

A.S. Watson Group CORPORATE SOCIAL RESPONSIBILITY REPORT 2019



A member of CK Hutchison Holdings

Message from Group Managing Director

As a global retailer established 179 years ago, **A.S. Watson** has been an integral part of our customers' everyday lives, providing daily necessities from food they consume to health and beauty products that enhance their wellbeing. For generations, we see challenges as well as opportunities in our operations, but CSR has always underpinned our strategic focus.

We launched a holistic wellbeing programme to improve the health and wellbeing of the 140,000-strong A.S. Watson employees worldwide. The programme covers **five major aspects of our people's lives:** physical, mental, emotional, social and financial.

Partnering with Operation Smile, we have launched the Group's signature CSR programme Give a Smile and funded over 1,500 surgeries for children with cleft conditions by the end of 2019. We implemented various global initiatives to raise funds and educate customers about cleft palate and how they can help, which aligns with the health focus of our social responsibility efforts.

Starting 1 January 2020, we no longer sell rinse-off personal care/cosmetic products that contain microplastics in all the brands we carry. We are also the first food retailer in Hong Kong to launch a trial to reduce plastic wrapping for fruits and vegetables. More initiatives will be rolled out in 2020 in accordance to our commitment to **reduce single-use plastics, promote greater recycling and encourage customers to trial refills in stores.**

Leveraging the strong passion in our younger generation for CSR, we launched a Millennial CSR Committee with 14 millennial staff. They become our **Sustainable Development Goal Accelerator Team** and will help us develop a plan to better engage customers and staff on topics that matter to them.

Representatives from our 24 Markets along with our Global CSR Committee exchanged ideas and best practices at Our CSR Ambassador workshops. We also shared our plans on supporting the **United Nations Sustainable Development Goals**, which the Group currently supports **14 out of the 17 UN Goals**. Through CSR activities across our four CSR pillars, we know we can make a huge impact on people's lives and help make these goals a reality.

I hope this report will help you better understand the magnitude of the initiatives we proudly support. A.S. Watson Group is more than just a business; we firmly believe that the seeds we sow through working together with our dedicated staff and our external partners to fulfill our CSR commitments will yield fruitful results.



