

A.S. Watson Group



CORPORATE SOCIAL RESPONSIBILITY REPORT



2015

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MESSAGE FROM

**GROUP
MANAGING
DIRECTOR**

“ At A.S. Watson Group, we see CSR as a responsibility towards our stakeholders as well as an opportunity to bring more to the lives of people. Together, we aim to deliver our social responsibilities under four key Pillars, namely the Workplace, Marketplace, Environment and Community. ”

“ Business continuity in a Sustainable and Responsible manner. ”

As a socially responsible international retailer, A.S. Watson Group (“ASW”) is committed to embedding Corporate Social Responsibility (“CSR”) into its policies and practices at all times, with the aim of benefitting our staff, customers, shareholders and the wider communities where we operate.

Four years have passed since we set up a Global CSR Committee with the main objective of taking our CSR commitments to the next level. We created group-wide CSR priorities, implemented a reporting framework, and regularly reviewed the progress of all projects & initiatives. Today, we have local CSR committees and ambassadors flourishing across 24 markets, passionately involved in a variety of initiatives.

More recently, our Global CSR Committee performed a review of several Environmental, Social and Governance (“ESG”) topics of importance to our business and stakeholders. The outcome was published towards the end of 2014 in our first Group CSR Roadmap, listing **five key priorities**:

- 1 Strengthen Employee Engagement,
- 2 Continue developing Own Brand products in a sustainable and responsible manner,
- 3 Continue assessing Customer Satisfaction,
- 4 Maintain waste reduction and energy saving initiatives across our operations, and
- 5 Continue engaging reputable charity organisations in activities relevant to our Business.

With this roadmap and our combined efforts, I am confident of making even greater CSR progress in the years to come.

I wish to thank all staff members for their dedication and passion. Let us continue to work together to bring more to the lives of everyone we touch, and ensure business continuity in a sustainable and responsible manner.

Dominic Lai

Group Managing Director
A.S. Watson Group

GOVERNANCE

CSR as a Core Strategy

When ASW started as a small dispensary in Hong Kong back in 1841, it was providing free medicine to the needy. Since then, ASW has continued to build on its rich history of addressing social and environmental issues in every market it operates.

CSR Structure

The Global CSR Committee comprises of leaders from Group and Business Units levels and is mandated to derive the CSR strategic direction and roadmap in A.S. Watson Group.

The Global CSR Committee is coordinated by ASW’s Chief Operating Officer, and is supported by a Group CSR Team that manages the operational follow-up of each country’s local CSR Team.

Sub-committees have also been set up to play a consultancy role and support our Business Units (“BUs”) with technical know-how on implementing new programmes.

At the BU level, the local Management sponsors its local CSR team to execute CSR activities according to their annual plan. Each BU appoints a CSR Ambassador who plays a pivotal role in mediating directions from the Global Committee and its local CSR Team members.

Sponsored by our Group Managing Director, the Committee is steered by the belief that responsible business practices and policies benefit all. From better risk management, workplace standards to customer service and outreach programmes, we recognise that powerful initiatives can enhance staff and customer loyalty, create social good and contribute to financial success.

The terms of reference of the Global CSR Committee are to:

- Set group-wide CSR priorities, and
- Review the progress of all CSR projects & initiatives.



A.S. Watson Global CSR Committee



Malina Ngai, JP
Chief Operating Officer
A.S. Watson Group



Gerard van Breen
Chief Executive Officer
Health & Beauty Benelux



Peter MacNab
Managing Director
Health & Beauty UK



Tomasz Wroblewski
Managing Director
Watsons Ukraine



Ann Lau
Group Human Resources
Director (Asia)
A.S. Watson Group



Chris Lindsay
Group Human Resources
Director (Europe)
A.S. Watson Group



Low Siew Hui
Finance & IT Director
Watsons Malaysia



Ben Cheng
Finance Director
A.S. Watson Group



Sébastien Pivet
QA Director Health & Beauty
Head of CSR
A.S. Watson Group



Alberic Pater
CSR Manager
Health & Beauty Benelux



Zoe Cheong
Group Project Manager CSR
A.S. Watson Group



Asia CSR Ambassadors Forum, Hong Kong, April 2015

Global Vision, Local Action

The Group recognises that every market is unique and different in its Social, Economic and Environmental needs. That's why our Global CSR Committee outlines the CSR Priorities from the Group's perspective, while local BUs are tasked to formulate localised programmes and activities under the Group's four CSR Pillars, tailored to the specific needs of their community.



EU CSR Ambassadors Forum, Amsterdam, April 2015

CSR Reporting

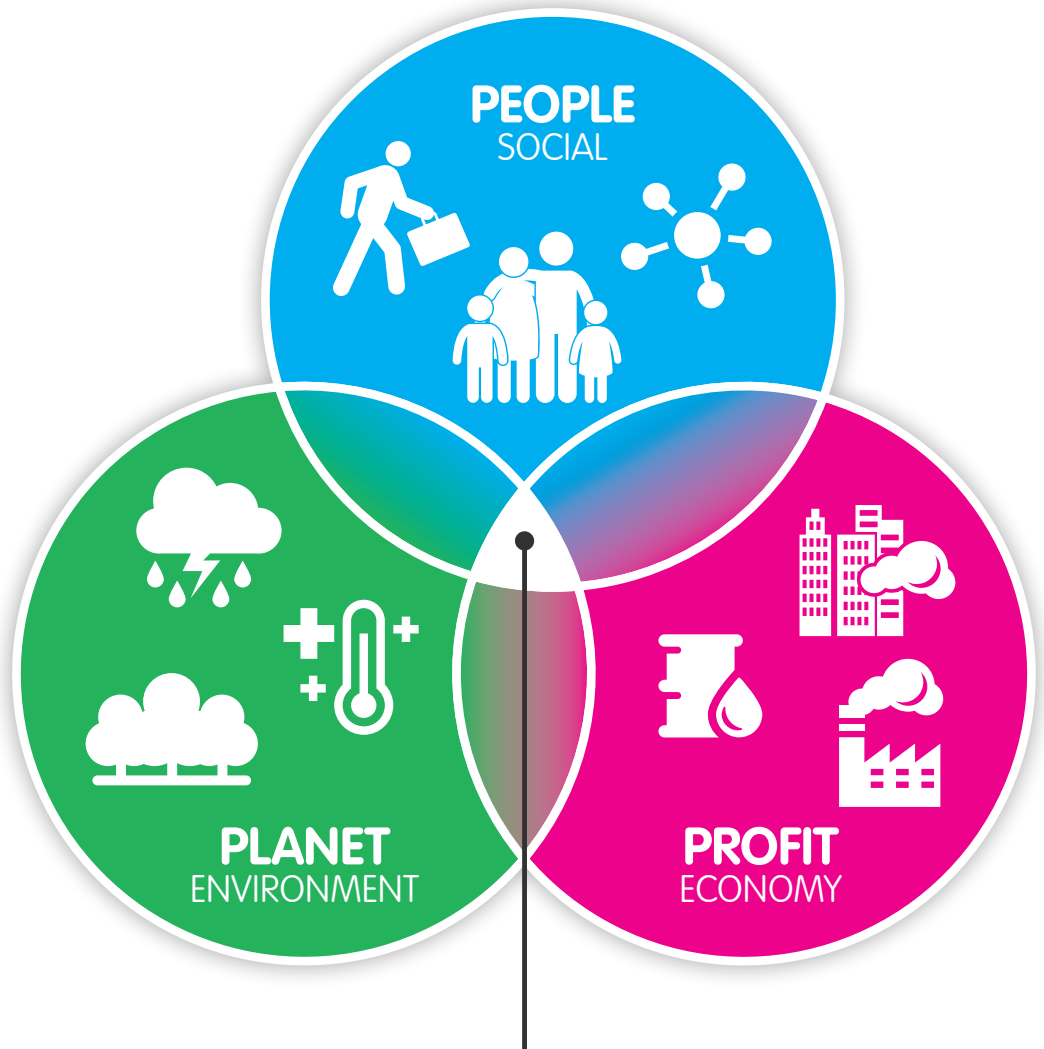
The Group CSR Reporting is monitored by the Global CSR Committee.

