

A.S. Watson Group

Corporate Social Responsibility Report 2017

Building For The Future



A member of CK Hutchison Holdings

MESSAGE FROM GROUP MD

In 2016, we celebrated the 175th Anniversary of A.S. Watson Group. From a small dispensary in Hong Kong in 1841 to an international leader in health and beauty retail, we have been dedicating ourselves to put a smile on customers' faces. At the same time, we maintain a strong commitment to ensure business continuity in a sustainable and responsible manner.

Last year, we launched our community initiative, Project LOL as part of our Corporate Social Responsibility efforts to build a caring spirit in our society. The first activity under the Project, "Elderly Day 2016", was held on 17th April 2016. A team with over 1,300 volunteers from the Group's six business units and 35 business partners in Hong Kong visited more than 1,750 singleton elderly in the city.

I am delighted to see good progress in our Corporate Social Responsibility roadmap across Employee Engagement, Sustainable Own Brand products development, Customer Satisfaction, Waste Reduction and Energy Saving initiatives across our operations, and continued engagement in supporting charity organisations that are relevant to our business.

This progress would not be possible without the passion of over 300 CSR colleagues in our businesses across Asia and Europe, who take an active role in various Corporate Social Responsibility committees at Group and local business unit levels, sometimes even in highly specialised topics such as Energy Management and Supply Chain Sustainability. Their passion, teamwork and commitment, combined with support from their management and colleagues, is our fuel in driving the CSR agenda.

