

# A.S. Watson Group Corporate Social Responsibility Report



A Hutchison Whampoa Company

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Corporate Social Responsibility in A.S. Watson is about our passion and commitment to bring MORE to life to the community today, and tomorrow.

It is about systematic focus, continuous sharing of ideas and collective efforts of every operation and every individual in the company.

We see CSR as opportunities, not obligations. Together, we task ourselves to deliver our social responsibilities under Four Pillars, namely **Workplace**, **Marketplace**, **Environment** and **Community**.

# Message from Group Managing Director

Corporate Social Responsibility (CSR) has always been an important subject in A.S. Watson, and particularly so at this point of time. This CSR Report is our 4<sup>th</sup> issue and marks the start of a new journey for all of us.

Over the years, our teams have shown their passion and collective efforts in CSR by developing numerous local programmes in each of our operating markets. By setting up our first-ever Global CSR Committee in 2011, we are determined to take our CSR commitment to the next level.

By releasing the A.S. Watson CSR Policy and Guidelines for a common framework, we are able to align all markets to focus on a set of common goals. We have put an annual cycle in place for annual CSR planning and review. I am pleased to see all business units embrace the challenge and this new process.

The establishment of the global and local committees has facilitated the exchange and sharing of ideas and expertise on CSR subjects. More than ever before, our teams from different countries and functions are working together as one to ensure that we do business in a sustainable and responsible way.

In 2011, we initiated an annual Global Volunteer Day. It is one of the best examples of how A.S. Watson has shown a shared passion to bring MORE to life to all our stakeholders in the Workplace, Marketplace, Environment and Community.

It has been a very fruitful two-year and many of our activities captured in this Report demonstrate our vibrant A.S. Watson CSR spirit. Always looking to exceed our customers' expectations, we will keep challenging ourselves to deliver more positive impact for the people and the communities where we operate. I would like to thank all staff members for their dedication to making a difference throughout the years, and I have full trust in our people to reaching more CSR milestones in the years to come.



# WE BRING MORE TO LIFE



Photo taken at a charity walkathon in Hong Kong

**Dominic Lai**  
Group Managing Director  
A.S. Watson Group

# About A.S. Watson Group

We are the world's largest

**HEALTH, BEAUTY** and

**LIFESTYLE RETAILER** with...





# WE BRING **MORE** TO LIFE

It is our promise to bring MORE to the lives of every one we touch, and we do so by:

- providing our customers with the largest store network and best choice of products
- inspiring customers and exceeding their expectations
- leveraging group synergies and business partnerships
- providing an environment where every employee feels rewarded and can give their best
- delivering maximum financial returns to shareholders

→ **ENSURING BUSINESS  
CONTINUITY IN A SUSTAINABLE  
AND RESPONSIBLE MANNER**



# Our Global CSR Structure

## The Global CSR Committee

The Global CSR Committee is a think-tank with members from different countries, departments and functions.

Members of the Committee are:

<b>Malina Ngai</b>	Director - Group Operations, Investments, International Buying & Communications
<b>Agnes Chan</b>	Group Human Resources Director (Asia)
<b>Chris Lindsay</b>	Group Human Resources Director (Europe)
<b>Gerard van Breen</b>	CEO, Health & Beauty Benelux
<b>Tomasz Wroblewski</b>	Managing Director, Watsons Ukraine
<b>Peter Macnab</b>	Managing Director, Savers
<b>Siew Hui Lok</b>	Finance Director, Watsons Malaysia
<b>Ben Cheng</b>	Head of Financial Control & Systems, Group Finance
<b>Sebastien Pivet</b>	Quality Assurance Director, Health & Beauty, International Buying