The Global CSR Committee sets **Core Standards** (indicators) which BUs use to assess progress on different CSR **Aspects** (categories) within the Four CSR Pillars. These indicators will be reviewed and adjusted as necessary by the Global CSR Committee to ensure they are aligned with the CSR Strategy.

The CSR Ambassador is responsible for coordinating the bi-yearly reporting cycles with the CSR Committee.

BUs are responsible for setting their annual targets based on the Group CSR Priorities and successful integration of the Four CSR Pillars. These targets are to be submitted to the Global CSR Committee at the beginning of every year. Progress on the achievement of these targets are reported to the Global CSR Committee twice per year.

THE WAY WE



SUSTAINABILITY

Making sure we have sufficient resources to manage our various sustainability initiatives is a key part of our operations. That is why the A.S. Watson Group works hard to:

- Focus on key areas of importance to our Business and Stakeholders, and
- Create accountability at Business Units levels.

DO BUSINESS



WORKPLACE



ASW is committed to:

- Creating a safe, healthy and supportive environment for all employees
- Providing a working environment that is free from all forms of discrimination
- Ensuring employees at every level receive an appropriate induction so they have the best possible start in our organisation
- Providing ample opportunities to enhance one's skill, optimise performance and progress one's career through on-the-job training and well-defined career pathways
- Maintaining proper systems to ensure equal opportunities and competitiveness in staff remuneration and recognition
- Ensuring the company sets clear expectations for individual behaviour

ASW's Workplace Pillar is an integral part of the ASW Group Human Resources Policy.

Focus on 5 key aspects

1. Diversity & Equal Opportunity

2. Learning & Development

3. Reward & Recognition

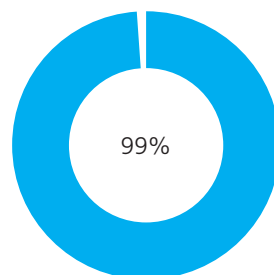
4. Health & Safety

5. Employee Engagement

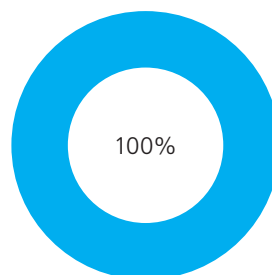


Achievement of Core Standards (2014)

ASW Asia



ASW Europe



People Development

Pioneer in Qualifications Framework Programmes

A.S. Watson is proud to be the first retail group in Hong Kong to offer Qualifications Framework (QF) recognised educational programmes to further the professional and personal development of its employees. A total of 14 accredited programmes are available to employees across all business units to advance their careers and enhance their skills, capabilities and overall competitiveness, covering a wide range of topics across Certificate through to Advanced Diploma levels.



Graduation ceremony of FORTRESS



Graduation ceremony of PARKnSHOP Hong Kong



Graduation ceremony of Watsons Hong Kong



Candidates of Aspire Europe Development Programme

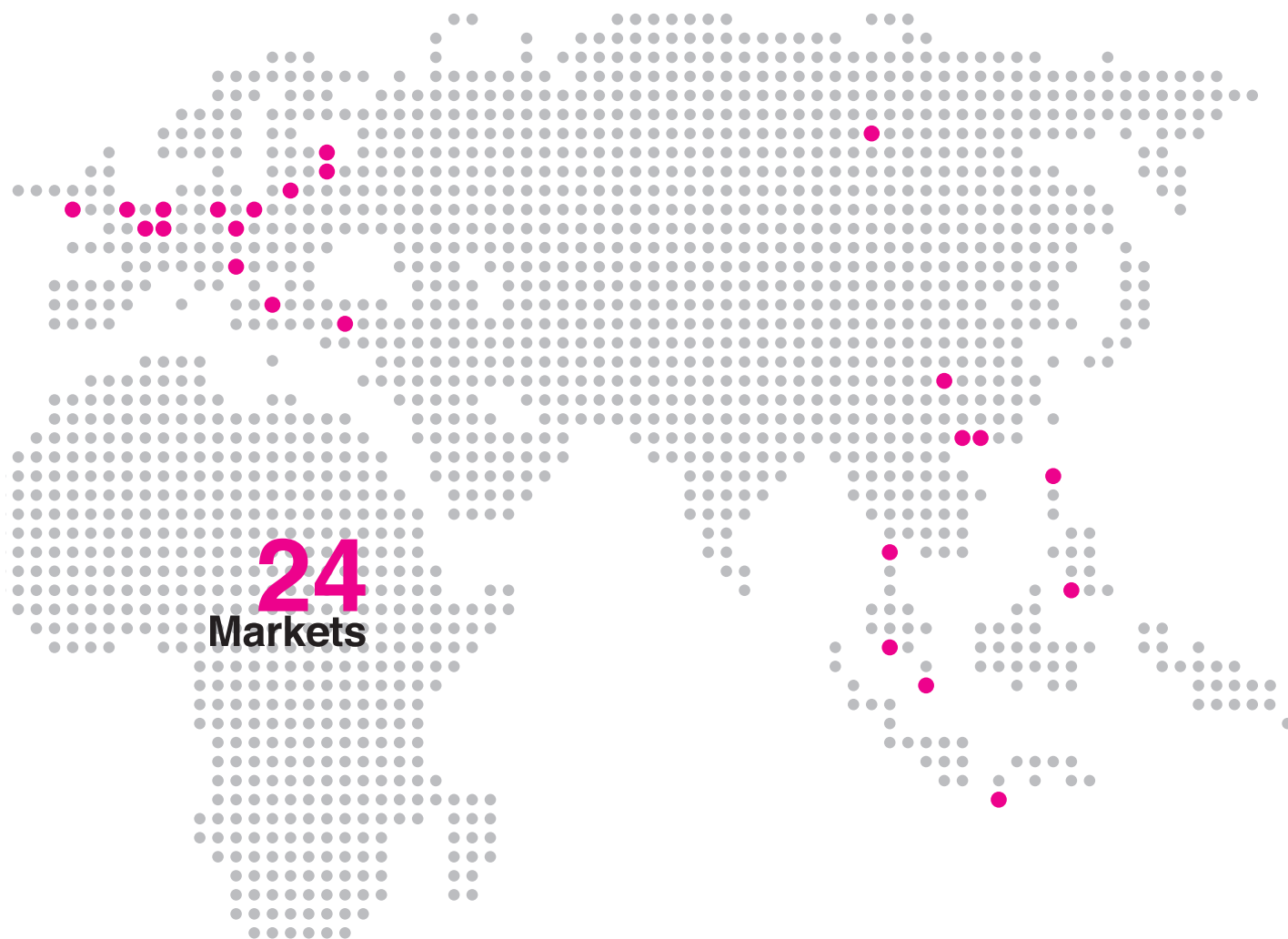


Workshop for candidates to share their experience

Aspire Europe Development Programme

The Aspire programme provides leadership workshops to help employees grow into their full leadership potential. Candidates are nominated across all European business units and Group functions through a series of assessments to ensure the best fit of leadership.