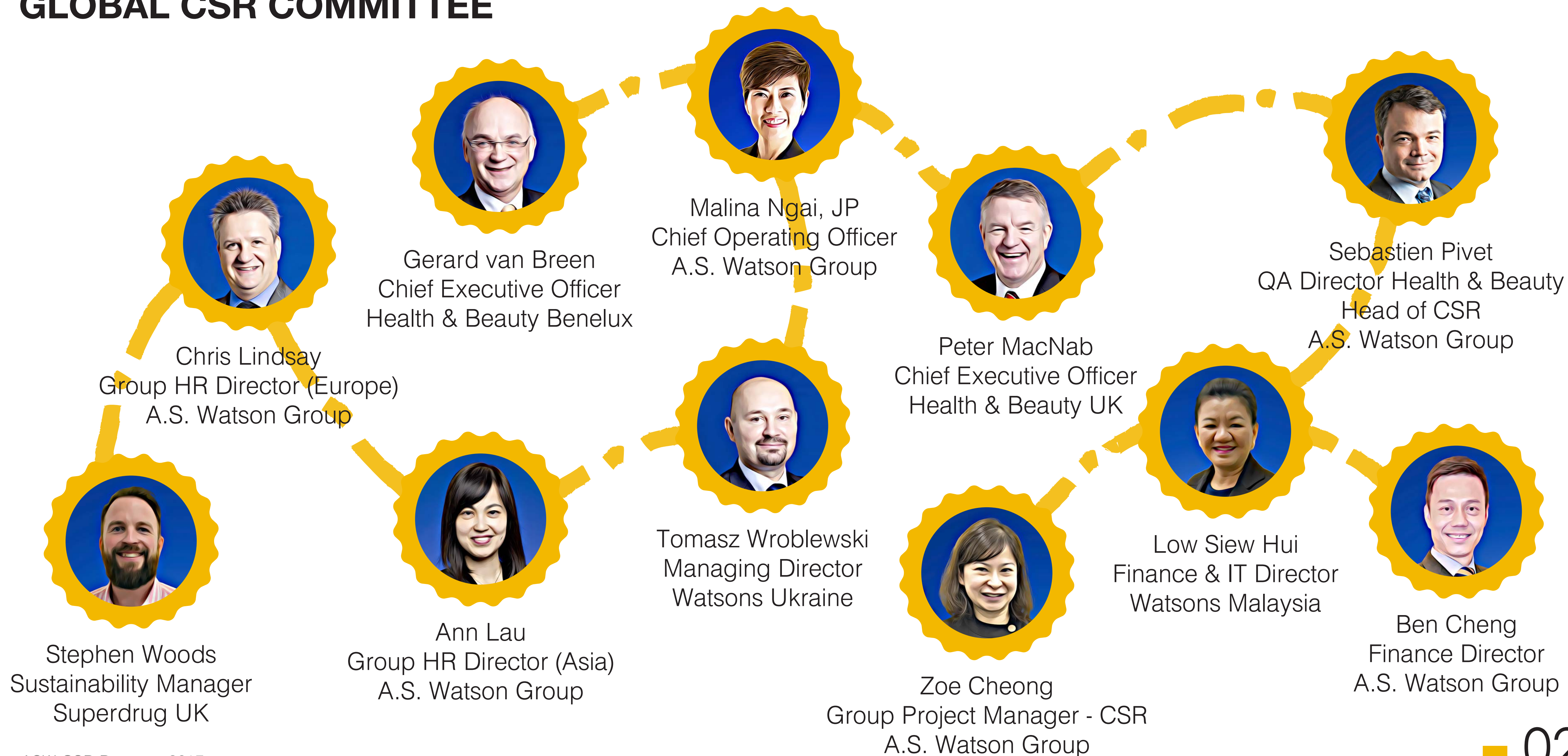


Dominic Lai

Group Managing Director
A.S. Watson Group

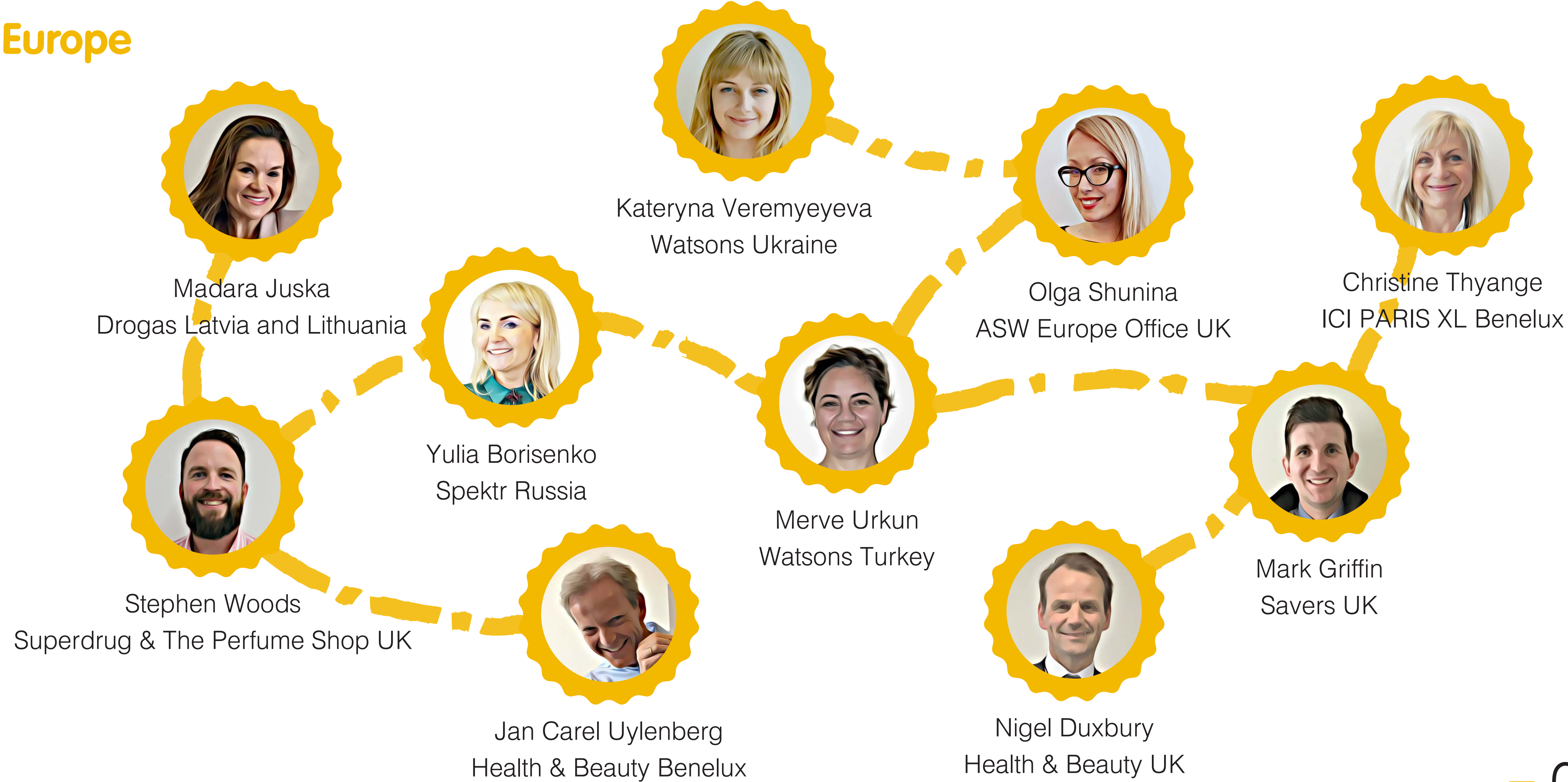
A.S. WATSON GLOBAL CSR COMMITTEE

Together Everyone Achieves More



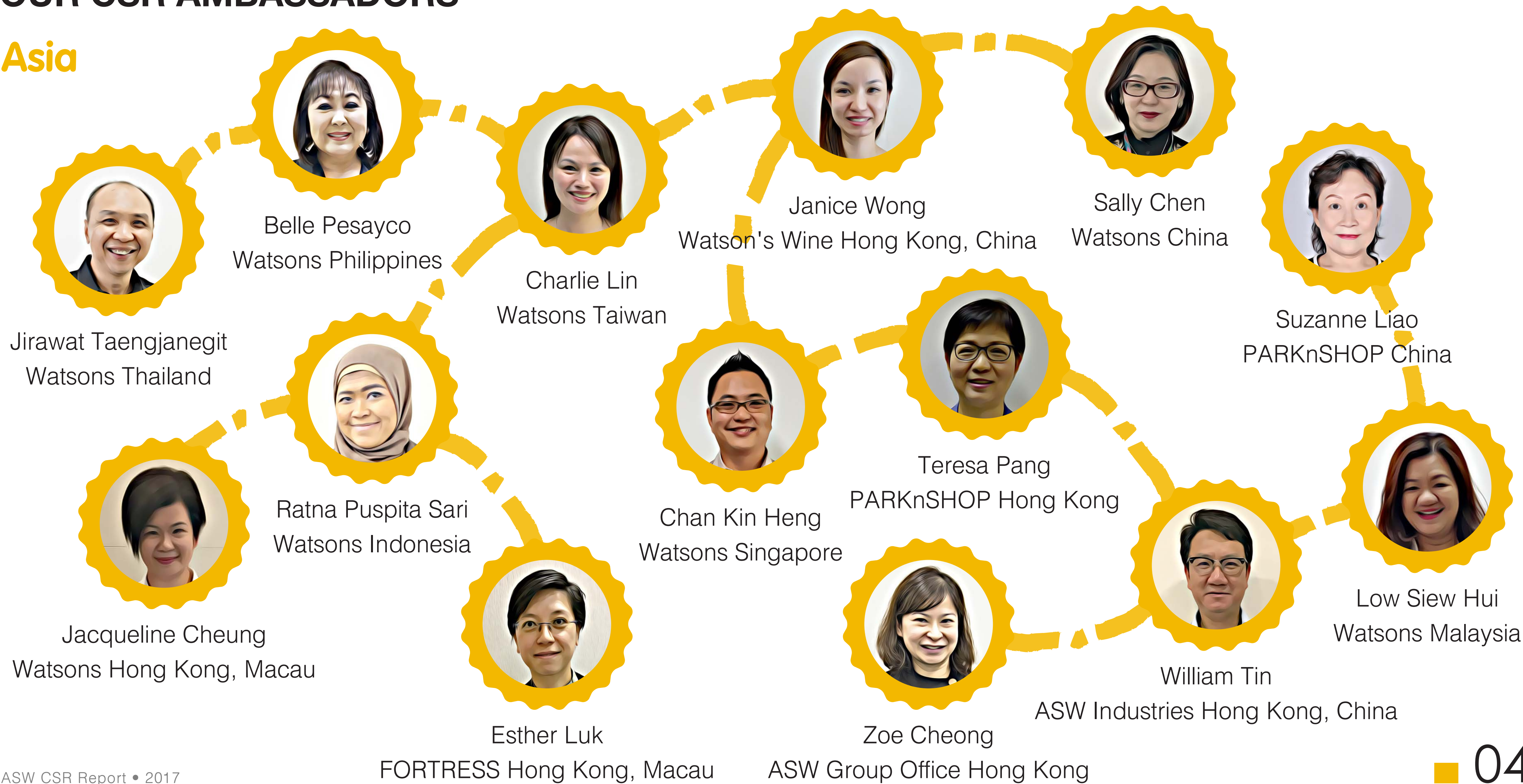
OUR CSR AMBASSADORS

Europe



OUR CSR AMBASSADORS

Asia



CSR AS A CORE STRATEGY

A.S. Watson’s heritage dates back to 1841, where we started as a small dispensary in Hong Kong providing free medicine to the needy. Since then, we have continued to build on our rich history of addressing social and environmental issues in all the markets we operate in.

CSR STRUCTURE

The Global CSR Committee comprises of leaders from Group and Business Units (“BUs”) levels who are responsible for driving the CSR strategic direction and roadmap for A.S. Watson Group.

Spearheaded by our Group Managing Director, the Committee is powered by the belief that responsible business practices and commitment bring more to the community today, and tomorrow. From better workplace standards, environmental programmes to customer service and outreach activities, we aim to implement initiatives that enhance staff and customer loyalty, create social good and contribute to sustainable financial success.

The Global CSR Committee’s responsibilities include:

- Setting group-wide CSR roadmap priorities
- Reviewing and driving the progress of all CSR projects and initiatives



ASW COLLEAGUES INVOLVED IN CSR

GLOBAL VISION, LOCAL ACTION

We recognise that every market is unique 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 create localised programmes and activities that adapt our four CSR Pillars to the specific needs of their communities.

CSR REPORTING

The Group CSR Reporting is monitored by the Global CSR Committee. BUs set their annual CSR targets based on the Group’s priorities across four CSR Pillars. These targets are submitted to the Global CSR Committee at the beginning of every year and progress is reported to the Global CSR Committee twice yearly.



Community



A.S. Watson Group's philanthropy programme Project LOL brings Lots of Love and Lots of Laughs to the community, which celebrated Group's 175th Anniversary with highlight activity "Elderly Day" to serve 1,750 singleton elderly in Hong Kong

OUR COMMITMENT

In an effort to make a positive impact within our communities, we focus our initiatives on:

- Maintaining long-term partnerships and supporting local communities and charities via donations and sponsorships
- Developing programmes that are mutually beneficial to our business and the community
- Encouraging employees to be involved in local organisations and activities