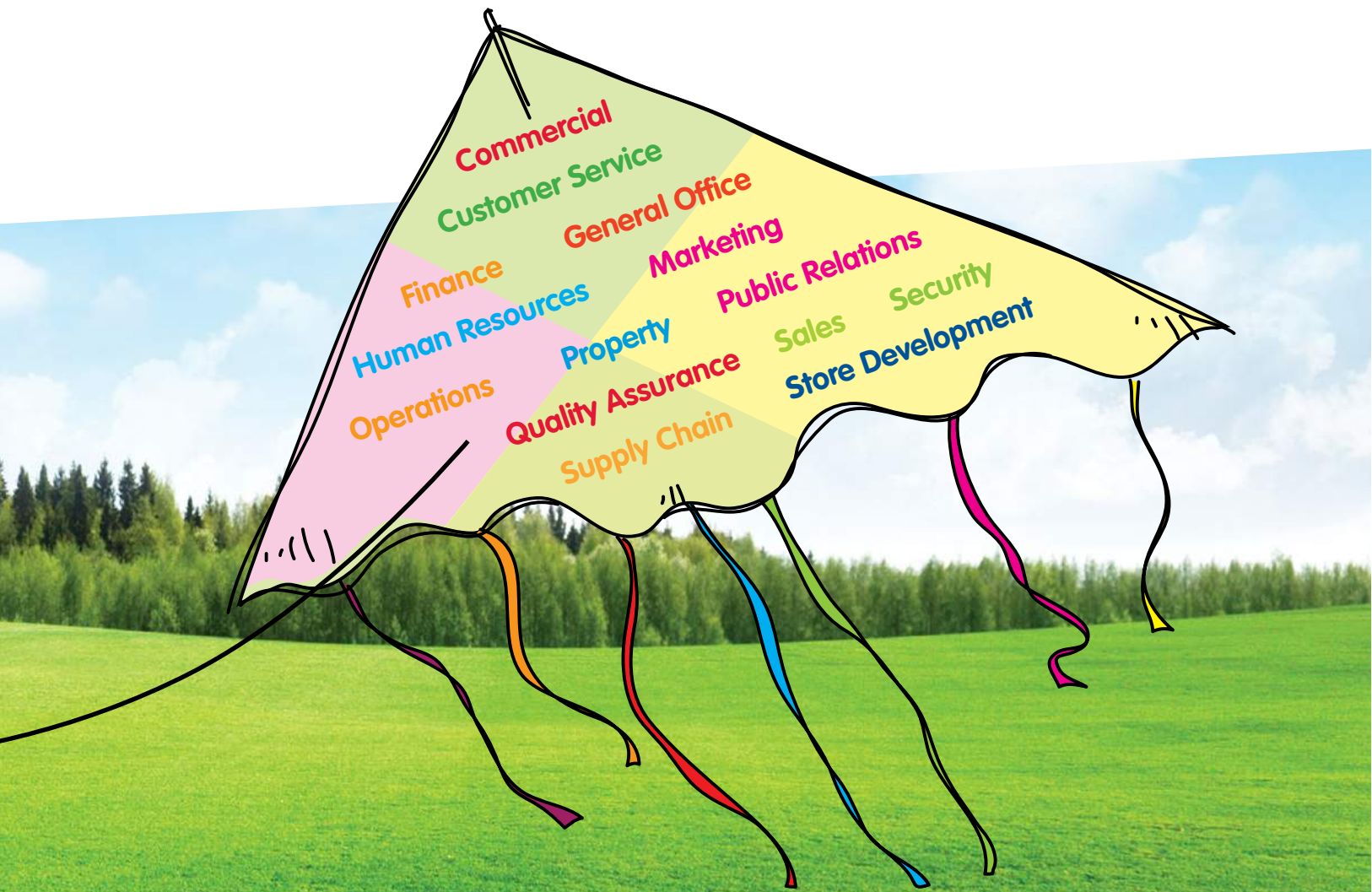




## The Local CSR Committee

In each business unit (BU), volunteers are recruited to sit on the Local CSR Committee:

We have **27 Local Ambassadors** and **300+** local committee members across 33 markets – there is no barrier to joining, which is why we have a diverse group of passionate people coming from various departments and functions.



With the passion we share in different parts of the Group,  
we are proud to make a difference globally and locally.