While there is an emphasis on self-learning, participants are provided with support via Skype and face-to-face coaching sessions. At every workshop, a senior leader will be invited to share his or her own personal leadership journey to inspire and encourage others.



Our 5 Business Segments

Health & Beauty China

Mainland China

Health & Beauty Asia

Hong Kong & Macau
Indonesia
Malaysia
Philippines
Singapore
Taiwan
Thailand

Health & Beauty Western Europe

Albania
Belgium
Germany
Ireland
Luxembourg
Netherlands
United Kingdom
Turkey

Health & Beauty Eastern Europe

Czech Republic
Hungary
Latvia
Lithuania
Poland
Russia
Ukraine
Turkey

Other Retail

Mainland China
Hong Kong & Macau

watsons

watsons

Kruidvat

ROSSMANN

ROSSMANN

PARKSHOP

trekpleister

Superdrug

Drogas

豐澤 FORTRESS

ICI PARIS XL

savers
HEALTH HOME BEAUTY

watsons

Watson's Wine

THE PERFUME SHOP

СНЕКП

watsons water

Our Awards



A.S. Watson Group

Hong Kong

Manpower Developer

(by Employees Retraining Board of HKSAR)



A.S. Watson Group



Hong Kong

Inclusive Organisation for Employer Organisation - Talent-wise Employment Charter and Inclusive Organisations Recognition Scheme 2013-2014

(by Labour & Welfare Bureau)



A.S. Watson Group



Watson's Wine



Hong Kong

Happy Company (2014)

(by Promoting Happiness Index Foundation and the Hong Kong Productivity Council)



A.S. Watson Group

Benelux

HR Proffie Award

(by Berenschot)



Top 100 Best Companies to Work For

(by The Sunday Times)



Gold Award

Occupational Health and Safety

(by Royal Society for the Prevention of Accidents)



A.S. Watson Group

Hong Kong

Best Companies to Work for in Asia Award 2015

(by HR Asia Magazine)



ICI PARIS XL

Academy is ranked "Excellent" in a mystery shopping survey with a score of 98.1%. The brand's Netherlands team are winners at ORC International's Excellence in Employee Engagement Awards in 2014



Latvia

Outstanding Employer's DNA – Employees' Engagement in CSR

Watson's Wine



Hong Kong

QF Accreditation

(by Education Bureau of HKSAR)

MARKETPLACE



Watsons Hong Kong

ASW is committed to:

- Supporting the interests of our customers by focusing on product quality, value and safety
- Providing products that comply with all applicable legislations in their distribution markets
- Maintaining clear and constant customer communications channels, listening actively to feedback and responding swiftly to complaints
- Safeguarding our operations against unfair business practices
- Ensuring business contracts clearly set out the agreed terms, conditions and the basis of our relationship
- Communicating to our suppliers the importance of responsible sourcing and social compliance in the areas of health, safety and worker welfare
- Encouraging suppliers and contractors to adopt responsible business policies and practices for mutual benefit
- Offering more sustainable Own Brand products and choices to our customers

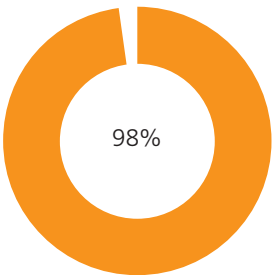
Focus on
4 key aspects

- 1. Customer Engagement
- 2. Customer Data Privacy
- 3. Products & Services
- 4. Supply Chain Risk Management

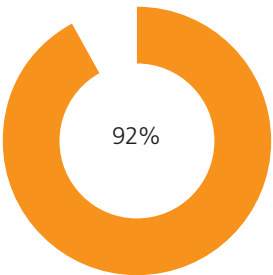


Achievement of Core Standards (2014)

ASW Asia



ASW Europe



Global SMILE Campaign

Happiness starts with a smile. ASW believes that smiling is a universal language and one of the most powerful ways we can influence others and spread positivity. With the increasing use of technology in daily communications around the world, we are seeing less and less human interaction in every aspect of our lives, be it with family or friends. As the largest international health & beauty retailer in Asia and Europe, we want to make a difference. We want to delight our customers with a simple and magical smile.





Watsons Philippines



24 Markets



Spreading 7,000+ smiles on Facebook



Bringing 100,000 smiles to customers around the world!



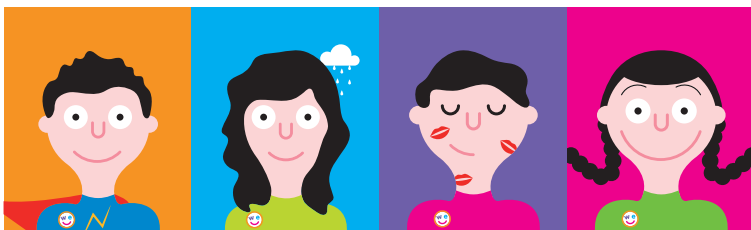
Watsons Taiwan



Kruidvat (warehouse)



Watsons Turkey



we smile.



Over 7,000 participants dance together in Penang



Watsons Malaysia – Move Your Body

Move Your Body, Malaysians!

Watsons Malaysia called on Malaysians to move their bodies and embrace a healthier lifestyle by hosting a large-scale fitness campaign in Penang. A record high of over 7,000 participants danced the Sunday morning away and enjoyed a fun-filled day out.

The 90-minute Zumba workout was a fun and social way to engage the community while encouraging Malaysians to dance up with sweat. A music video-cum-tutorial featuring popular local celebrities was created and shared on various social channels. The event also had activities to appeal to the whole family, including a hot air balloon ride, breakfast giveaways, health screenings and interactive games.

Check out the dancing party!