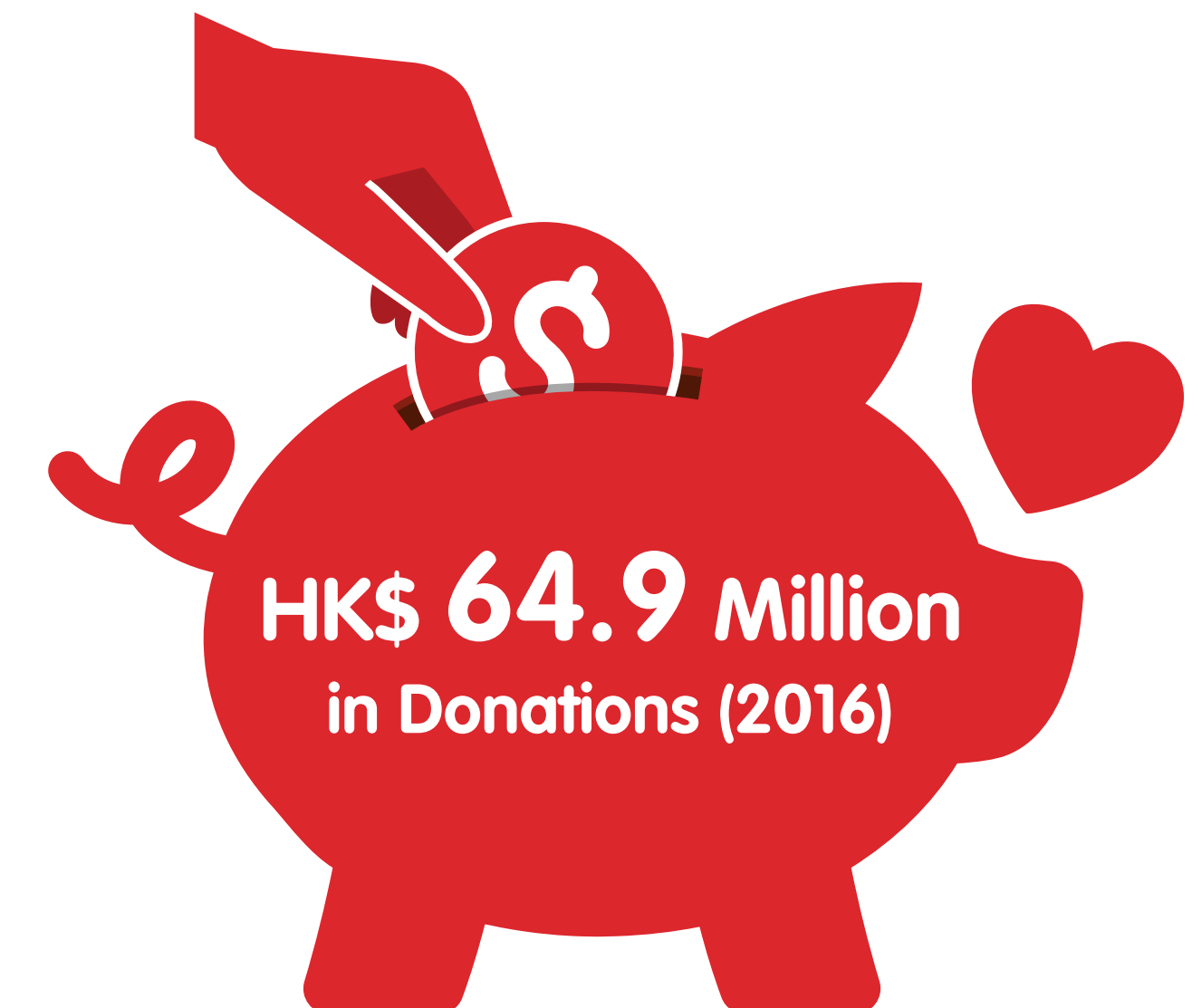
Volunteer Service Hours



PARKnSHOP Hong Kong - Elderly Outing Day



Drogas Latvia - Global Hand Washing Day



PROJECT LOL

Since the launch of Project LOL in 2015, the philanthropy programme has benefited over 250,000 beneficiaries and successfully brought “Lots of Love, Lots of Laughs” to the people of Hong Kong. Our fundraising, volunteering and social responsibility initiatives focus on creating meaningful impact in Health,

Education and Community. From offering free health checks and consultations to the needy, to supporting sports development and environmental protection, our BUs strive to implement programmes that inspire, help and lift up local communities.



[Read more about Project LOL!](#)



PROJECT LOL



Lots of Love,
Lots of Laughs

FUTURE STARS UPWARD MOBILITY SCHOLARSHIP

In 2016, A.S. Watson Group awarded scholarships to 30 secondary school students who were in need of support to achieve their dreams under the Future Stars Upward Mobility Scholarship, which was launched by the Hong Kong Commission on Poverty.



FUTURE STARS UPWARD MOBILITY SCHOLARSHIP

A number of beneficiaries have written back to thank us and describe how the fund has helped them turn their dreams into reality:

Fung-mei Wong from Tung Wah Group of Hospitals Lee Ching Dea Memorial College used the scholarship to better prepare for her DSE with supplementary exercises. She dreams of being a mechanical engineer one day and says, “Being one of the beneficiaries, I definitely will pass the caring spirit on to others.”

Wing-sum Chan from Christian & Missionary Alliance Sun Kei Secondary School comes from a modest background. Her family couldn’t afford piano or ballet classes. With the scholarship, new doors leading to fresh opportunities are now opening up for her. Wing-sum says, “I started out late, but I trust I will reach further than many others.”

Bo Tam from Chong Gene Hang College had a dream she felt was too big to turn into reality. But we wanted her to know that we believed in her by encouraging her not to give it up.

We are delighted to be able to contribute positively to the lives of our youth and communities and are encouraged to continue putting smiles on people’s faces!



AWARDS



Hong Kong

The 7th Hong Kong Outstanding Corporate Citizenship Awards Enterprise Category - Silver Award
(by Hong Kong Productivity Council and the Committee on the Promotion of Civil Education)

The 7th Hong Kong Outstanding Corporate Citizenship Awards Volunteer Team Category - Merit Award
(by Hong Kong Productivity Council and the Committee on the Promotion of Civil Education)

PR Awards 2016 Best PR Campaign (CSR) - Silver Award
(by *Marketing Magazine*)

Asia Responsible Entrepreneurship Awards 2016 - Social Empowerment
(by Enterprise Asia)

Web Accessibility Recognition Scheme 2016 - Silver Award
(by Office of the Government Chief Information Officer and the Equal Opportunities Commission of Hong Kong)

Social Capital Builder Award (2016-2018)
(by Labour & Welfare Bureau of HKSAR)



Hong Kong

Outstanding Corporate Social Responsibility Awards
(by *Mirror Monthly Magazine*)



Hong Kong

Caring Company
(by The Hong Kong Council of Social Service)



Hong Kong

Age-Friendly City Appreciation Scheme District Award
(by The Hong Kong Council of Social Service)