# Our CSR Framework

## The CSR dictionary for A.S. Watson

### What CSR means to us:

- ➔ It is about our **passion** and **commitment** to bring MORE to life to the community today, and tomorrow
- ➔ It is about **systematic focus, continuous sharing of ideas** and
- ➔ The **collective efforts** of every operation and every individual in the company
- ➔ We see CSR as **opportunities**, not obligations
- ➔ Together, we task ourselves to deliver our social responsibilities under **Four Pillars**, namely



## WORKPLACE



## MARKETPLACE

### A.S. Watson and its Workplace

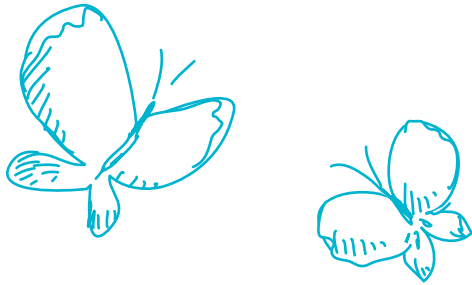
A.S. Watson is committed to providing a safe, healthy, supportive, and discrimination-free environment for all employees. We foster a culture of people development where employees receive appropriate training to optimise their performance, progress and growth in the A.S. Watson family throughout their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

### A.S. Watson and the Environment

Environmentally-sustainable practices happen at all levels at A.S. Watson, from stores, supply chain, to warehouses and offices. We strive to improve energy-efficiency, reduce waste and greenhouse gas emissions to minimise negative impact to the environment. We also continuously support green practices and promote awareness to both our employees and customers.







## ENVIRONMENT



## COMMUNITY

### A.S. Watson and the Marketplace

We operate in a way that safeguards against unfair business practices, also setting out clearly the same ethical expectations with our business partners.

Taking the interests of our customers to heart, we are devoted to delivering services and products of the best quality, value and safety through stringent quality-assurance processes and professional staff training. We collect customer feedback through various communication channels in order to bring more satisfaction to the lives of our customers.

### A.S. Watson and the Community

A.S. Watson has demonstrated great passion in serving the community in the past years, and will continue to engage in dialogue with communities where we operate. We encourage our business units to develop programmes with organisations that are relevant to local community needs, and we support our employees' efforts in getting involved and contributing to society.



# Our CSR Framework

Realising the importance of having a common A.S. Watson language for staff around the world to understand, we have defined specific Aspect areas under the Four Pillars to work on. These are namely:





## How we work

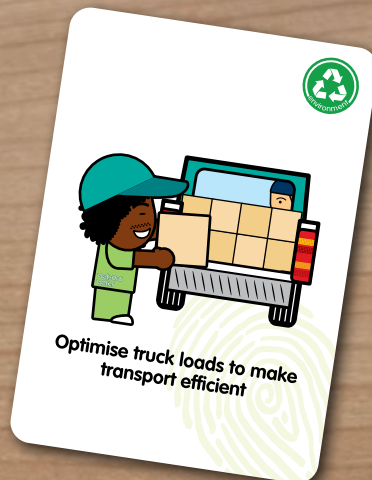
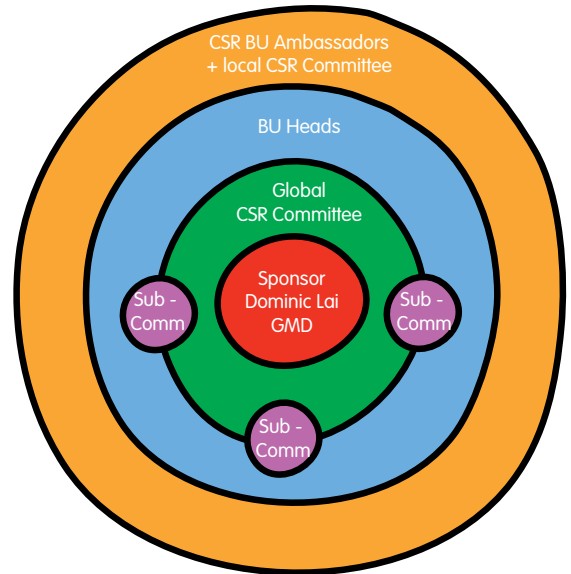
### On the global level

Under the sponsorship of our Group Managing Director (GMD), the Global CSR Committee sets group-wide directions and reviews the progress of all CSR themes and initiatives.