Dominic Lai

Governance

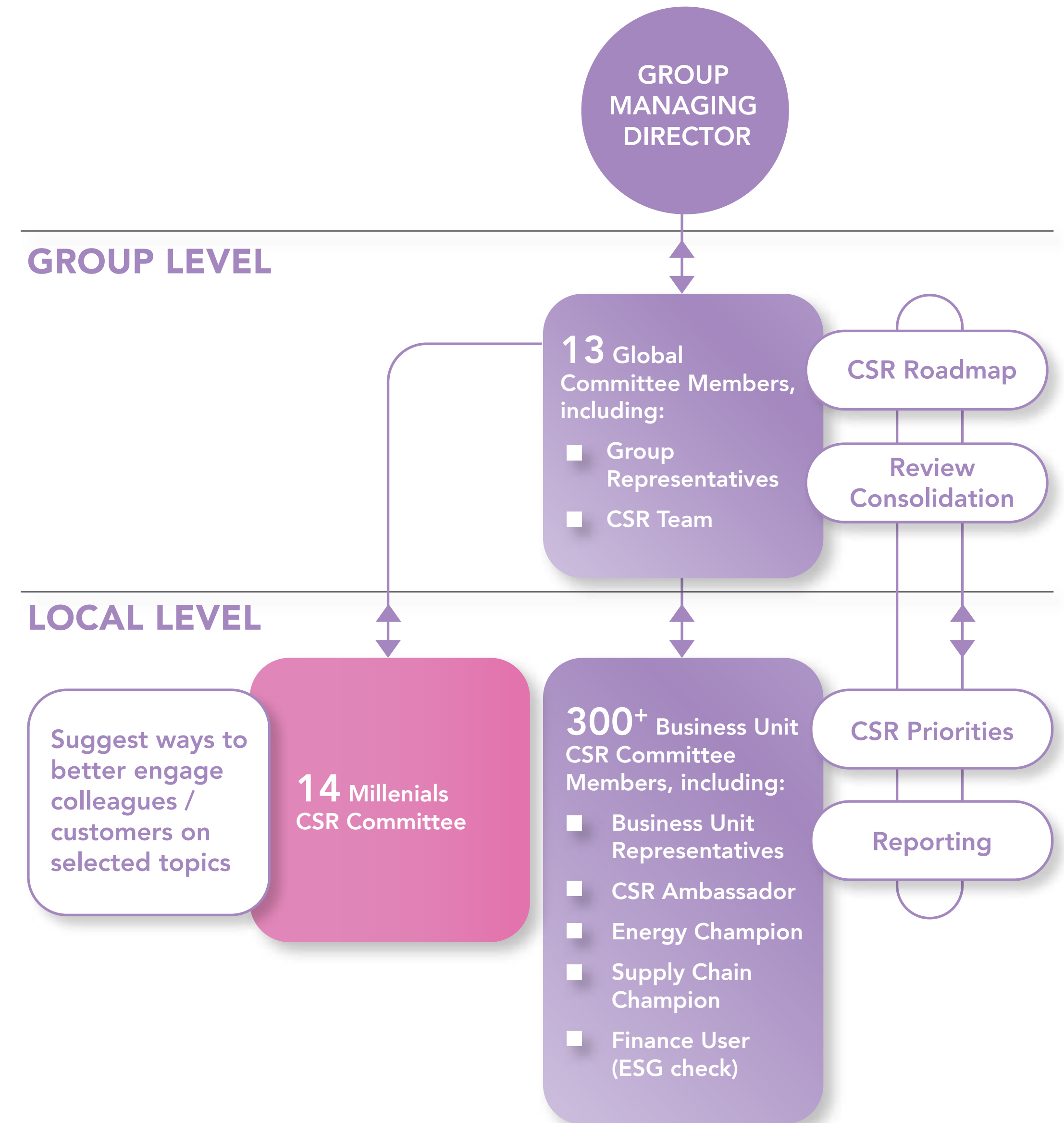
CSR IS AT THE HEART OF OUR BUSINESS

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.

OUR BELIEFS

We support the **United Nations Sustainable Development Goals**, introduced in 2015 to unify companies, governments and NGOs under the same set of sustainability goals.

Spearheaded by our Group Managing Director, the **A.S. Watson Global CSR Committee** is powered by the belief that responsible business practices and commitment bring more to the community today, and tomorrow. With strong workplace standards, environmental programmes, customer services and community outreach activities, we aim to implement initiatives that **enhance staff and customer loyalty, create social good and contribute to sustainable financial success.**



Global CSR Committee



Millennials CSR Committee



Malina Ngai, JP, Chief Executive Officer, A.S. Watson (Asia & Europe) and Group Chief Operating Officer, A.S. Watson Group kicks off the Millennials CSR Committee workshop in Bangkok

1. Veridiana Granger

Retail Financial Analyst

SAVERS UK
2. Froukje Imthorn-Wessels

Junior District Manager

ICI PARIS XL NETHERLANDS
3. Taisiya Prokofeva

Senior Financial Analyst

WATSONS RUSSIA
4. Natasha Jordan

District Manager

THE PERFUME SHOP UK
5. Simone Sijl

Buyer

HEALTH & BEAUTY BENELUX
6. Asli Gökmen

Senior Product Specialist

WATSONS TURKEY
7. Rachel Liu

PR Deputy Manager

WATSONS TAIWAN
8. Iryna Danevich

Learning & Development Manager

WATSONS UKRAINE
9. Tan Seow Hwei

Business Development Manager

WATSONS SINGAPORE
10. Ayoolu Nuga

Store Operations Helpdesk Coordinator

SUPERDRUG UK
11. Peeraya Polnikorngit

Pharmacist

WATSONS THAILAND
12. Berna Yilmaz

Innovation Analyst eLab

A.S. WATSON GROUP
13. Ling Way Teng

Learning & Development Deputy Manager

WATSONS MALAYSIA
14. Christie Yeung

Senior Associate Group Finance

A.S. WATSON GROUP



OUR COMMUNITY

OUR KEY PRIORITIES IN THIS PILLAR ARE:

- ♥ 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**



Global Drive to Sponsor Surgeries to Make Children Smile Again through Global Give a Smile Campaign

GOAL

BY 2019 SPONSOR SURGERIES

FOR 1,000  CHILDREN WITH CLEFT LIP & PALATE




A.S. Watson launched the first group-wide global charity partnership with Operation Smile in 2018.

Dubbed Give a Smile, the campaign aims to sponsor surgeries for children with cleft conditions to make smile possible again.



In the first year of the campaign, ASW has raised over HK\$4 million to change the lives of cleft children.

DRIVE AWARENESS ACROSS ALL BUSINESS UNITS TO:

-  Engage colleagues in a wide range of fundraising activities
-  Educate customers about cleft conditions through creative social media campaigns and AR technology experience
-  Encourage loyal customers to donate their points to support operation smile

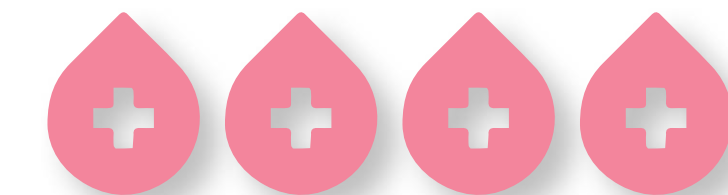


PATIENT STORY

Ying was born with a cleft lip. She could not go to school as she was bullied by the fellow students. One year after the corrective surgery, she is fully recovered and has a beautiful and bright smile. She regains confidence and is happy that she can go to school now.



**4 INTERNATIONAL
MEDICAL MISSIONS** IN 2018



WHERE

CHINA AND THE PHILIPPINES

358 RECEIVED LIVE
PATIENTS CHANGING
SURGERIES

WHEN

**SEPTEMBER TO
NOVEMBER 2018**



CLICK AND SEE MORE



Over 66,000 Hours of Volunteering Service at Global Volunteer Day

HELPING **OVER 35,000** BENEFICIARIES INCLUDING

- ❑ Children at schools, orphanages and hospices
- ❑ Underprivileged families
- ❑ Patients at healthcare institutions
- ❑ People with mental and physical disabilities
- ❑ The elderly
- ❑ Green groups



27,000
VOLUNTEERS



66,500
HOURS



273
ACTIVITIES

A.S. Watson believes that the scope of corporate social responsibilities goes beyond making donations to charity. It's about rallying every staff member to take an active part in making the world a better place.

On the 8th Global Volunteer Day, A.S. Watson staff across the world put in 66,500 volunteer hours in total to help those in need and create a more caring community.



Watsons Hong Kong



A.S. Watson Group Head Office



Drogas Lithuania



Watsons Malaysia



Watsons Russia



ICI PARIS XL Belux



Watsons Ukraine

Watsons Angels Supporting Children with Congenital Heart Disease

For more than three years, Watsons Ukraine has supported children born with congenital heart disease that require life-saving treatments through **Watsons Angels**.

In Ukraine, 4,000 children have to go through dangerous and complex open heart surgeries every year because they cannot afford a less risky but more expensive alternative. Surgical implants called occluders can be inserted with a catheter through the femoral vein in the thigh and guided to the heart, but each one cost 100,000 hryvnas – an astronomical amount to most Ukrainian families.

