable Leadership Award 2019

(by World Green Organisation)

### Hong Kong Sustainability Award 2018/19 - Certificate of Excellence

(by The Hong Kong Management Association)



A.S. Watson Group



Watson's Wine

## HONG KONG

### Green Office Label and Eco-healthy Workplace Label

(by World Green Organisation)

watsons



watsons

## HONG KONG

### Hong Kong Awards for Environmental Excellence (Shops and Retailers) - Gold

(by Environmental Campaign Committee)

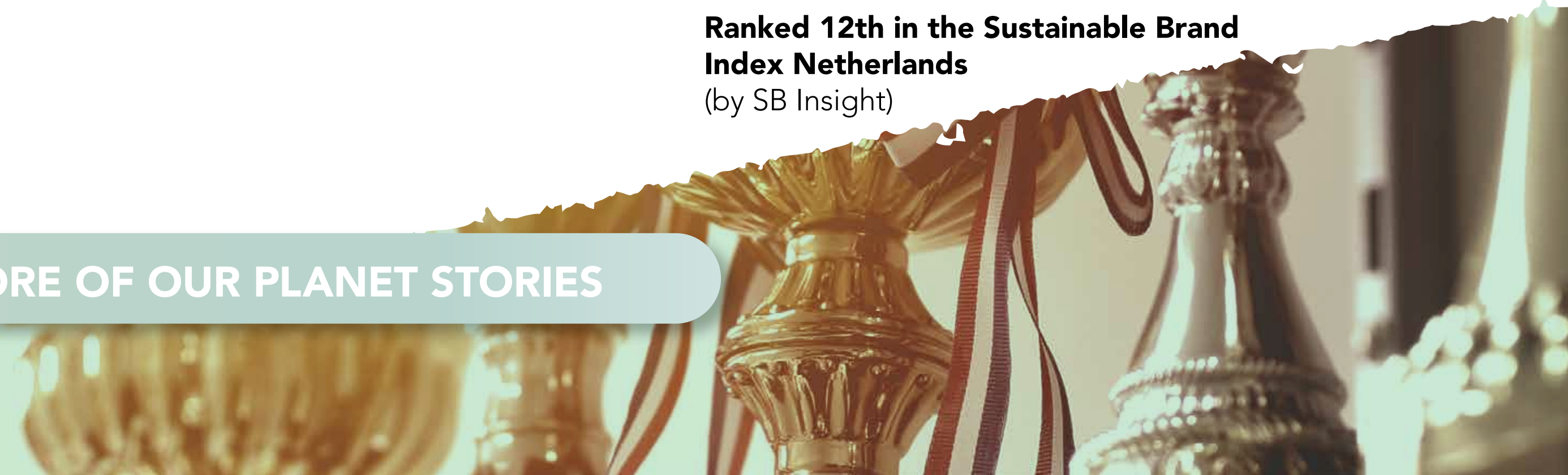


## NETHERLANDS

### Ranked 12th in the Sustainable Brand Index Netherlands

(by SB Insight)

CLICK AND SEE MORE OF OUR PLANET STORIES





# Our 2030 Goals

With 180 years of love and care for our customers and the wider community, we have a strong sense of responsibility to build upon this momentum, and to continue making the world a better place through our global operations.

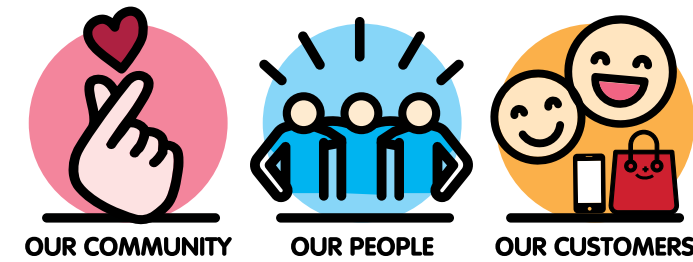
Our planet is reaching its limits. Millions of people's lives are impacted by extreme climate and serious pollution. Serving over 5.5 billion customers every year around the world, we saw an opportunity in collaborating with a powerful community for a more sustainable world together.

The A.S. Watson 2030 Sustainability Vision is our way forward. It is our pledge for a better planet and community, where we can put on a smile, for ourselves and for the future generations.