### At the country level

Local management sponsors its country market's local CSR committee to execute CSR activities as set out in their own annual plan. Each business unit (BU) has appointed one to two CSR Ambassadors who play a pivotal role in mediating directions from the global committee and its local members.

A number of sub-committees with selected specialisations (such as Energy, Supply Chain, Packaging, Staff Awareness on the Environment) have also been set up to play a consultancy role and support our business units with technical know-how on implementing new programmes.



# Workplace

## Celebrating outstanding teamwork



In the retail business where we interact with millions of customers every week, our frontline staff are critical to the delivery of the best store experiences to our customers. To reward the best teams and show our appreciation for their efforts, **A.S. Watson** invited one best store team from each business unit to our **Global Best Store Awards** to be honoured for their outstanding all-round performance. To motivate teams further, they also attended a series of trainings and fun visits to our headquarters in Hong Kong, and in so doing enhanced their understanding of the Group.

We are also proud to be home of 100,000 staff celebrating diversity, and we continue to ensure a safe, healthy, supportive, and discrimination-free environment for all.



# watsons





## Highlights



**A.S. Watson Group** – Organises Health Walking Day, interest classes, Corporate Sports Teams



Retail Academy around the world – Training academies established on retail and product knowledge; new training centres for **Kruidvat** and **Watsons Taiwan**



**Kruidvat** – Talent Class for development



**Kruidvat Netherlands** – Supports colleague with brain disease with a new role



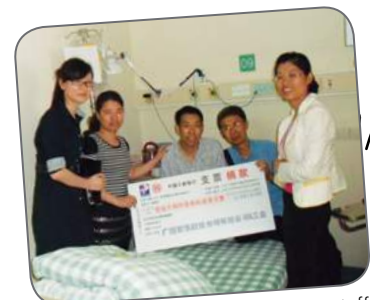
**Superdrug** – Distributes tailor-made hampers to new mothers in the office



**Marionnaud Spain** – "Customise Your Store" competition to motivate store teams



**ICI PARIS XL** – Credited management course



**PARKnSHOP China** – Donation to staff with terminal illness

# Workplace



Development makes us better and stronger

**A.S. Watson** is keen to develop people at all levels – whether they are store staff wanting to step up with product and management knowledge, fast-tracking executive trainees, or high potential managers from various countries and departments participating in our Management Development programmes. Our trainings and workshops offer great opportunities for colleagues to network and learn from each other, while advancing their career skills and knowledge through learning from professionals coming from various backgrounds. After all, people are the most valuable assets in our business and it is our belief that when our people grow and progress, so will we.

## Management Development





# Programmes



# Marketplace

## Caring for our customers



Exceeding our customers' expectations means delivering excellent service anytime, anywhere. The awards we receive validate our efforts and encourage us to keep going beyond the call of duty.

Staying connected with our customers through various communication channels is one way we ensure their satisfaction. Apart from our stores and customer service centres, we also make ourselves available for our customers on-the-go, through their mobile phones, and online on various social media platforms.





**Superdrug**  
**Most Favourite**  
 Health & Beauty Retailer in UK

**Customers'**  
**Most Favourite**  
 Retail Brand of the Year 2012

**watsons** **No. 1 in Asia**  
 (Pharmacy/drugstore) for 4<sup>th</sup> consecutive year  
**No.1 Choice of the Year** in Ukraine

**Marionnaud France**  
**Beauty Institute Award**  
 Marionnaud Institut

**The Best Perfumery Award**  
**ICI PARIS XL**  
 Belgium – 7<sup>th</sup> consecutive year  
 Netherlands – 9 times



## Only the best – in products and services

In order to offer our customers a more diverse range of product choices, we have developed many high quality Own Brand products which are subjected to the most stringent health and safety standards. We are committed to delivering high quality products that are safe, good value for money, and provide the best experience possible to our customers.