Click and see more Community stories! ASW

Workplace



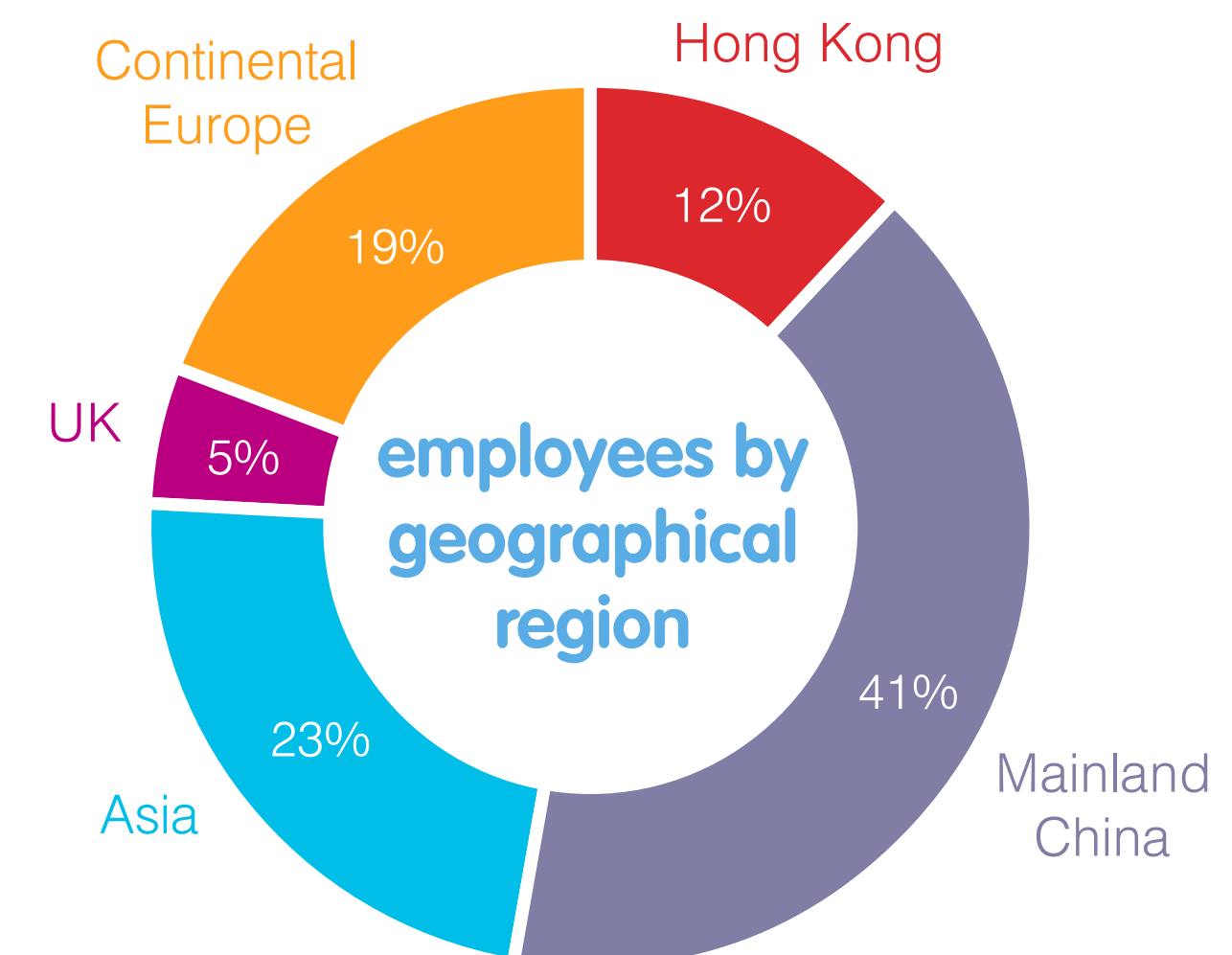
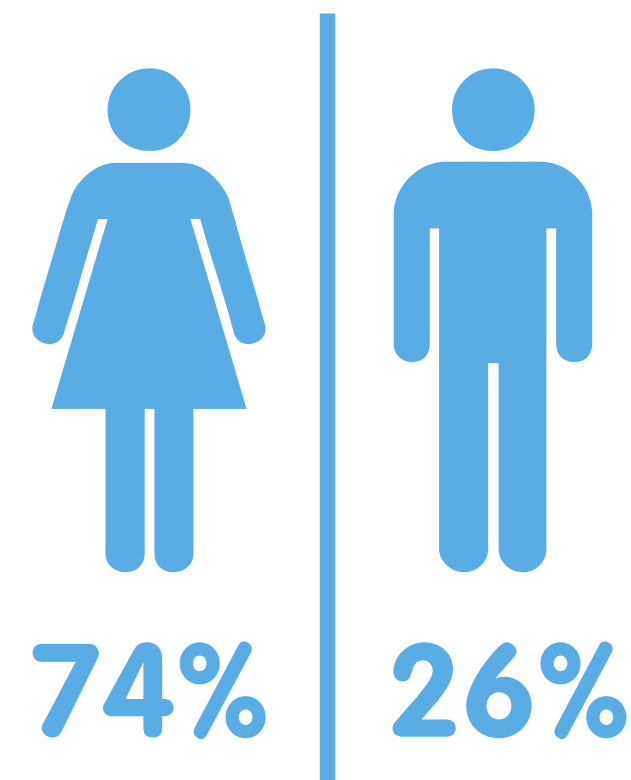
“Be Part of More” is the employer branding campaign which gives a higher purpose for people to work in A.S. Watson

OUR COMMITMENT

We take pride in being known as an employer of choice dedicated to helping our employees achieve their best. This extends to providing them the opportunities and environment suitable to allow them to excel, through:

- Creating a safe, healthy, supportive and discrimination-free working environment
- Providing ample opportunities to enhance one's skill, through on-the-job training and clearly defined progression pathways
- Ensuring equal opportunities and competitiveness in staff remuneration and recognition

Over
130,000
employees

OUR PEOPLE ARE OUR STRENGTH

The core standards in our Workplace ensure we reach aspirational and consistent employment practices across all our BUs.

In 2016, we launched a workplace inter-group best practice exchange focusing on Diversity, Equal Opportunity and Employee Engagement. To date, 58 impactful examples have been shared, both internally and externally. We also developed an in-house employee survey tool with the purpose of gathering feedback and ideas regularly so we stay updated on the pulse of the organisation.

In 2017, we look forward to amplifying our core standards by adding a Wellness pillar that focuses on our employee’s health and well-being.



Average Full-Time Employees' Training Hours by Gender and Position



HEALTH & SAFETY PROGRAMMES

The Health & Safety of our Workplace in warehouses and stores has been the centre of recent efforts of improvement. In the 2016 Supply Chain Conference, new guidelines were officially published, giving BUs and Supply Chain Heads a list of actions they could implement and follow. The annual conference also provided the opportunity to share ideas, initiatives and strategies through a working session on Health & Safety.

Health & Beauty Benelux is one example of a BU leading the way on Health and Safety in the workplace. As part of their larger CSR programme “Doing Good – Better Life”, the “Fit for Work” programme was launched with the aim of encouraging employees to incorporate health, safety and personal development into the daily work routine.

For the Supply Chain unit, health initiatives included sport events, discounts on fitness centre subscriptions, job rotation and even a biennial “Fit for Work Week” of fun activities and workshops. In 2016, the internal safety campaign “Safe Behavior: I'm working in a safe warehouse!” was launched in Benelux to emphasise safety as a responsibility for everyone. With the implementation of more safety tests, weekly checks and employee risk reporting, an even stronger foundation for a safer and healthier work environment is established.



HEALTH & SAFETY PROGRAMMES

Drogas understands the importance of investing in the health and well-being of its employees. Their annual Health & Safety Week is implemented across all stores, the head office as well as distribution

centres. Campaigning usually begins a month before, with each week dedicated to a different theme. Employees can participate in useful trainings, fun contests and activities.



EMPLOYING PEOPLE WITH DISABILITIES

PARKnSHOP Hong Kong understands that a diverse workplace greatly benefits both employers and employees. The Inclusive Organisation Logo winner has been cooperating with the Hong Kong Labour Department, Hong Kong Council of Social Service and 15 NGOs to place disabled people into suitable employment. Currently, PARKnSHOP is a part of the Talent-Wise Employment Charter, and has placed 29 disabled employees in distribution centres and stores in Hong Kong, with disabilities ranging from hearing and physical challenges, to autism and intellectual disability.

Inclusive Organisation



Awarded by Labour and Welfare Bureau

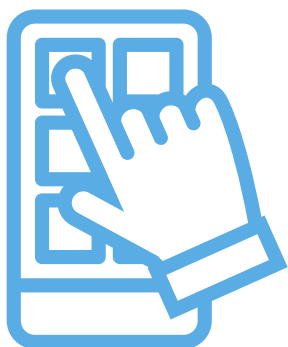




Working together in PARKnSHOP

EVERYDAY LEARNING

With the rise of the millennial workforce and advancements in technology, eLearning is on the rise. Mobile apps in particular, is an effective way to make learning readily available to our employees. To help our employees across the business learn new skills, we have introduced PocketU capturing bite-sized on-demand content that is tailored to frontline and office staff.

In-app videos, interactive learning sessions and fun quizzes are offered via PocketU, which has been released to BUs offering a range of courses across different domains, from compliance training, to management skills and health tips. Contents are regularly updated and colleagues are encouraged to share knowledge and tips within the app, which is expected to boost employee engagement and performance.

	 No. of Users	 No. of Markets	 No. of Languages
Asia	25,000	6	6
Europe	33,100	9	8



FORTRESS MENTORSHIP PROGRAMME

Jointly organised with the Evangelical Lutheran Church Hong Kong, 16 secondary school students were given summer work placements as part of the FORTRESS Mentorship Programme.

Store managers and staff shared customer service tips with the student interns and helped enhance their understanding on electrical appliances and store operations. The store attachment has helped boost the students' self-confidence and given them valuable insights into the operation of the retail sector.

Tang Shuk-ching, an intern, said she gained a new understanding of retail industry, and learnt to be more proactive and positive when facing challenges.

"I have to thank FORTRESS colleagues for their patience in answering my questions and from them I have learnt the importance of teamwork."



SUPERDRUG AND SAVERS APPRENTICESHIP PROGRAMME

The Superdrug & Savers Apprenticeship Scheme has been delivering apprenticeships for 10 years and is recognised as the top Apprenticeship Employer in Retail. We have an excellent reputation for delivering high quality, bespoke training to our apprentices as the 'in house' model is seen by many as the way forward.