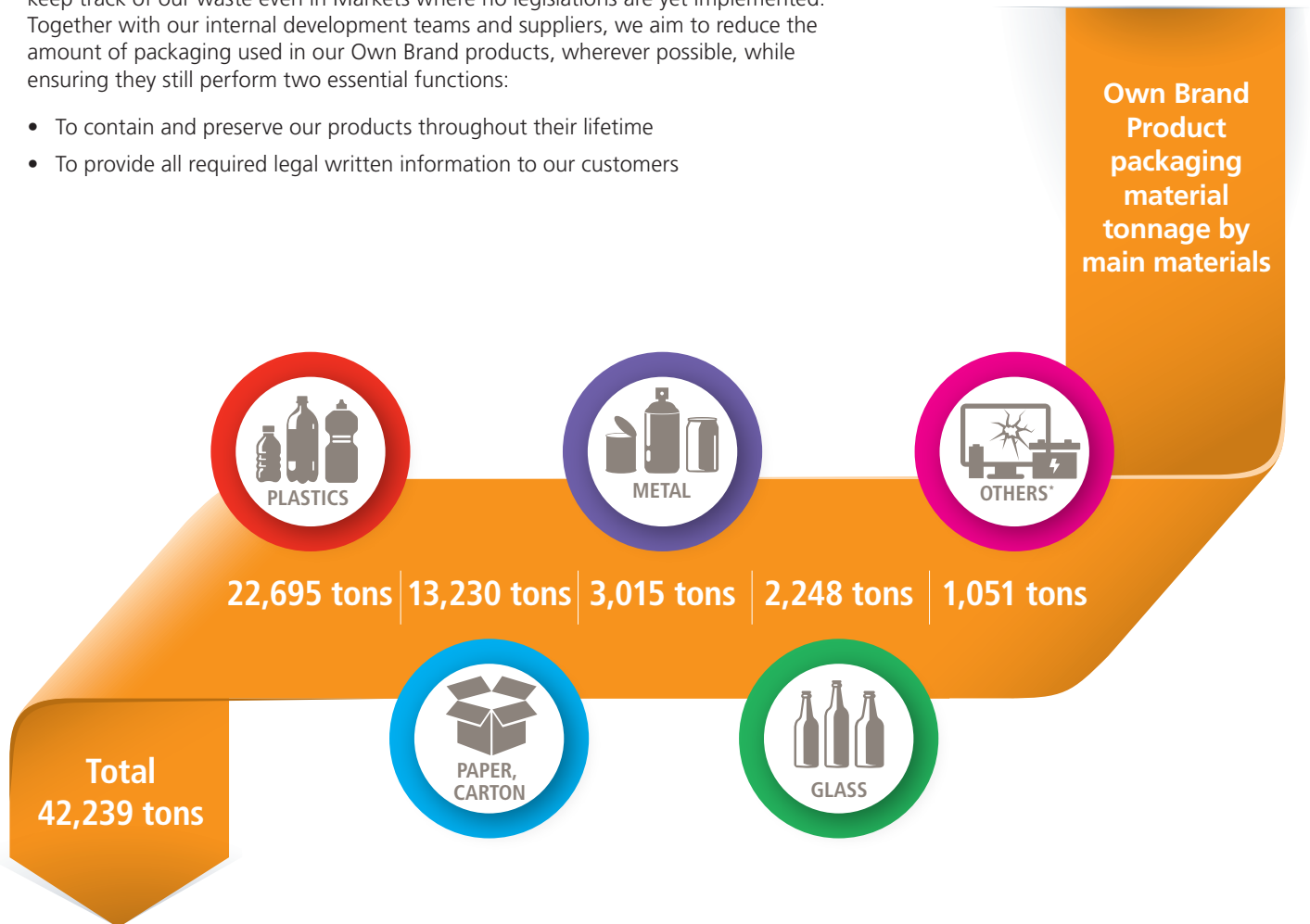
<http://goo.gl/S7HFgc>



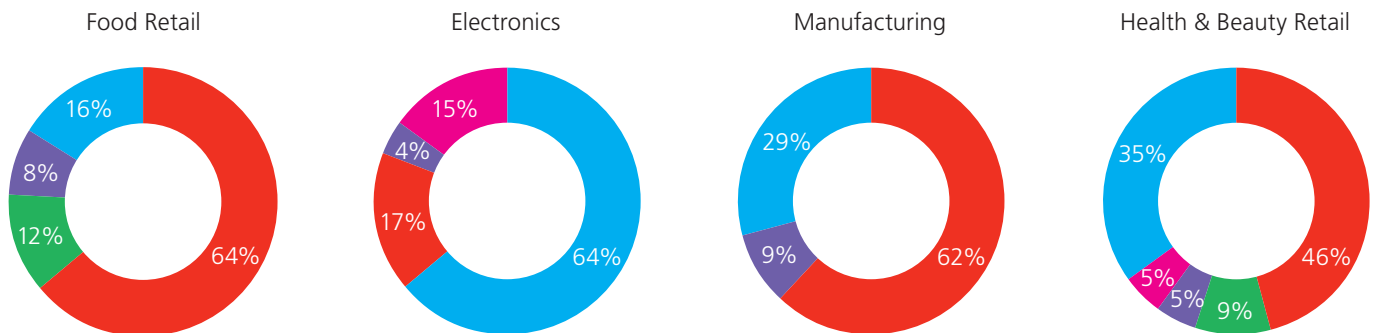
Own Brand Product Packaging

ASW readily reports information on packaging waste generated by Own Brand products as legally required in various Markets. In support of retail transparency, we keep track of our waste even in Markets where no legislations are yet implemented. Together with our internal development teams and suppliers, we aim to reduce the amount of packaging used in our Own Brand products, wherever possible, while ensuring they still perform two essential functions:

- To contain and preserve our products throughout their lifetime
- To provide all required legal written information to our customers



Own Brands packaging material split by material type within ASW



■ Paper, carton
 ■ Plastics
 ■ Glass
 ■ Metals
 ■ Others*

(*) Usually refers to mixed materials (e.g. composites).

Compliance & Product Safety

Good Manufacturing Practices:

We make use of a mix of internal audits with ASW Qualified Engineers and external audits with independent Third Party auditors.



Manufacturing

New Product Accreditation:

All new products manufactured for ASW go through rigorous quality controls, both internally and externally with ISO17025 accredited Third Party laboratories and other Quality experts.



Shipment



Delivery

Ethical Procurement:

Since 2008, the Group has been a member of the Business Social Compliance Initiative (BSCI), 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 occupational health and safety.

Our partners and manufacturers in high risk countries are required to acknowledge a Code of Conduct and participate in regular compliance audits.

Audits are carried out by external agencies, based on the manufacturing country of origin social risks (defined by BSCI), and the availability of other Social audit assessments (e.g. SMETA, ICS, ICTI, SA8000).