Watsons Ukraine works with Heart of the Future, a charity foundation that helps children with heart disease by giving them access to occluders:

- 🏷️ Sell charity magnets and donate all proceeds
- ★ Encourage customers to donate **Watsons Club points**
- 💰 Donate profits of Watsons Exclusive labelled products

“
41 SURGERIES
57,000 POINTS COLLECTED & DONATED
668,000 CUSTOMERS PARTICIPATED
 ”

Every month, donation collected by **Watsons Ukraine** goes directly to the **National Cardiovascular Surgery Institute Amosova**, where lifesaving surgeries are performed on children in need.



Helping Patients with Terminal Illness through Marie Curie

Saver and Superdrug have both been working with long-term charity partner **Marie Curie** by raising funds and awareness for the organisation's work in providing quality care to patients suffering from terminal illness across the UK. Head office and field and store teams have come together to deliver multiple campaigns across **England, Scotland, Wales and the Northern Island**

throughout the year. Staff and customers were able to rally behind Marie Curie's cause and make the campaigns a success.

£600,000
RAISED IN 2017 AND 2018

£5,000,000
OVER FIVE YEARS

£1,200,000
IN 2018 ALONE

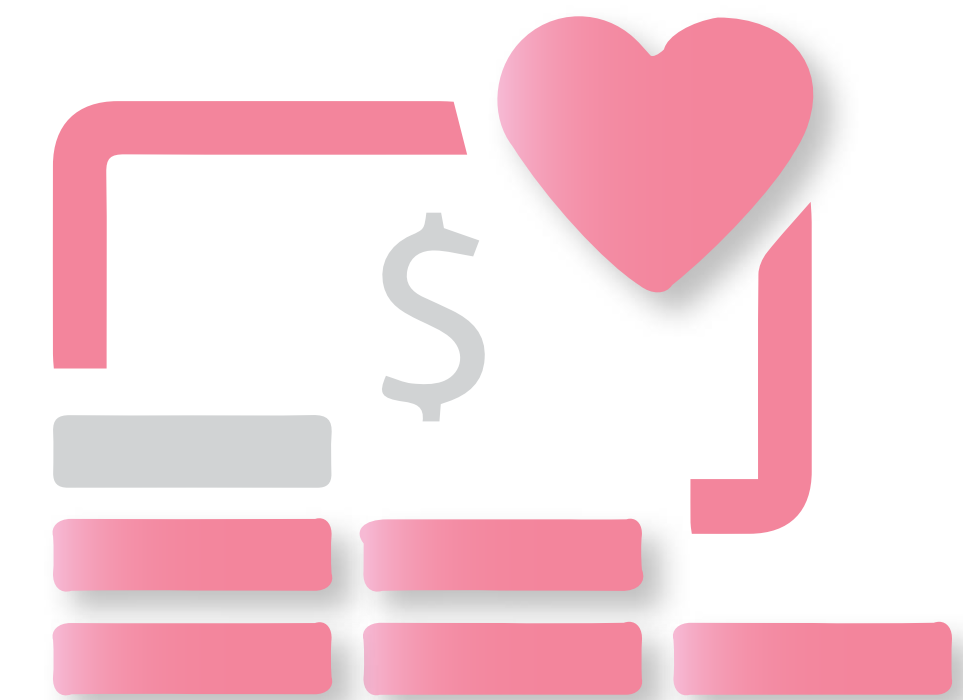




Superdrug SuperTropic Charity Ball

On 30 November 2018, **Superdrug** hosted the **SuperTropic Charity Ball** to support **Marie Curie**. The night saw Marie Curie nurses deliver incredibly moving speeches about the importance of the work that the organisation provides to people living with terminal illness, and their families.

Over the past five years, Superdrug – together with suppliers and customers – has donated **more than £5 million** milestone to the organisation. One of Superdrug's employee Jean Short was awarded **Corporate Champion** of the Year at the **Marie Curie Excellence Awards** in April.