More than 2,500 people have achieved a qualification with us, many of whom have progressed onto managerial roles. We currently have 421 apprentices on programme. Over 85% are given permanent roles with over 50% being promoted within their first 2 years. Our achievements have been recognised at the All About School Leavers and Rate My Apprenticeship awards.



The Superdrug and Savers Apprenticeship Teams exhibit a job fair to find our next Apprentices

AWARDS



A.S. Watson Group

Hong Kong

2015/16 Family-Friendly Employers Award Scheme -

- Distinguished Family-Friendly Employer
- Award for Innovation
- Special Mention (Gold)

(by Family Council (Hong Kong))

HR Innovation Awards Excellence in CSR Strategy -
Gold Award

(by *Human Resources Magazine*)

Best Companies to Work for in Asia Award 2016

(by *HR Asia Magazine*)

Happy Company

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



Watson's Wine

Hong Kong

2015/16 Family-Friendly Employers Award Scheme -

- Family-Friendly Employer
- Special Mention (Gold)
- Awards for Breastfeeding Support

(by Family Council (Hong Kong))

Happy Company

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



Philippines

Investors in People - Bronze Award

(by Investors in People)



A.S. Watson Group

Benelux

Top Employer in the Netherlands and Belgium

(by Top Employers Institute)



UK

RoSPA Occupational Health and Safety Awards 2016 -
Gold Award

(by Royal Society for the Prevention of Accidents)

Ranked No.8 in the Top 20 Places to Interview in the UK

(by Glassdoor)



UK

Best 25 Big Companies Award

(by *Sunday Times*)

Top Employers for School & College Leavers Awards

(by AllAboutSchoolLeavers.co.uk)

Click and see more Workplace stories!

ASW

Marketplace



Watsons China reaches 3,000th store milestone in 2017

OUR COMMITMENT

As a leading global retailer, we recognise the impact and responsibilities we have with both our customers and suppliers. Our commitment to them includes:

- Ensuring the quality, value and safety of our products
- Providing products that comply with all legislations in their distribution markets
- Listening actively to customer feedback and responding to complaints
- Protecting our operations against unfair business practices
- Encouraging our suppliers to adopt responsible operations and practices and comply to health, safety and worker welfare guidelines



CUSTOMER ENGAGEMENT

Water Saving Campaigns

Several customer activities were held around the world in celebration of World Water Day.

To encourage customers to make water conservation part of their everyday life, Watsons and Colgate jointly launched a water saving campaign across a number of markets including China, Hong Kong, Indonesia, Singapore, Thailand and the Philippines. Engaging games and videos were launched on the brands' social media platforms, and customers were taught easy tips and tricks to save water through in-store communications.

Meanwhile, Spektr in Russia partnered with Henkel to broadcast an animated educational video titled "Save Water, Save the Planet". The video was played in stores to promote responsible and sustainable consumption of water in our daily life.



Water Saving Campaign Event in Watsons Thailand



Water Saving Campaign Event in Watsons Hong Kong

CUSTOMER ENGAGEMENT

Global Health Campaign

The **Global Health Survey** was conducted to understand the health condition of people in our operating markets, with over 10,000 customers participating in this worldwide research. The Group announced its Global Health Index on the World Health Day, the annual health awareness day designated by the World Health Organization, which revealed the correlation between happiness and health.



In response to the survey results, the Group organised the Global Health Campaign to promote healthy lifestyle and well-being at all ages. All around the world, our operating markets organised activities like outdoor sports challenges, flashmob exercises, in-store activities and social media education campaigns to engage and energise 46,000,000 customers to **#GetActive**.



Marketplace



We worked with over



We have **1,755 stores**
in Asia and Europe proving
Health & Wellness advices to
customers, supported by
3,452 staff
(ranging from pharmacists, nurses,
dispensers, nutritionists and health advisors)

CUSTOMER ENGAGEMENT

Zumba for Wellbeing

Watsons brought the infectious energy and colourful spirit of Zumba to thousands of its customers with several high profile health events around the world.

In Malaysia, the hugely successful Move Your Body event made an electrifying return in the form of a Zumba party with a glow in the night theme. Led by two international Zumba specialists, the party welcomed people of all ages for a fun-filled, calorie-burning total body workout.

Over in China, Watsons incorporated a charity component to their Zumba carnival. Donations were raised by hundreds of participants who danced for health as well as in support of the construction of children's homes.

In Taiwan, the Watsons' Jungle Party celebrated Zumba with a wild and passionate jungle theme that included fun and fashionable experiences for the public. Over 2,000 men and women joined in the public workout, of which 25% were repeat participants from the previous year.

Outside of Asia, Watsons Turkey organised Zumba sessions as part of its sponsorship of the annual Healthy Lifestyle event, themed under Get Active.



Zumba Event in Malaysia



Zumba Event in Taiwan

CUSTOMER ENGAGEMENT

Watsons Taiwan – “Love Her, Love Your Lungs”

This is the third year Watsons Taiwan has partnered Formosa Cancer Foundation for the “Love Her, Love Your Lungs” CSR Programme, a move to raise awareness on the prevention of female lung cancer. A press conference was held on World Lung Cancer Day, and the event included professional trainers who demonstrated aerobic exercises to maintain lung health.

During the campaign period, Watsons donated money for every purchase made by customers in stores, to support the “Screening Support Plan” which subsidised females with a higher risk of lung cancer for screening and early detection. To spread further awareness on lung cancer prevention, all Watsons stores provided pharmacist consultation service and brochure about the illness.



女性肺癌防治手冊

屈臣氏關心您



PRODUCTS AND SERVICES

Own Brand Quality Campaigns

Taking the interests of our customers to heart, we have been working with leading experts and researchers globally to deliver excellent quality and value through our wide range of Own Brand products. To ensure that our Own Brand products achieve the highest standards of reliability, safety and efficacy, we are careful about every stage of the production-to-shelf process and are always open to customer feedback.



Quality and Safety of our products is our top priority.
To find out more, click on each logo above.



In-house chemical laboratory (HK) for Own Brand non-food products; over 11,500 tests performed in 2016

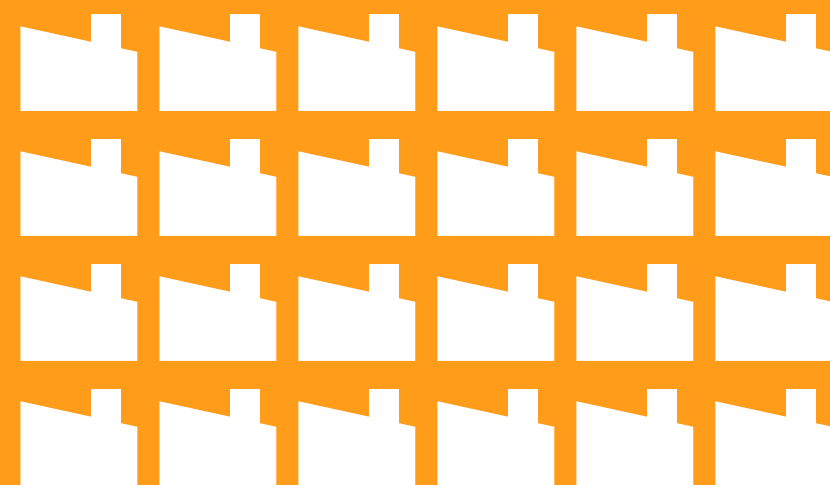


In-house chemical laboratory (HK) for Own Brand and fresh food products; over 52,000 tests performed in 2016

PRODUCTS AND SERVICES

Supply Chain Risk Management

The Group is a member of the Business Social Compliance Initiative (BSCI), an initiative committed to improving working conditions in the global supply chain. This means that our partners and manufacturers are required to agree to a code of conduct and participate in regular compliance audits carried out by external agencies.



Over
800 factories
have been assessed through
BSCI audits since 2008



In 2016,
over 350
BSCI audits were
carried out on suppliers
working with ASW

Since 2016, we are also a member of the Mekong Club, an organisation that helps its member companies develop and implement toolkits to avoid modern slavery within business operations. A range of eLearning courses, guidance documents, compliance training, and risk assessment tools are developed for both our staff and suppliers so that they have the knowledge and capacity to end modern slavery.