We work with manufacturers assessed through our Supplier Qualification Audit programme, which includes annual internal and third party audits. Every time a new Own Brand product is developed, it goes through a consumers' panel testing to ensure the best Own Brand product is objectively selected. We care for the safety of the products we sell to our customers, so our Own Brand products undergo comprehensive testing before and during manufacturing. For example, cosmetics formulations are always assessed by an independent toxicologist expert based in Europe. Even after they reach our store shelves, our Own Brand products go through a Post-Market Surveillance programme to ensure their safety and specifications have not been altered by external factors like storage.

**A.S. Watson** believes that offering eco-friendly choices will enhance the lives of all customers. With over 1,000 stores in the Netherlands, **Kruidvat** takes the lead in selling only LED light bulbs, using packaging with FSC paper, and offering organic and eco-friendly personal care products, allowing customers to enjoy a more environmentally-responsible lifestyle.



# Marketplace

## Partnership in business and well-being



Ensuring we work together with our supplier companies towards the ultimate goal of exceeding our customers' expectations is critical to a successful partnership. **A.S. Watson** is avid in fostering understanding and interaction with our business partners through biennial sharing of the Group's global strategy in the **A.S. Watson Global Suppliers Conference**, where retail trends, technology and best practices are shared to inspire more ways to bring MORE to life to our customers.





# GLOBAL SUPPLIERS CONFERENCE 2012

## ADDRESSING THE CHALLENGES of today and tomorrow



**A.S. Watson** believes it is important that we and our business partners operate in an ethical manner. Since 2008, the Group has been a member of the Business Social Compliance Initiative (BSCI), which is a leading business-driven initiative for companies committed to improving working conditions in the global supply chain. Areas covered by the BSCI Code of Conduct include prohibition of child labour and compliance to applicable occupational health and safety legislations\*. Our commitments include a Code of Conduct signed by manufacturers in high risk countries, and compliance assessments through audits. This provides a credible and transparent global monitoring system which safeguards an ethical procurement process.

We have also held a series of global workshops where best practices have been shared with our suppliers.



\* Content of the BSCI Code of Conduct:

- Legal Compliance
- Freedom of Association and the Right to Collective Bargaining
- Prohibition of Discrimination
- Compensation
- Working Hours
- Workplace Health and Safety
- Prohibition of Child Labour
- Prohibition of Forced and Compulsory Labour and Disciplinary Measures
- Environment and Safety Issues
- Management Systems

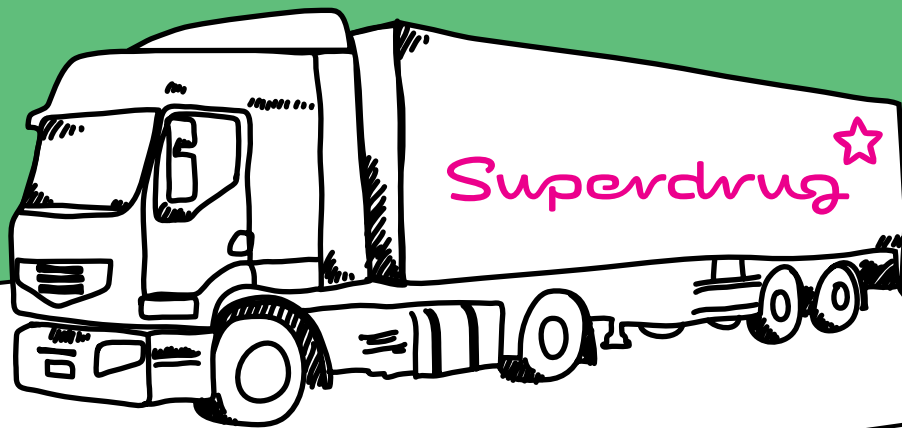


# Environment



In our worldwide network of over 10,000 stores, we serve millions of customers every day to help them live a healthy and beautiful life. While doing so, we also strive to minimise our impact on the environment and preserve our values of sustainable living.

Our Energy, Supply Chain and Packaging Sub-committees are constantly finding new ways to make our operations more environmentally-friendly. The key processes are currently on trial and tested in our businesses in the UK, Benelux and in Hong Kong. Here are some ways in which we are trying to reduce our carbon footprint:



## More energy-efficient transport

Optimal route planning and truck loading can ensure fuel efficiency. Using more sustainable energy sources is also a viable solution and we already have some natural gas trucks running in the Netherlands for **Kruidvat**.