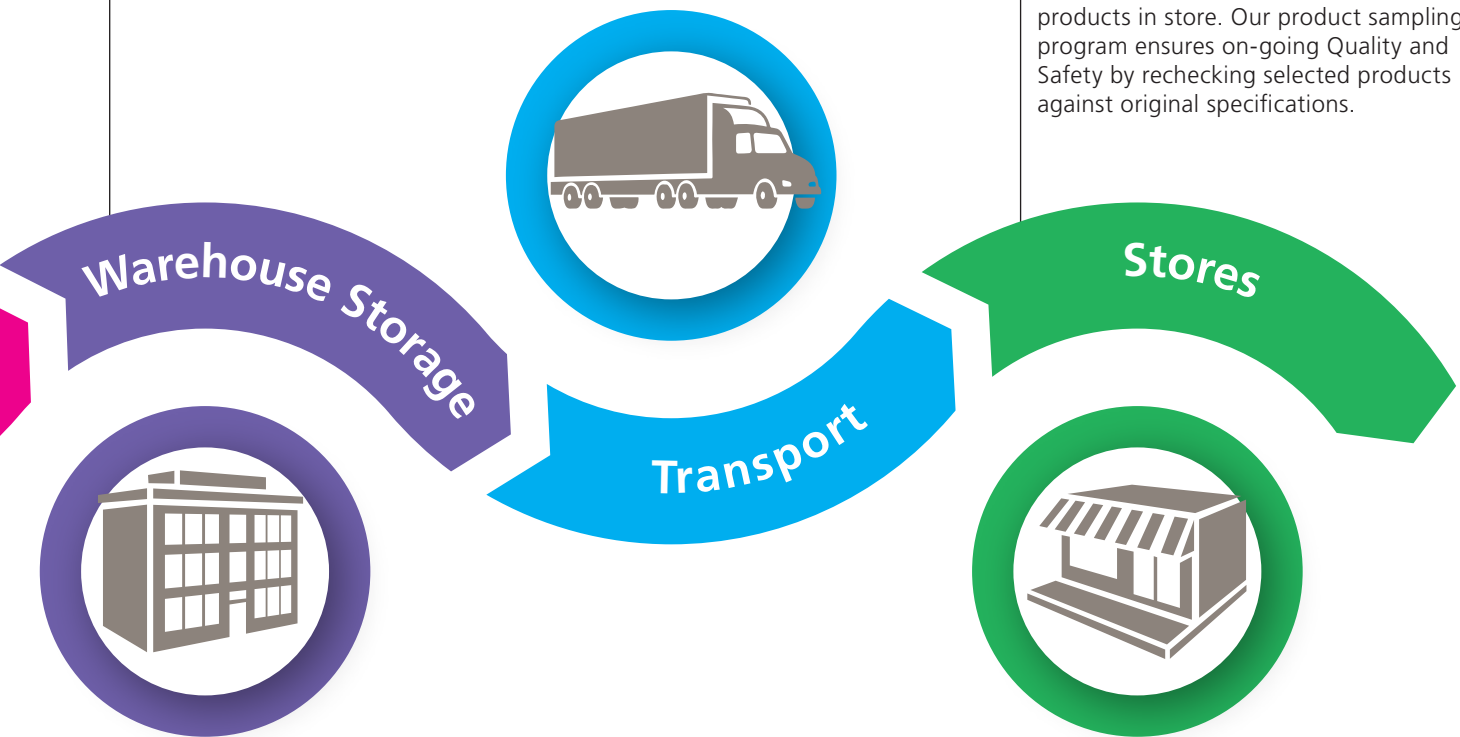


Delivery Control:

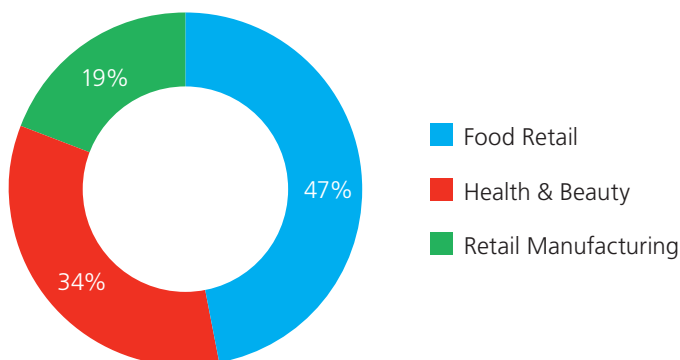
We make use of a mix of controls before shipment (by independent Third Party inspectors) and upon reception in our warehouses (by Qualified ASW staff). Controls include labeling review, product conformity and other safety checks.

Post-Market Surveillance for Own Brand products & fresh food:

Ongoing Post Market Surveillance is conducted with regular re-assessment of our Own Brand and fresh food products in store. Our product sampling program ensures on-going Quality and Safety by rechecking selected products against original specifications.



Post-Market Surveillance Tests Repartition:



More information available at:

Food Retail:
www.parknshop.com

Watsons Health & Beauty Retail:
www.watsons.com.hk/ownbrand

Manufacturing (Watsons Water):
www.watsons-water.com/en/purity_distill.html

Our Awards

Brand Image



watsons

Philippines

Winner

Health Promotion Category

(by Asia Responsible

Entrepreneurship Awards 2015)



Hong Kong

Top 10 Prestigious Brand

(by Prestigious Brand Award 2014)



Ranked 3rd amongst "Top 100 Indispensable Brands"

(by European Institute for Brand Management)



watsons

Ukraine

No. 1 Choice in Ukraine's Health & Beauty (2014)

(by "No. 1 Choice of the Year" International Festival Contest/TNS)



Hong Kong

Hong Kong's Most Authentic Brands

(by Cohen and Wolfe's Authentic Brands 2014 Report)



United Kingdom

The UK's Best Personal Care Retailer 2014

(by Verdict Customer Satisfaction Awards)
Recognising how well we know our consumers and meet their needs consistently



Watson's Wine

Hong Kong

The 7th Most Popular Hong Kong and Macau Brands Awards, Most Popular Brand for Tourists - Excellent Brand

(by China Media Network)



watsons

Thailand

Superbrands

(by Thailand Superbrands Council)



watsons

Asia

Asia's No 1 Pharmacy/Drugstore Brand in the "Asia's Top 1,000 Brands" survey

China

Ranked 25th amongst "Top 100 China Brands" (2014)
(by Campaign Asia-Pacific)

eCommerce



watsons

Taiwan

Remarkable e-Invoice Service Corporate Award (2014)

(by National Taxation Bureau of Taipei Ministry of Finance)



ICI PARIS XL

Netherlands & Belgium

Best Perfumery Webshop
(by Q & A Research & Consultancy)

CRM



watsons

Malaysia

Best Brand Loyalty Campaign Gold Asia
(by Promotional Marketing Awards of Asia)

Product



Netherlands

**Eco-Beauty Innovation
Award Cosmoprof**

Kruidvat & Fasten have been awarded the Cosmoprof Eco-Beauty Packaging Award for their innovation in the Skincare category: "Kruidvat Skinscience". The jury awarded the innovative packaging PMMA and ABS for replacing with more eco-friendly materials. All this while still keeping the premium consumer perception of high end skin care packaging



United Kingdom

Best New Sun Care Product -
Superdrug Solait Wet Skin
Protection Spray

Best New Colouring Product -
Superdrug Ultrabrights

Best New Foundation -
B. Confident CC Cream
(by Pure Beauty Awards 2014)



Netherlands

Best Buy - Kruidvat LED Spot 4W (2014)
(by The Consumer Association
of Netherlands)