AWARDS



A.S. Watson Group

Hong Kong

PR Awards 2016 Best Use of Digital - Silver Award
(by *Marketing Magazine*)

Hong Kong Business Awards 2016 - International Award
(by DHL & *South China Morning Post*)



A.S. Watson Group

Hong Kong

Retail Asia Pacific Top 500 - Top 10 Retailers
(by Retail Asia Publishing)

watsons

Singapore, Malaysia,
Thailand, Philippines



Belgium, Netherlands

Ranked No.2 in Top 10 Strongest Retail Brands 2016
(by RetailTrends)

Top 10 Most Future-Proof Retailers
(by Research Q&A)

watsons

Hong Kong

Certificate of Excellence for the 2016 HKMA Quality Award
(by Hong Kong Management Association)

China

Ranked No.15 in China Chain Store & Franchise
Association Top 100 Retailers of FMCG
(by China Chain Store & Franchise Association)

Taiwan

Yahoo! Super Golden Store
(by Yahoo!)

Asia

Asia's Top 1,000 Brands" Survey 2016 - Asia No.1
Pharmacy / Drugstore Brand
(by *Campaign Asia-Pacific*)

Singapore

Influential Brands Top Brands Awards 2016 - Retail Loyalty
Card, Personal Care Store & Multi Brands Beauty Store
(by Brand Alliance)

Malaysia

Loyalty & Engagement Awards 2016
(by *Marketing Magazine*)

PARKnSHOP

China

Top 10 Retailers in Guangzhou Retail Industry
(by Guangzhou General Chamber of Commerce)

watsons water

Hong Kong

Marketing Excellence Awards Excellence in Content
Marketing - Bronze Award
(by *Marketing Magazine*)

ICI PARIS XL

Netherlands

Best Retail Chain in the Category of Perfumery
(by ABN AMRO Retailer of the Year Election)



Click and see more Marketplace stories!

ASW

Environment

With 1,600 solar panels installed on the roof, the A.S. Watson logistic centre in Heteren, Netherlands is expected to generate 420,000 kwh of power every year

OUR COMMITMENT

Our dedication to preserving the environment and our resources include:

- Actively pursuing 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
- Working with our suppliers towards responsible and sustainable sourcing



ENERGY-EFFICIENCY PROGRAMMES

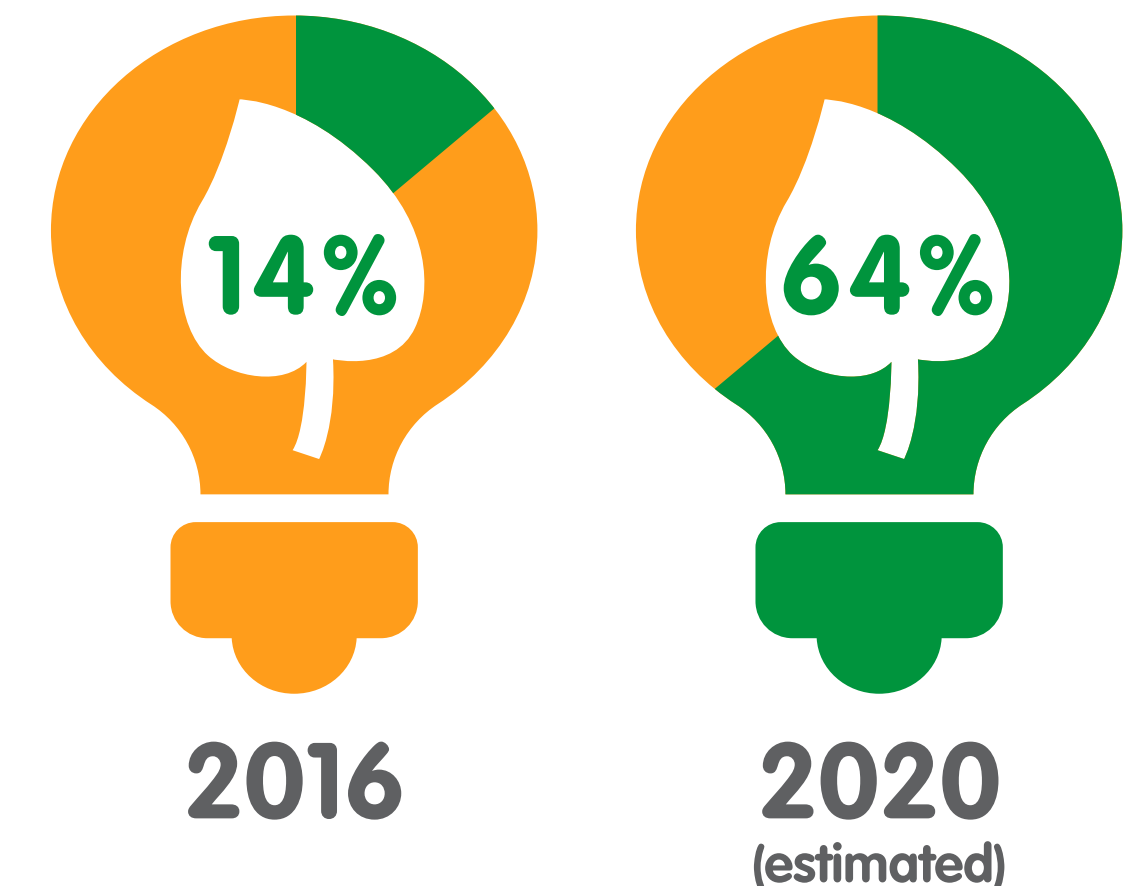
Energy Management Programme

In order to reduce our environmental impact while ensuring business continuity, we appoint Energy Champions to guarantee our Energy Management Programme goals are properly executed in the markets we operate in.

Specifically, these goals are:

- Increasing staff awareness and commitment
- Reducing energy consumption
- Defining best practice benchmarks for energy consumption within our Group
- Giving priority to energy efficiency investments, and negotiating better energy costs
- Exploring sustainable energy sources

Every new store or major store refit is required to use LED lights. Other stores will move gradually to LED lights, to avoid unnecessary waste.



ENERGY-EFFICIENCY PROGRAMMES

Energy-Efficient Transport

When it comes to our owned and subcontracted transport fleet, we aim to reduce our greenhouse gas emissions by implementing a Supply Chain Toolkit that helps our BUs:

- Promote best practices
- Develop and implement local fuel efficiency strategies
- Communicate and engage with staff and external contracted companies on fuel efficiency



Kruidvat, Superdrug and Savers trucks are powered with natural gas, generating less greenhouse gas emissions than equivalent diesel vehicles

WASTE REDUCTION

To use resources efficiently, we are working towards reducing overall waste from A.S. Watson operations. The Supply Chain Toolkit helps the implementation and communication on waste reduction.

Non-Food Waste

Watsons Hong Kong Plastic Containers Recycling Campaign

To encourage active public participation and environmental protection awareness, Watsons Hong Kong joined forces with World Green Organisation, Watsons Water and Baguio Green Group to roll out the “Watsons Plastic Containers Recycle Programme” in stores across the city.

For every plastic bottle or product container collected, customers will receive one shopping coupon and one e-Stamp. With 10 e-Stamp, customers can participate in a fun and environmental protection workshop. Meanwhile, the collected bottles and containers will be sorted and processed to create packaging for a new water bottle.