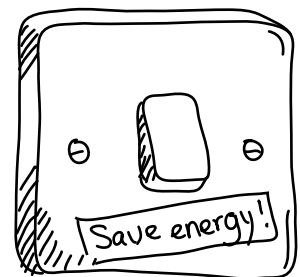
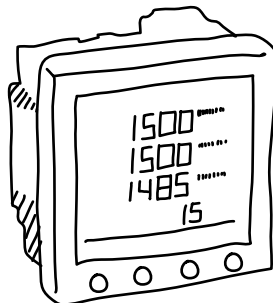
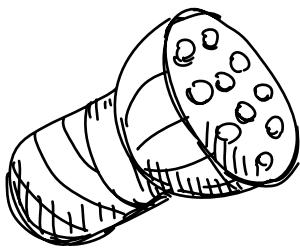


## Saving natural resources in stores and warehouses

We believe that natural resources like energy are valuable resources that have to be used in an intelligent way. In both **Health & Beauty UK and the Netherlands**, we have upgraded our store fittings to be more energy-efficient, including the use of LED lighting. Smart meters are installed to keep our consumption in check.

In 2010, **PARKnSHOP Hong Kong** also installed similar smart meters in stores to track electricity consumption, thereafter readjusting electricity usage pattern to successfully reduce overall energy consumption by 5%.

Our **Health & Beauty UK** warehouse in Dunstable has heating and lighting control systems in place to ensure the optimal level of usage.



# Environment

## Reducing supermarket waste through food donation



Since July 2012, **PARKnSHOP Hong Kong** has been in partnership with a non-profit food recovery programme Food Angel to donate leftover produce, meat and bakery to make nutritious meals for the needy and the elderly. A creative way to reduce food waste and support the community at the same time!





## Reduce waste and recycle

A waste management team is also being set up to investigate and further reduce waste in different stores. In many of our warehouses around the world, reusable plastic crates are being used to reduce carton usage. **PARKnSHOP Hong Kong** invests in machinery in selected stores and warehouses to facilitate recycling of carton boxes.

**Watsons Water** also reuses bottle-rinsing water for cooling the factory amenities, thereby reducing water dumping ratio by 3.2% per year and helping to minimise the effect of global warming in the production process.



### Highlights



**Watsons China** – "Bring your own bag" campaign promotes awareness in reusing carrier bags



**Watsons Thailand** – Canal Clean Up Project



**Nuance-Watson Hong Kong** – "Love the Earth, Plant a Green Wish" environmental awareness campaign, and publicity to raise staff's environmental awareness



**Watsons Taiwan** – Joins Earth Hour and implements power-saving new store formats



**Kruidvat** (Head Office Renswoude) – Staff engaging school children in picking up street litter together



# Community



## MORE health MORE happiness

A key foundation to enjoying MORE in life lies in a healthy body and mind – and we bring this to the communities where we operate, especially the underprivileged and needy. **Superdrug**, for example, has been supporting cancer prevention through partnerships with Cancer Research UK and the Teenage Cancer Trust. They have been actively organising educational activities and raising funds in creative ways to inject positive energies towards cancer prevention and cure.





To address costly medicine for chronic disease patients, **Watsons Philippines** started offering their own affordable Compliance Packs for top killer diseases like diabetes, hypertension and high cholesterol, as well as over-the-counter generics. We fully support all our business units which strive to enrich the well-being of their communities and fulfil our commitment to make health accessible to everyone.



## Highlights



**Retail HK & Watsons Singapore** – Pink Walk for Breast Cancer Foundation to support the fight against the disease



**Watsons Malaysia** – Quit Smoking Campaign supported by educational talks



**Watsons Singapore** – Health-screening plan offers with Western doctor and Chinese medicine practitioner's consultation



**Watsons Taiwan** – International Teeth Day and Pharmacist Day with check-ups to raise awareness on health for all



**Kruidvat Netherlands** – Contest inviting customers to pay tribute to their fathers as part of family health promotion



**Trekpleister** – Fundraising for chronically-ill children and charity purchase of toys to cheer up customers at stores



**Marionnaud Spain** – Health Care Day with fitness dance classes for customers on World Heart Day



**ICI PARIS XL** – Employees running marathon to raise funds for terminally sick children



# Community

## We are your good neighbours

Operating in 33 markets puts us closely in touch with different nationalities, cultures and local communities every single day. This includes our customers as well as the different groups in society that need a helping hand.