# We Support the United Nations Sustainable Development Goals

## EMPOWERMENT

Goals 4, 5, 8 and 10



## BASIC NEEDS

Goals 1, 2, 3 and 6



## NATURAL CAPITAL

Goals 12, 14 and 15



## CLIMATE CHANGE

Goals 7 and 13



## GOVERNANCE

Goals 16 and 17



# SUPPORTING OUR COMMUNITIES

## ENGAGING IN ONGOING LONG-TERM PARTNERSHIPS WITH LOCAL ORGANISATIONS:

- We work with charities on donations and sponsorships
- We develop mutually beneficial programmes for businesses and the local community
- We encourage employees to participate in locally organised activities

## OPERATION SMILE – A GLOBAL PARTNERSHIP PROGRAMME:

- We plan to restore 10,000 perfect smiles by providing free surgeries to children with cleft lips and palates by 2030



# CREATING A GREAT PLACE TO WORK

- We create a safe, healthy, supportive and discrimination-free working environment
- We provide ample opportunities to enhance one's skill, through on-the-job training and clearly defined progression pathways
- We ensure an equal opportunity workplace, and competitiveness in staff remuneration and recognition
- We promote inclusivity of all ethnicities and cultures
- We strive to be the employer of choice to attract a diverse workforce



# PROMOTING A RESPONSIBLE UPSTREAM VALUE CHAIN

## WE ENSURE THAT BY 2030, 100% OF OWN BRAND PURCHASE VALUE FROM HIGH-RISK COUNTRIES WILL BE ASSESSED FOR:

- Social compliance, through amfori's business social compliance initiative audits (or others as endorsed by us), and
- Environmental compliance, through amfori's business environmental protection (or others as endorsed by us)



# ACTING ON CLIMATE CHANGE

## REGULATING GREENHOUSE GAS EMISSIONS:

- 100% Renewable energy in European retail, by 2030
- 40% Reduction vs. 2015 Baseline (Scopes 1 & 2), by 2030
- Improve measurements of Scope 3 from upstream and downstream value chain
- SBTi endorsement, by end 2022 (an independent check on greenhouse gas reduction commitment)

## REDUCTION OF ELECTRICITY INTENSITY AT STORES:

- 30% Reduction vs. 2015 Baseline, by 2030
- 75% Stores with LED lighting, by 2030



# PROMOTING A CIRCULAR ECONOMY

## NEW PLASTIC ECONOMY:

- Ban PVC by 2030
- Promote reusable models where relevant
- Have 100% of plastic packaging to be reusable, recyclable, or compostable by 2025
- Include an average of 20% recycled plastic content across all Own Brand packaging by 2025

## SUSTAINABILITY IN OUR STORES:

- To improve on our store equipment (electrical and non-electrical), focusing on how equipment is designed, maintained, and recycled during their write-off

## ZERO WASTE TO LANDFILL:

- To ensure that waste collected through our warehouses will be properly sorted and recycled, and entirely diverted from landfills



# OFFERING MORE SUSTAINABLE PRODUCT CHOICES

## USAGE OF SUSTAINABLE PALM OIL (RSPO):

- All Own Brands to include RSPO-certified palm oil, where possible, by 2030

## INCORPORATING SUSTAINABLE PULP AND PAPER:

- 100% of Own Brand pulp-based products to be from sustainable sources (FSC, PEFC or recycled paper) by 2030
- 100% of pulp-based packaging to be from sustainable sources (FSC, PEFC or recycled paper) by 2030