Marketing



Malaysia

**Best use of Branded Content -
Bronze Award**
(by Media Specialists Association)

**Gold Award - Best Use of
Co-Creation/Crowd Sourcing
of The Loyalty &
Engagement Awards**
(by Marketing Magazine)

**Best Marketing Discipline
Campaign - Gold Malaysia Award**
(by Promotional Marketing
Awards of Asia)

**Excellence in Sponsorship
Activation - Silver Award**
(by Marketing Excellence Awards 2014)



Latvia

**1st Place in Business Social
Network Profile**
(by Draugiem.lv)

Customer Service



Taiwan

The Best Service in Taiwan Award -
3rd place in CVS/H&B Retailer
category (2014)
(by Commercial Times)



Netherlands

Best Self-Care Adviser 2014

In recognition of Trekpleister's in-depth knowledge and professionalism on self-medication advice. This is the 2nd consecutive year that Trekpleister wins the title

ENVIRONMENT



We recognise that our operations have an environmental impact, particularly through:

- Lighting, heating and cooling of our offices, stores and warehouses
- Fuel consumption of distribution fleets
- Generation of certain hazardous (e.g. bulb use) and non-hazardous waste
- The manufacturing of drink products

As a result, ASW is committed to:

- Enhancing our contributions to environmental sustainability through sustainable development initiatives and implementing good environmental practices
- Regularly reviewing our business practices to identify how we can use

resources like energy, water and other raw materials sustainably and more efficiently, while reducing waste and greenhouse gas emissions

- Communicating to suppliers our expectations of responsible and sustainable sourcing

Retail BUs will cover 9 Aspects, while manufacturing will cover 8.

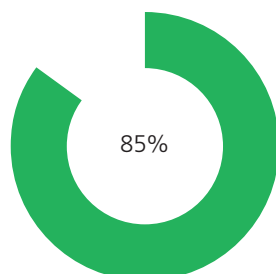
While we do mention Transport and Warehousing in our environmental scope, coverage, these processes are subcontracted to external Third Party Logistic ("3PL"). Our BUs' task is to engage these 3PL in waste and energy saving initiatives.

Focus on 10 key aspects

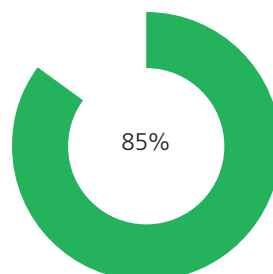
1. Overall Compliance
 2. Staff Awareness
 3. Office Utilities
 4. Office Waste
 5. Store Utilities
 6. Store Waste
 7. Warehouse Utilities
 8. Warehouse Waste
 9. Energy-Efficient Transport
 10. Manufacturing
- 

Achievement of Core Standards (2014)

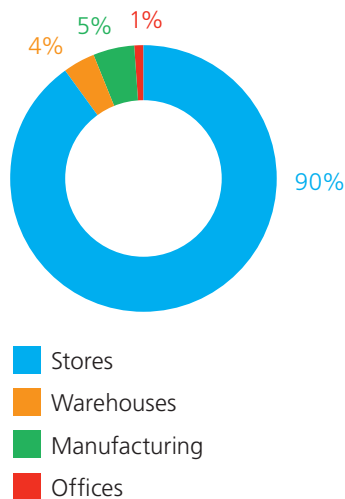
ASW Asia



ASW Europe



Electricity consumption for ASW Group (Asia + Europe)



Energy Management Programme

By implementing a robust Energy Management Programme in each Market where we operate, we can positively influence our environmental and economic impact while ensuring business continuity. Currently, each BU has appointed Energy Champions to push for more efficient energy consumption and fulfill the programme's goals.

Our short and medium-term goals are to:

- Implement a good energy performance monitoring system
- Engage third party logistics services ("3PL") suppliers that meet our environmental standards
- Report energy performance in the bi-annual CSR reporting cycle
- Invest in energy-efficient hardware that is in line with our environmental policies
- Increase staff awareness and commitment

Our long-term goals are to:

- Reduce energy costs, wherever possible
- Define best practice benchmarks for energy consumption within our Group
- Measure our performance against benchmark levels
- Give higher priority to energy efficiency investments
- Where possible, to use energy from sustainable sources
- Where possible, to negotiate better energy costs with utilities companies

Other environmental initiatives in progress:

Group Office:

- An energy & carbon audit of our Head-Office
- Recycling programme for unused or damaged electrical and electronic equipment
- Green Office Awards Labelling Scheme

All offices (BUs and Group):

- Increased usage of printing and publication paper from responsible sources (i.e. PEFC, FSC, or recycled paper)
- Reduction of printing paper usage



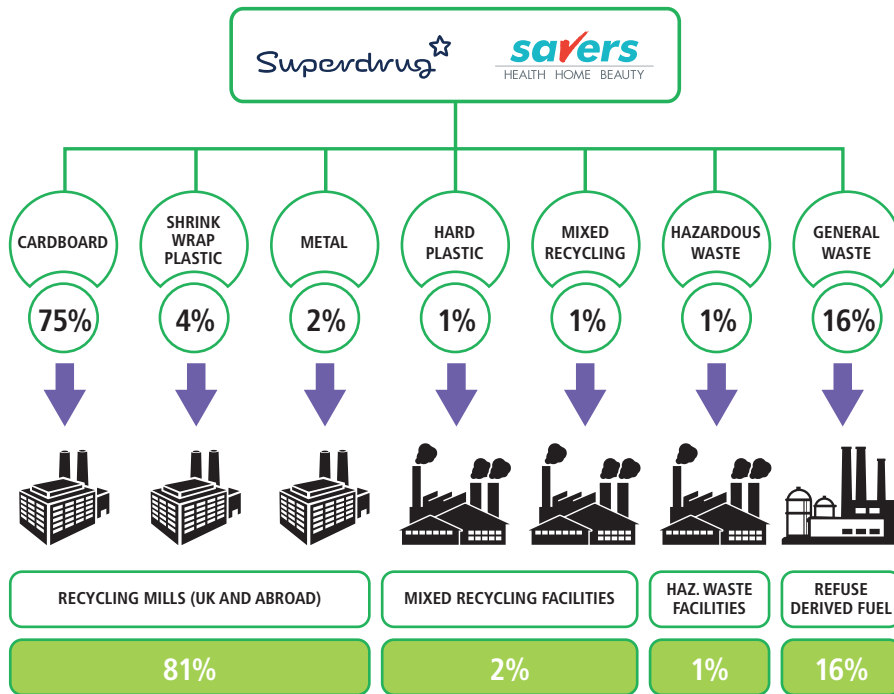
We invested in video conference facilities in our major offices in Europe (France, the Netherlands, Switzerland and the UK) and Asia (Hong Kong), to facilitate staff communications between offices and reduce travel as much as possible

Retail stores (Asia, Europe):

- Various energy savings initiatives, including LED light usage
- Reducing distribution of single-use plastic carrier bags and encouraging the use of more environmentally-friendly carrier bags

Waste management:

- Superdrug and Savers “zero waste to landfill” programme. The initiative has been nominated in “Retail/Service Sector Recycler of the Year” category in the UK



“ Since 2010, we have successfully achieved an 84% rate of waste recycling via our distribution centres and 100% landfill waste diversion. ”