## For the generations to come

Little ones require a lot of love and care, and unfortunately, this is lacking for many orphaned and underprivileged children. **ICI PARIS XL Belgium** has been a keen supporter of the SOS Children's Village Foundation, raising €250,000 through charity plush sales to support a children's shelter construction in Congo where orphans can safely receive education, medical services and care. The programme is underpinned by the Group's shared belief that all children deserve to grow up in a safe environment, with access to education.

**A.S. Watson** also believes in maintaining good health by nurturing sports from a young age. To recognise young sports talents and promote an active lifestyle among Hong Kong citizens, the Group has been organising the **Hong Kong Student Sports Awards** since 2005. To date, this territory-wide school sports scholarship programme has benefited over 5,600 students. The programme provides an excellent platform for budding athletes to learn about elite sports and good leadership through various parts of the programme, paving way for these students to be avid health ambassadors wherever they go.



## For the beautiful

Every day, we help millions of women enhance their looks and increase their confidence with our quality offerings. To this end, **Watsons Thailand** did not forget to help underprivileged women to look and feel as beautiful as they can too. For over six years, they have been supporting the Association for Promoting Status of Women through charity sales and celebrity auctions. They have also supported the organisation's Emergency Home department by organising a Welcome Home Party for women and their families affected by a flood that destroyed many homes. Small acts of love and care from the heart can go a long way in helping to alleviate pain and suffering in difficult times.



## For our homes

**PARKnSHOP China** extended a helping hand to its local provinces by driving down to remote sugarcane fields and helping farmers by purchasing all their excess stocks which they were unable to transport to the cities to sell. At the same time, **Watsons China** also donated over 900kg of clothings to villagers in the poor, mountainous regions. Staff members personally donated, cleaned and packed the clothes in the office. When fellow neighbours are in need, it is gratifying to be able to answer their call in time.

## Highlights



**A.S. Watson Group** – Support star-gazing education camp for the visually-impaired



**Watsons China** – Book and clothes donation to charity



**Watsons Malaysia** – Fundraising for orphanage and free shopping spree for children from adopted homes



**Watsons Thailand** – Visit to the Khon Kaen School for the Blind

# Global Volunteer Day

# 2011

What better way to get the entire **A.S. Watson Group** in action than to engage them in a Global Volunteer Day? The idea, initiated in 2011, is to activate all our participating business units by encouraging them to spend one day serving people in need, be it their colleagues, the environment, a neighbourhood community or a sports organisation. As shown in the level of participation and results we have achieved, when each of us takes a small step and commit to something meaningful together, we can definitely make a significant contribution and impact!



**A.S. Watson Group** – Outing with underprivileged children and encouraging self-expression through story-telling



**A.S. Watson Group** – Donation drive with cookies delivery for Hans Andersen Club



**A.S. Watson Group** (UK Office) – Conservation work by staff volunteers at the London Wetlands Centre



**PARKnSHOP, TASTE, GREAT, Watsons, FORTRESS, Watson's Wine** – Outing with underprivileged kids for coral-watching and kite-flying