# Environmental, Social and Governance (ESG)

A. ENVIRONMENTAL KPIS	UNIT	2018	2019	2020 [1]
GHG EMISIONS				
<b>Total GHG emissions</b>	tonne CO2e	<b>661,017</b>	<b>620,746</b>	<b>570,330</b>
GHG Scope 1 emissions		193,331	184,792	135,735
GHG Scope 2 emissions		467,686	435,954	434,595
<b>Total GHG emissions intensity</b>	tonne CO2e /	0.005	0.005	0.005
GHG Scope 1 emissions and intensity	revenue (HK\$'000)	0.001	0.001	0.001
GHG Scope 2 emissions and intensity		0.004	0.003	0.004
USE OF ENERGY				
<b>Total energy consumption</b>	'000 kWh	<b>1,267,441</b>	<b>1,246,777</b>	<b>1,160,753</b>
Direct energy consumption		393,275	424,673	382,742
Gasoline/Petrol		1,836	1,331	1,410
Diesel		274,692	277,305	241,004
Natural gas		76,345	74,092	79,268
Towngas		5,956	6,034	6,023
Other gas fuels (exclude towngas and natural gas)		34,447	65,911	55,037
Other fuels		0	0	0
Indirect energy consumption		874,166	822,104	778,011
Electricity		874,166	822,104	778,011
<b>Total energy consumption intensity</b>	kWh / revenue	<b>9.489</b>	<b>9.410</b>	<b>9.565</b>
Direct energy consumption intensity	(HK\$'000)	2.944	3.205	3.154
Indirect energy consumption intensity		6.544	6.205	6.411
AIR EMISSIONS				
NOx emissions	tonne	406	393	322
SOx emissions		0	0	0
Particulate matter emissions		40	39	32

A. ENVIRONMENTAL KPIS	UNIT	2018	2019	2020 [1]
WASTE PRODUCTION				
Total hazardous waste produced	tonne	1,497	703	351
Total hazardous waste produced intensity	tonne / revenue (HK\$'000)	0	0	0
Total non-hazardous waste produced	tonne	89,378	83,520	77,528
Total non-hazardous waste produced intensity	tonne / revenue (HK\$'000)	0.001	0.001	0.001
USE OF WATER				
Water consumption	'000 m3	3,141	2,404	1,838
Water consumption intensity	m3 / revenue (HK\$'000)	0.024	0.018	0.015
PACKAGING MATERIAL				
Total packaging material used for finished products	tonne	57,609	58,758	56,838
Plastic		25,637	26,934	24,789
Paper		24,077	23,152	23,211
Metal		4,837	5,395	4,908
Glass		2,570	2,761	3,433 [2]
Other packaging material		489	515	496
Packaging material intensity	tonne / thousand of products sold	0.039	0.037	0.039

Notes:

[1] There were significant drops in energy, water and waste due to store closures as a result of lockdowns during the pandemic.

[2] Some business units reported more sales of over-the-counter/vitamins products with glasspackaging.

# Environmental, Social and Governance (ESG)

B. SOCIAL KPIS		2020
NUMBER OF EMPLOYEES		
<b>Total</b>		<b>127,791</b>
By employment type	Full-time	75,110
	Part-time	52,681
NUMBER OF FULL-TIME EMPLOYEES		
By gender	Male	17,789
	Female	57,321
By employee category	Manager grade or above	2,811
	General staff	72,299
By age group	Under 30	28,608
	30-49	41,063
	50 or above	5,439
By geographical region	Hong Kong	8,137
	Mainland China	27,791
	Europe	16,369
	Asia, Australia & Others	22,813

B. SOCIAL KPIS		2020
PERCENTAGE OF FULL-TIME EMPLOYEES WHO RECEIVED TRAINING AMONG TOTAL TRAINED FULL-TIME EMPLOYEES		
<b>Overall</b>		<b>79%</b>
By gender	Male	20%
	Female	80%
By employee category	Manager grade or above	3%
	General staff	97%
AVERAGE HOURS OF TRAINING COMPLETED BY FULL-TIME EMPLOYEES		
<b>Overall</b>		<b>17.4</b>
By gender	Male	10.8
	Female	19.3
By employee category	Manager grade or above	8.4
	General staff	17.7



# About A.S. Watson Group

With a history dating back to 1841, A.S. Watson Group (ASW) has evolved into an international retail and manufacturing business with operations in 29 markets worldwide. Today, the Group operates 12 retail brands with over 16,400 retail stores running the gamut from health & beauty chains, luxury perfumeries & cosmetics to food, electrical & electronics and fine wine.

Also an established player in the beverage industry, ASW provides a full range of beverages from bottled water, fruit juices, soft drinks wine wholesaler and distributor. ASW employs about 130,000 staff and is a member of the world renowned multinational conglomerate CK Hutchison Holdings Limited, which has major interests in four core businesses – ports and related services, retail, infrastructure and telecommunications in over 50 countries.

[CLICK AND SEE MORE ASW STORIES](#)