£264,293
RAISED



13,210
HOURS
OF MARIE CURIE
NURSING CARE



Supporting Low-income Families through City Food Drive



ACROSS 280 STORES
RICE, OIL , CORN STARCH,
RICE VERMICELLI, CANNED FOOD,
OATMEAL, DRIED MUSHROOM,
DRIED BLACK FUNGUS



For the past five years, **PARKnSHOP Hong Kong** and **Food Angel**

have been working closely on grocery donation initiative **City Food Drive**. Shoppers are encouraged to donate a list of non-perishable food items in store, and for every Select brand item of the designated categories donated by the public, PARKnSHOP match the donation. Food donations are then cooked in the Food Angel kitchens and delivered to citizens in need.

Having been working with Food Angel since 2012, PARKnSHOP's relationship with the organisation goes beyond City Food Drive. In 2018, PARKnSHOP extended the collaboration with their supplier, Knorr. Knorr and PARKnSHOP did a matching donation for 1% of the sales of any Knorr product sold at PARKnSHOP to Food Angel during a specific period. On 14 August 2018, volunteers from PARKnSHOP and Knorr

joined hands to prepare and pack meals using the food donations collected during City Food Drive, which were served to the elderly at the Food Angel Community Centre.

PARKnSHOP and **Food Angel** have been working closely together to rescue food since 2012. PARKnSHOP was the first supermarket chain in Hong Kong to donate edible surplus vegetables, fruits, bread, meats and packaged foods to Food Angel to make meal boxes and food packs for underprivileged families.

“
1,800 TONNES OF FOOD RESCUED
5,000,000 MEAL BOXES
600,000 FOOD PACKS
”

Support from Li Ka Shing Foundation

At a similar event during Chinese New Year in 2018, Mr Li Ka-shing, Senior Advisor of CK Hutchison, made a surprise appearance along with Mr Dominic Lai, Group Managing Director of A.S. Watson Group, Ms Malina Ngai, Group Chief Operating Officer of A.S. Watson Group, and 20 other PARKnSHOP volunteers. During the visit, Mr Li pledged a donation of HK\$10 million in the name of the Li Ka Shing Foundation to help Food Angel expand its community work.





30 Years of Youth Development at Watsons Athletic Club

Celebrating its **30th anniversary** in 2019, **Watsons Athletic Club (WAC)** has always been central to the development of young athletic talent in Hong Kong. Over the years, more than 10,000 students have challenged themselves and realised their dreams through taking part in WAC's initiatives.

In its 30th year, WAC's logo has been refreshed to mark the important milestone, reflecting its heritage as well as its continued effort in supporting sporting excellence in the years to come. WAC also organised a series of events under the slogan **"Reaching New Heights"**, including a gala dinner, the annual challenge and the first road race in Hong Kong, to celebrate its remarkable achievements and pass the torch to a new generation of young athletes.



[CLICK AND SEE MORE](#)

Awards



HONG KONG

10th Hong Kong Outstanding Corporate Citizenship Awards

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

Outstanding Social Capital Project Award 2018

(by Labour and Welfare Bureau)

Web Accessibility Recognition Scheme – Silver Award

(by Office of the Government Chief Information Officer)



Watson's Wine



HONG KONG

15 Years Plus Caring Company Logo

(by The Hong Kong Council of Social Service)



HONG KONG

Metro Creative Awards

(CSR Category) – City Food Drive

(by Metro Daily)



THE PERFUME SHOP

UNITED KINGDOM

RoSPA Awards 2018 – Gold Medal

Award for Health and Safety Practices

(by RoSPA Awards 2018)



NETHERLANDS

Finalist of Generation for Non-smoking

in the Netherlands – People Category

(by Dutch Cancer Society, Dutch Lung Foundation and Dutch Heart Foundation)

CLICK AND SEE MORE OUR COMMUNITY STORIES



OUR PEOPLE

OUR COMMITMENTS FOR THIS PILLAR ARE:

- ⚙ 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**



Transforming Human Resources Digitally

With digital disruptions, cultural shifts, and employees now expecting more from their work lives, human resources has entered a new era where offering the best employee experience is essential to helping staff engage in their work.