Peter MacNab
Managing Director
A.S. Watson Health & Beauty UK

- Go Green Bottle. As part of a continual effort to improve the environment and reduce plastic waste, Watsons Water has introduced new Go Green bottles entirely made of 100% rPET recycled material and all plastic sleeves on the bottles are designed with double dotted lines for easier removal and recycling



Have a look at our bottles!
<http://goo.gl/zKjwwZ>



Our Awards



watsons water
Hong Kong
Green Office Awards
Labelling Scheme - Green
Office Label and Better World
Company Label
(by World Green Organisation and the United Nations Millennium Development Goals)



Hong Kong
Winner
Green Leadership Category
(by Asia Responsible Entrepreneurship Awards 2015)

COMMUNITY



Through its Community initiatives, ASW is committed to supporting and encourage BUs to:

- Initiate dialogue with local communities for mutual benefits
- Develop programmes with local community organisations that are relevant to our business and beneficial to local community needs
- Get employees involved in local community organisations and activities
- Establish a long-term partnership with relevant charitable organisation(s) and to make local donations and sponsorships that are in line with the company's policy

Facts

In 2014, the total amount of donations and fundraising in ASW reached HK\$ 18 million+

ASW BUs worked hand in hand with 100+ charitable organisations in various areas:

- Disaster relief
- Health checks and healthy lifestyle promotion



PARKnSHOP China Volunteering



Focus on 2 key aspects

1.

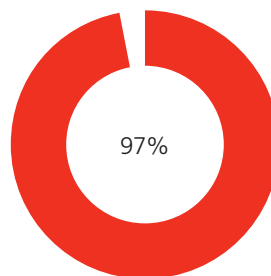
Community Development
& Volunteering

2.

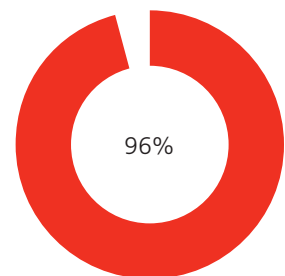
Donation & Fundraising

Achievement of Core Standards (2014)

ASW Asia



ASW Europe



- Support and care for the elderly, persons with disabilities, children and women
- Environmental awareness
- Support for young athletes
- Beauty empowerment and self-confidence campaigns

Global Volunteer Day 2014

A.S. Watson's Global Volunteer Day has been a core Community event for four consecutive years, motivating its global operating markets to engage staff and family members in sharing their care and love through volunteering.

We have invited our participants to share their volunteering stories and behind the scene experiences. Visit our Facebook page for more touching tributes and photos!

Beneficiary groups include...

- Children in schools, orphanages and hospitals
- Elderly
- Underprivileged families
- Patients and healthcare institutions
- The mentally and physically challenged
- Local communities
- Green groups

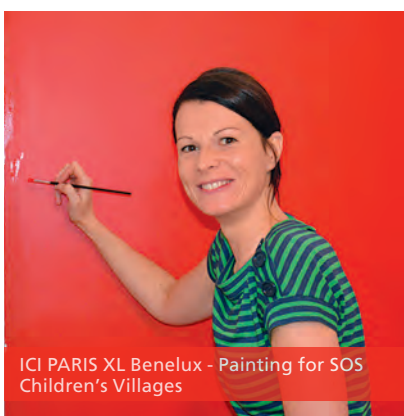


Check out the best smiles on Facebook!

<http://goo.gl/91we2R>



PARKnSHOP China - Hope & Love for rural underprivileged children



ICI PARIS XL Benelux - Painting for SOS Children's Villages



Watsons Singapore - Outing for women and children from shelter centre



ASW Group Office, Zurich - Charity Run4kids



Watsons Malaysia - Recycle Your Used Water Bottle



Drogas Lativa - Global Hand Washing Day



PARKnSHOP Hong Kong - Elderly Health Promotion Day



Watsons Thailand - Street Makeover

30,000+
people
served

160+
activities



ASW Group Office, UK -
Gardening for local children's zoo



Superdrug United Kingdom -
Marie Curie Cancer Care Fundraising

24
Markets



Watsons Ukraine - Painting School fence with Children

15,000+
volunteers



ASW Group Office, Hong Kong - Beach Cleanup Day

Every Child Deserves to Smile

Operation Smile is Watsons Philippines' annual medical mission to transform the lives of Filipino children with cleft lips and palates. The initiative helps children regain confidence and smile by working with a global team of doctors and surgeons.

Since 2013, more than a hundred smiles and lives have been wonderfully transformed. Last year, over fifty children ranging from 6 months to 8 years old benefited from fully-subsidised surgeries. Watsons covered all treatment expenses and hundreds of employees volunteered their time and assistance to make these children feel great.

And while a new batch of children recovered, the previous year's beneficiaries also returned for a celebration party. Far from the shy and insecure faces volunteers saw a year before, these kids returned with smiles glowing with joy and confidence. Operation Smile has been a resounding success and Watsons Philippines will extend the reach of the programme to help many more children.



Business unit volunteer and a beneficiary



Celebration party with recovered children



Watsons Philippines – Operation Smile Surgical Mission



Special Charming Kitty masks sold to raise funds



Watsons Taiwan - Charity hike for Lung Cancer Awareness Day



Business unit volunteers and their family members are on their way to mountain top



Families enjoying the great outdoors during the charity hike programme



Healthy lungs and happy smiles

Love Your Lungs

In 2013, Watsons Taiwan introduced the LOVE in HER programme to help women combat daily stress and challenges with healthy lifestyle initiatives. As an extension of this commitment, it is now raising awareness for female lung cancer prevention.

In partnership with Formosa Cancer Foundation, Watsons carried out several activities to raise funds and educate Taiwanese women about lung cancer prevention.

To encourage employees to regularly check their lungs, Watsons also offered discounts on voluntary health screenings. Staff members are encouraged to go on a weekly "Light Meal Day" to reduce air pollution, while a number of quit smoking incentives have been launched. In a great show of support, many employees and suppliers also participated in a charity hike for Lung Cancer Awareness Day.



PARKnSHOP volunteers at an elderly centre



Customers donate food to Food Angel



PARKnSHOP volunteers at Food Angel's central kitchen



Launch of "City Food Drive" programme to raise public awareness of food assistance



88,000 food items are donated in just eight weeks



Highlights of PNS HK Food programme



In 2012, PARKnSHOP became the first Hong Kong supermarket to put surplus produce to good use by launching the territory's first surplus-food donation programme. By the end of 2014, more than 250,000 kg of food were turned into hot meal boxes by the brand's local charity partner, Food Angel, to feed the needy. The pioneering food donation programme has now expanded to 120 stores, with a range of produce including vegetables, fruit, bread, poultry, meat and packaged food.

To raise public awareness of food assistance, PARKnSHOP launched another programme called "City Food Drive" in 2013. A year later, this programme was extended so that customers could make donations of basic grocery items at any store. Customers who chose SELECT-brand items would have their donations matched with an additional donation by PARKnSHOP. In just eight weeks, over 88,000 food items were donated and over HK\$1.8 million worth of food items and cash donations were given out to the needy.