Watsons Hong Kong Plastic Containers Recycling Campaign provides incentives to encourage customers recycling plastic bottles



Plastic containers collected



8,600+
since July 2016

WASTE REDUCTION

Non-Food Waste

Own Brand Products Packaging Waste Control

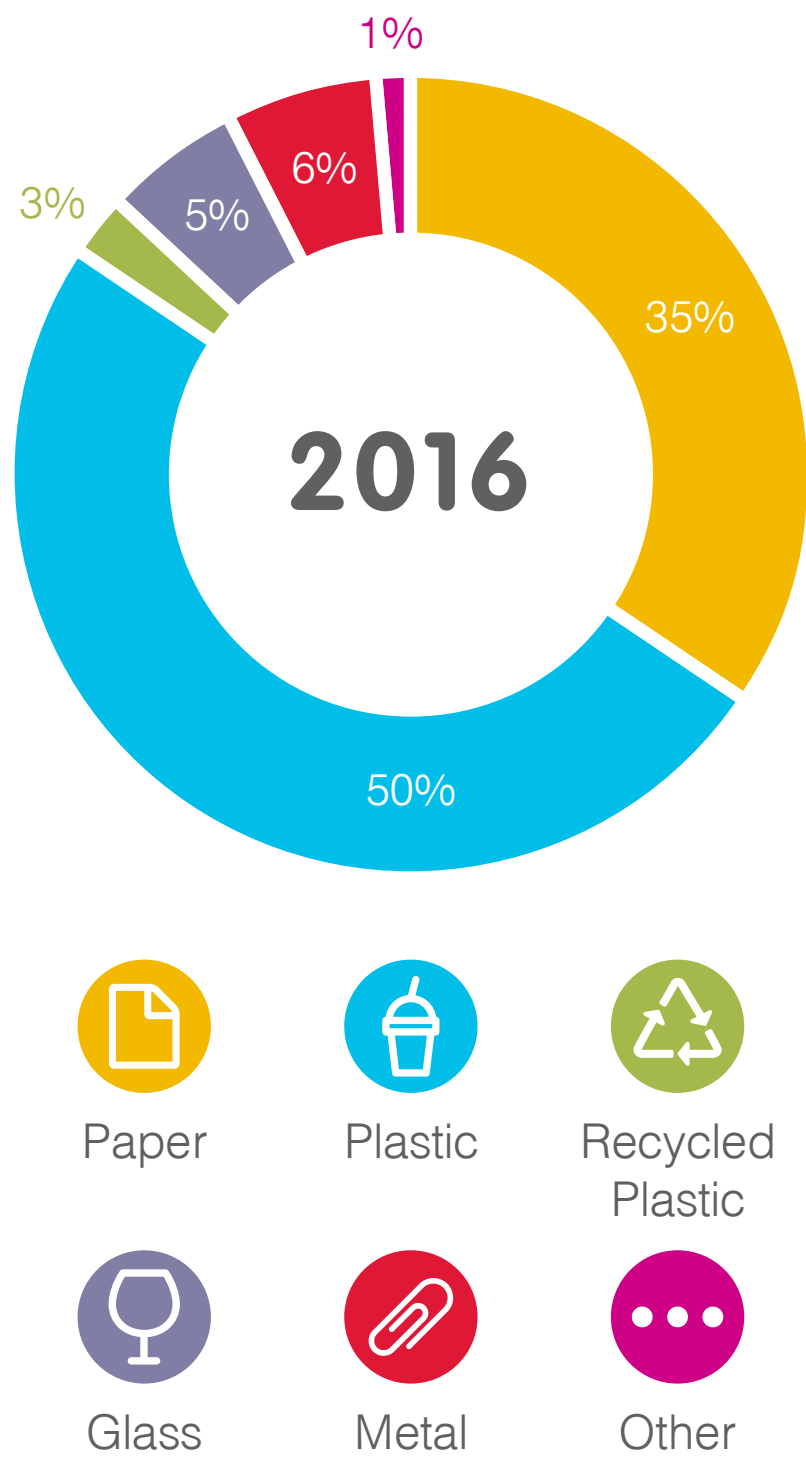
We monitor waste generated by our Own Brand products by readily keeping track of waste quantity and types, across all our markets.

We developed a Sustainable Packaging Guideline to support our internal development teams and suppliers, in reducing the amount of packaging used in our Own Brand products, wherever possible, without compromise on technical performance, product safety, quality and overall regulatory compliance.



Our Own Brand products generated 7% less in packaging waste vs. 2015

Packaging Waste Split by Material Type



WASTE REDUCTION

Non-Food Waste

Use of Recycled Plastic Materials in Watsons Water Bottles

Watsons Water adopts sustainable packaging with its Go Green plastic water bottles in Hong Kong. Made out of 100% recycled PET material, the bottles are a big step forward in reducing plastic waste and raising public awareness of sustainable consumption. The labels of the bottle also come printed with tear-off designs for easier recycling.

The correct 3-step recycling method



Remove the cap



Tear sleeve



Place cap, sleeve, and bottle body in plastic recycling bin separately



WASTE REDUCTION

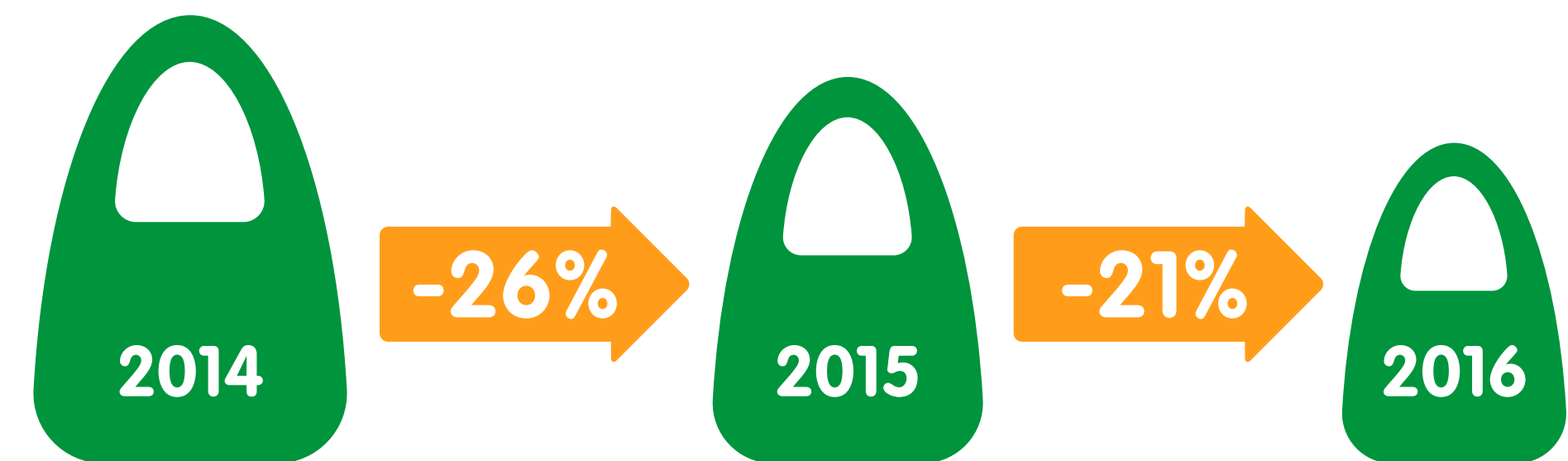
Non-Food Waste

Reusable Carrier Bags

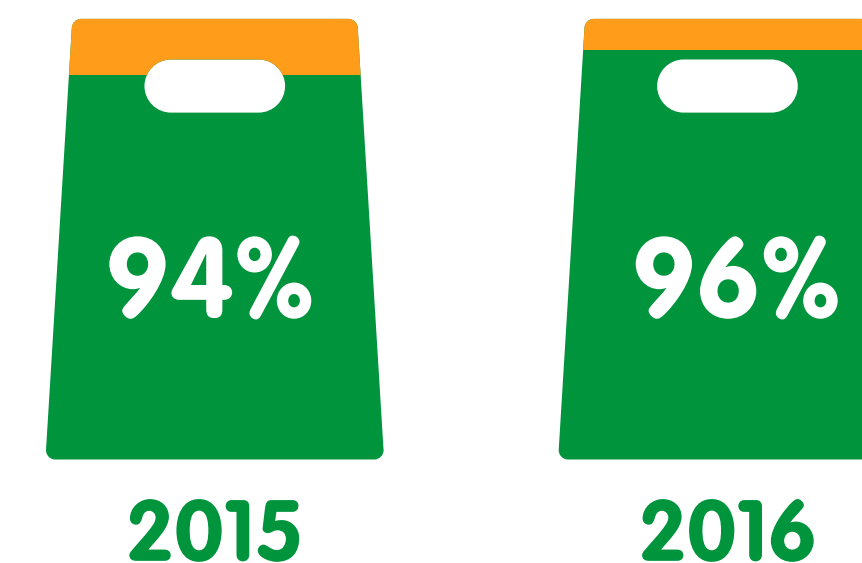
Since 2013, we have been encouraging all our retail outlets to replace single-use plastic carrier bags with reusable alternatives, such as bags made from biodegradable materials or textiles.