**Watsons Singapore** – Pink Ribbon Walk



**Watsons Taiwan** – Hand in Hand with Love Charity Fun Race



**Watsons Turkey** – Staff picnic



**Kruidvat & Trekpleister** – In-store fundraising for the National Cancer Fund

Hand in Hand  
with **LOVE**





# Catch a glimpse of our activity highlights!



**Watsons China** (North Office) – Visit to orphanage



**Watsons China** (South Office) – Visit to school of emigrants' children



**Watsons Indonesia** – Fun day with underprivileged children



**Watsons Philippines** – "Watsons Family Health Day" for staff and their families



**Superdrug** (Head Office) – "Cycle to the Moon" charity bike race



**Marionnaud Czech Republic** – Donation of toys and fundraising for children's homes



**Marionnaud Poland** – Pink Ribbon charity against breast cancer in partnership with supplier



**Marionnaud Romania** – Donation of toys and fundraising for orphans



**Marionnaud Spain** – "A Week of Hugs" donation campaign



**Marionnaud Switzerland** – Volunteer for a day to serve the charity of your choice



**The Perfume Shop** – Gardening at the South Bank Hospice



**PARKnSHOP China** – Elderly home visit

# Global Volunteer Day 2012



**A.S. Watson Group** – Health check for parents and fitness test for school children in remote areas



**A.S. Watson Group (UK Office)** – Power station abseil fundraising for Stroke Association



**A.S. Watson Benelux** – Volunteering as telephone operators in a national fundraising TV show against Cancer



**Watsons, FORTRESS, PARKnSHOP, TASTE, INTERNATIONAL, GOURMET, FUSION, GREAT, Watson's Wine, Watsons Water** – Pink Walk for Breast Health



**Watsons Malaysia** – Beach clean up and fundraising for turtle sanctuary



**Watsons Singapore** – A fun day for children with outing, story-telling session and gift giving



**Watsons Taiwan** – Cookies baking with underprivileged children and cookies charity sale



**Watsons Thailand** – Health check-up and fitness classes for staff and their families



**Superdrug** – Table football challenge, bake sale and raffle for Teenage Cancer Trust



**Marionnaud Austria** – SOS Kinderdorf orphanage visit



**Marionnaud Czech Republic** – Tree planting



**Marionnaud Hungary** – Maintenance support for Children's Institute

**39** business units

**12,000+** participants

Beneficiaries included

- Elderly
- Underprivileged children
- Mentally/physically challenged
- Staff + family/friends



**A.S. WATSON**

2<sup>nd</sup> Global Volunteer Day

**TOGETHER**

We Bring **MORE** to Life





**Watsons China** (Head and South Office) – Fun day with mentally challenged children



**Watsons China** (North Office) – Staff parenting fun day



**Watsons China** (West Office) – Staff badminton day



**Watsons Indonesia** – Children's orphanage visit



**Watsons Turkey** – Staff blood donation day for Turkish Red Crescent



**Watsons Ukraine** – Staff blood donation day



**Savers** – Fundraising in stores with Halloween theme for Teenage Cancer Trust



**Spektr** – A fun activity day with children orphans



**Marionnaud Italy** – Pink Ribbon charity sale campaign



**Marionnaud Poland** – Orphanage activity day



**Marionnaud Romania** – Orphanage gift giving and activity day



**Marionnaud Spain** – Drawings by staff's kids for a charity calendar to raise funds for underprivileged children



**Marionnaud Switzerland** – Mountain region road maintenance support



**ICI PARIS XL** – Headquarters team visit and support store staff



**The Perfume Shop** – Support Tiddlywinks Wildlife Refuge by offering cleaning and maintenance service



**PARKnSHOP China** – "More for Health" Chinese seniors' day





A.S. Watson Group

World's largest

HEALTH, BEAUTY

and LIFESTYLE retailer

10,000<sup>+</sup> stores

33 markets

20 retail brands

27 million customers per week

100,000<sup>+</sup> employees

WE  
BRING  
MORE  
TO LIFE



A Hutchison Whampoa Company

## About A.S. Watson Group

A.S. Watson Group is the world's largest health, beauty & lifestyle retailer with over 10,000 retail stores, serving more than 27 million customers a week in 33 markets. The Group has the largest brand portfolios and geographical footprints in the retailing world, offering everything from health & beauty, food and electronics to perfume. It is also Asia's largest health & beauty retailer and Europe's largest luxury perfumeries & cosmetics retailer. Proudly supported by a global family of over 100,000 staff, the Group is also a member of the world renowned multinational conglomerate Hutchison Whampoa Limited, which has six core businesses - ports and related services, property and hotels, retail, infrastructure, energy and telecommunications in 52 countries.

[www.aswatson.com](http://www.aswatson.com)



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