Our Awards



**Hong Kong
Silver Award
Web Accessibility Recognition
Scheme 2015**
(by Office of the Government Chief Information Officer and the Equal Opportunities Commission of HKSAR)
A.S. Watson corporate website and ASW Hong Kong Student Sports Awards website have been recognised by HKSAR for their barrier-free design for all users, catering the needs of people with disabilities



**Hong Kong
Social Capital Builder Award (2014)**
(by Labour & Welfare Bureau of HKSAR)



**Hong Kong
Winner
Social Empowerment Category**
(by Asia Responsible Entrepreneurship Awards 2015)



Watson's Wine



**Hong Kong
Caring Company**
Group Hong Kong office has been recognised as a Barrier-free Company / Organisation by the Hong Kong Council of Social Services



**Hong Kong
1st Runner-up,
Top Fund-raiser Award in the
New Territories Walk for Millions**
(by The Community Chest Hong Kong)

ANNEXES

Environmental, Social and Governance ("ESG")

ASW CSR reporting stated in this report follows the ESG framework as stated in the Reporting Guide of the Hong Kong Stock Exchange.

1. Boundaries

Our report focuses on our own operations in 21 Markets:

Europe:

- Drogas (LV, LT)
- Group Offices (UK, CH)
- ICI PARIS XL (NL, BE, LU, DE)
- Kruidvat & Trekpleister, (NL, BE)
- Savers (UK)
- Spektr (RU)
- Superdrug (UK, IE)
- The Perfume Shop (UK, IE)
- Watsons The Chemist (TR, UA)

Asia:

- PARKnSHOP (HK, MO, CN)
- Watson's Wine (HK, CN)
- ASW Industries (HK, CN)
- Fortress (HK, MO)
- Watsons (CN, TW, HK, MO, PH, MY, SG, TH, ID)
- Group Office (HK)

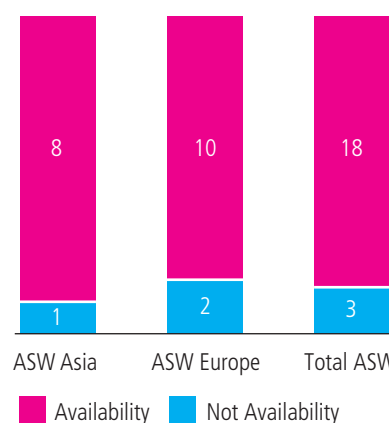
2. Reporting Period

Quantitative and qualitative information cover the period **1 January to 31 December 2014**.

3. Data Availability

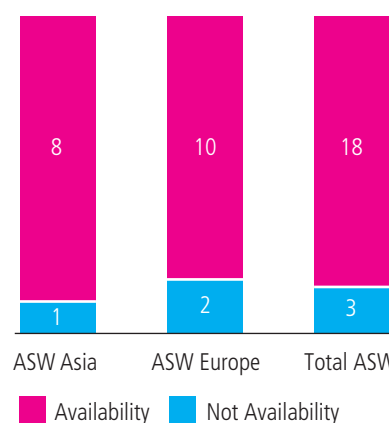
Workplace: Available from all Markets

Marketplace:



Improvements in data collection for OB packaging waste are in progress in 3 small Markets.

Environment:



Some Markets are unable to collect environmental data from landlords and 3PL. However, BUs will continue to engage with them.

Community: Available from all Markets

4. Compliance with ESG Guidelines & Policies:

#	Disclosure & Compliance	ASW Asia	ASW Europe
A	Working Quality		
A1	Working Conditions		
	Policies available and in use	●	●
A2	Health and Safety		
	Policies available and in use	●	●
	Number of work-related fatalities	0	0
	Number of lost days due to work injuries	26,984	1,699
	Measures on occupational health and safety	●	●
A3	Development and Training		
	Policies available and in use	●	●
A4	Labour Standards		
	Policies available and in use	●	●
	Measures to review employment practices to avoid child and forced labour	●	●
B	Environmental Protection		
B1	Emissions		
	Policies available and in use	●	●
	Measures to mitigate emissions	◐	◐
	Measures to handle and reduce hazardous and non-hazardous wastes	●	●
B2	Use of Resources		
	Policies available and in use	●	●
	Tracking energy consumption ~ Offices, stores & Manufacturing	◐	◐
	Water consumption (cubic meter) ~ Food retail & Manufacturing	2.6 millions m ³	n/a
	Packaging materials from Own Brand products (tons)	33,319 tons	8,920 tons
	Paper consumption for office printing & publications (tons)	11,310 tons	37,373 tons
	Measures / initiatives on energy use efficiency	◐	◐
	Measures / initiatives on water sourcing and efficiency	◐	◐
B3	Environment and Natural Resources		
	Policies available and in use	●	●
	Measures relating to managing significant impacts of activities on the environment and natural resources	◐	◐
C	Operating Practices		
C1	Supply Chain Management		
	Policies available and in use	●	●
	Measures / practices relating to engaging and monitoring suppliers	●	●
C2	Product Responsibility		
	Policies available and in use	●	●
	Measures / practices relating to dealing with product and service related complaints received	●	●
	Measures / practices relating to observing and protecting intellectual property rights	●	●
	Measures / procedures on quality assurance and recalls	●	●
	Measures / policies to protect consumer data and privacy	●	●
C3	Anti-Corruption		
	Policies available and in use	●	●
	Measures to prevent bribery, extortion, fraud and money laundry and procedures on whistle-blowing	●	●
D	Community Involvement		
	Policies available and in use	●	●
	Number of man-hours contributed in focus areas	17,111 hrs	12,737 hrs
	Amount of money donated / contributed in focus areas (HK\$ millions)	HK\$ 6.4 m	HK\$ 11.6 m

Legend:

● Fully achieved ◐ In progress ○ Not yet started



ASW staff at the 2015 "Walk for Millions" charity walk event in Hong Kong

We are A.S. Watson Group

With a history dating back to the 19th century, A.S. Watson Group (ASW) has evolved into an international retail and manufacturing business with operations in 24 markets worldwide. Today, the Group operates 13 retail brands with over 12,000 stores running the gamut from health & beauty chains, luxury perfumeries & cosmetics to its food, electrical & electronics and fine wine retail arms.

Also an established player in the beverage industry, ASW provides a full range of beverages from bottled water, fruit juices, soft drinks and tea products to the world's finest wine labels via its international wine wholesaler and distributor. ASW employs over **110,000 staff** and is a member of the world renowned multinational conglomerate CK Hutchison Holdings, which has major interests in five core businesses – ports and related services, retail, infrastructure, energy and telecommunications in over 50 countries.

ASW operates in **24 markets** worldwide:

Albania	Mainland China
Belgium	Malaysia
Czech Republic	Netherlands
Germany	Philippines
Hong Kong	Poland
Hungary	Russia
Indonesia	Singapore
Ireland	Taiwan
Latvia	Thailand
Lithuania	Turkey
Luxembourg	Ukraine
Macau	United Kingdom

For more details, visit
www.aswatson.com





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