The number of plastic bags used at cashiers has decreased considerably in markets with existing legislation banning single-use plastic bags.

In other markets where no legislation is in place, we have introduced 'No Bag Day' to raise awareness among customers.



% YoY decrease in total bags purchased



% of reusable bags made from biodegradable materials or textiles

WASTE REDUCTION

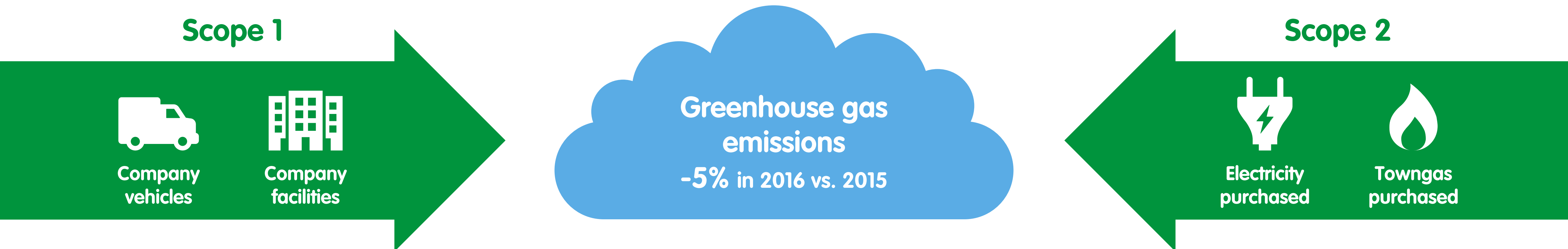
Fight Against Food Waste

Over the past five years, PARKnSHOP Hong Kong has donated over 840 tonnes of food to Food Angel, helping to deliver more than 3 million meal boxes and 250,000 food packs to the needy. Credit goes to the staff volunteers who contributed their time and hard work to make sure the surplus food was properly handled and donated food items were clearly marked. To educate our staff about the programme, we established detailed food handling guidelines, organised briefings and updates through our internal communication channels.



GREENHOUSE GAS REDUCTIONS

Through the implementation of key environmental initiatives in our operations, we reduced our overall greenhouse gas emissions in Scopes 1 & 2 by 5% (compared to 2015), while managing to increase our number of stores and achieving overall business growth.



AWARDS



Hong Kong
The Sustainable Business Award 2016
(by World Green Organisation)



Hong Kong
U Green Awards Outstanding Green Campaign
(by U Magazine)



Lithuania
Certified Green Energy User
(by Enefit)



Hong Kong
Green Office Awards Labelling Scheme
(by World Green Organisation's Green Office Label and United Nations Millennium Development Goals' "Better World Company" Label)



China
Low Carbon Model Store
(by China Chain Store & Franchise Association)



Hong Kong
FoodEver WasteNever Programme - FoodEver Award Platinum Class
(by Hong Kong Women Professionals & Entrepreneurs Association and the Hong Kong Productivity Council)

HOKLAS Accreditation for Pesticide Testing - Food Safety Lab
(by Hong Kong Accreditation Service)



Click and see more Environment stories!



ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

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

Boundaries

Our report focuses on A.S. Watson’s operations in 21 markets:

Europe:

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

Asia:

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

Reporting Period

Quantitative and qualitative information cover the period 1 Jan to 31 Dec 2016.

Stories shared in the report cover 2015 to early 2017.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

Compliance Overview

Reference to the Reporting Guide of the Hong Kong Stock Exchange:

#	Disclosure & Compliance	ASW
A	Working Quality	
A1	Working Conditions	
	Policies	•
	KPI - Full time employees split by gender	Cf. p.15
A2	Health and Safety	
	Policies	•
	KPI - Number of work-related fatalities	Nil
	KPI - Number of lost days due to work injuries	23,245 (-10% vs. FY2015)
	KPI - Measures on occupational health and safety	•
A3	Development and Training	
	Policies	•
	KPI - Number of training hours	4.5 m hrs (2 times more than FY2015 ¹)
A4	Labour Standards	
	Policies	•
	KPI - Measures to review employment practices to avoid child and forced labour	•

(1) Mainly due to roll-out of eLearning tools

• Fully achieved / implemented o In progress

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

Compliance Overview

#	Disclosure & Compliance	ASW
B	Environmental Protection	
B1	Emissions	
	Policies	•
	KPI - Measures to mitigate emissions	o ²
	KPI - Measures to handle and reduce hazardous and non-hazardous wastes	•
B2	Use of Resources	
	Policies	•
	KPI - Electricity consumption	-9% vs. FY2015
	KPI - Gas consumption	-21% vs. FY2015
	KPI - Water consumption ~ Food retail & Manufacturing	-13% vs. FY2015
	KPI - Packaging materials from Own Brand products	44,239 tons (-7% vs. FY2015)
	KPI - Paper consumption for office printing & publications	43,011 tons (-2% vs. FY2015)
	KPI - Greenhouse Gas Emissions (CO ₂ -e)	-5% vs. FY2015
	KPI - Measures / initiatives on energy use efficiency	•
	KPI - Measures / initiatives on water sourcing and efficiency	•
B3	Environment and Natural Resources	
	Policies	•
	KPI - Measures relating to managing significant impacts of activities on the environment and natural resources	•

(2) Most of these processes are subcontracted to external Third Party Logistic (“3PL”). Our Business Units’ task is to engage these 3PL in waste reduction and energy saving initiatives and collect accurate data wherever possible.

• Fully achieved / implemented o In progress

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

Compliance Overview

#	Disclosure & Compliance	ASW
C	Operating Practices	
C1	Supply Chain Management	
	Policies	•
	KPI - Measures / practices relating to engaging and monitoring suppliers	•
C2	Product Responsibility	
	Policies	•
	KPI - Measures / practices relating to dealing with product and service related complaints received	•
	KPI - Measures / practices relating to observing and protecting intellectual property rights	•
	KPI - Measures / procedures on quality assurance and recalls	•
	KPI - Measures / policies to protect consumer data and privacy	•
C3	Anti-Corruption	
	Policies	•
	KPI - Measures to prevent bribery, extortion, fraud and money laundry and procedures on whistle-blowing	•
D	Community Involvement	
	Policies	•
	KPI - Number of man-hours contributed in focus areas	90,000 +
	KPI - Amount of money donated / contributed in focus areas (HK\$ millions)	HK\$ 64.9 m







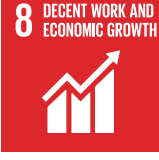
• Fully achieved / implemented ○ In progress













UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

In 2015, the United Nations General Assembly formally adopted the universal and transformative 2030 Agenda for Sustainable Development, along with a set of 17 Sustainable Development Goals (SDGs) and over 160 associated targets.



ASW CSR activities support 16 targets from 10 UN SDGs:

UN SDG	Target #	Pillars	Section	Reference
	2.1		Food Waste	p.41
	3.C		Customer Engagement	p.26
	5.1, 5.5		Group HR Policies	n/a
	6.1		Customer Engagement	p.26
	7.2, 7.3		Energy-efficiency programmes	p.35
	8.5, 8.8		Group HR Policies	n/a
	8.7		Supply Chain Risk Management	p.31

UN SDG	Target #	Pillars	Section	Reference
	12.3, 12.5		Food & non-food waste	p.37
	14.1		Products & Services	
	16.5		Group HR Policies	p.09 to p.12
	17.16, 17.17		Organisations partnerships	n/a
			Customer Engagement	p.26
			Products and Services	p.30
			Food waste	p.41

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 24 markets worldwide. Today, the Group operates 13 retail brands with over 13,500 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 and tea products to the world's finest wine labels via its international wine wholesaler and distributor. ASW employs over 130,000 staff and is a member of the world renowned multinational conglomerate CK Hutchison Holdings Limited, 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: Hong Kong, Mainland China, Macau, Indonesia, Malaysia, Philippines, Singapore, Taiwan, Thailand, Albania, Belgium, Germany, Ireland, Luxembourg, Netherlands, United Kingdom, Czech Republic, Hungary, Latvia, Lithuania, Poland, Russia, Ukraine and Turkey.

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