In 2018, various digital internal communication portals are developed and launched across regional business units, allowing staff to stay up-to-date with company news, activities at work, access rosters and staff helpdesk anytime, anywhere. The social function on the platforms also provide an easier way for staff to connect with each other. Some of the portals even have elements of e-learning and performance management, as well as recruitment tools.



ASIA WatsUp		>80% ACTIVE USERS	A.S. Watson Group Watson's Wine
EUROPE Watsonline		61 ACTIVE GROUPS	
The Hub		29,000 ACTIVE USERS	 Superdrug
The Nose		14,000+ USERS	
		630+ USERS	



Retail Excellence through the Retail Academy

To remain at the forefront of retail excellence, **A.S. Watsons Hong Kong** launched the first ever Retail Academy in 2018 to manage all talent development programmes for staff in-house. Since 2013, the group has been offering its staff professional and comprehensive courses recognised by **Qualifications Framework (QF)**, a government initiative set up to encourage and facilitate lifelong learning with a view to enhance the capability and competitiveness of the local workforce.

The company is also the first in Hong Kong to offer a QF level 5 programme to its staff. Jointly developed by **A.S. Watson Group Retail Academy** and the Institute for Entrepreneurship of **Hong Kong Polytechnic University**, the Professional Diploma in Retail Management is designed based on the **QF Specification of Competency Standards of Retail** and its qualification is the equivalent to that of a bachelor degree Qualification offered by local universities. Employees taking the course receive full sponsorship from the company and are offered paid leave to study during working hours.

15 
QF ACCREDITED PROGRAMMES
RANGING FROM LEVEL 2 TO 5

3,500  **STAFF ACROSS**
PARKNSHOP, WATSONS, FORTRESS & WATSON'S WINE

OVER 450  **STAFF COMPLETED THE LEVEL 4 & 5 COURSES**

OVER 440 **STORE SPECIALISTS & MANAGEMENT STAFF**
RECEIVE RECOGNITION OF PRIOR LEARNING



A.S. Watson Group
RETAIL ACADEMY





Encouraging Learning and Development



328
DELEGATES



42
SESSIONS

SINCE THE LAUNCH IN
UK & MILAN
IN THE FIRST QUARTER OF
2019

A set of face-to-face interactive sessions ranging from 30 minutes to three hours, **Snackables** provides employees the opportunity to take short training courses organised by **Learning and Development**, as well as other teams such as **eLab** and **DataLab**. The programmes and schedules can be accessed and booked by everyone via an online calendar.

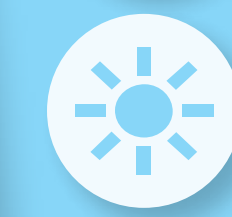




Putting the Emphasis on Employee Wellbeing



BUSINESS UNITS



INDOOR & OUTDOOR ACTIVITIES



PARTICIPANTS



15



15

59

90

39,000

28,000

There is more and more evidence supporting the positive correlation between employee wellbeing and their productivity at work. With this in mind, **A.S. Watson** launched its **first global wellbeing programme in 2018** to help employees flourish and achieve their full potential.

Regional business units got creative and embraced the opportunity to cover a broad range of wellbeing subjects including physical health, fitness and sport, healthy eating, mental health, financial wellbeing, work-life balance and effective sleeping.





Championing Retail Excellence

Quality customers services is at the heart of Watsons' core competence and remains one of the most important differentiating factors that position it as a leader in the retail industry.

Doris Lee, a store manager of Watsons Taiwan, stood out from among 210 fellow retail professionals and was honoured with the **Outstanding Store Manager Award** by the **Taiwanese Chain Stores and Franchise Association (TCFA)**. In just 10 years, her exemplary performance and positive attitude at work earned her the top accolade, which is also a testament to the dedication her entire team.



Awards



HONG KONG

**Best Companies to Work For in Asia
2018-2019**

(by HR Asia)

**Family-Friendly Employers Award
Scheme 2017/18 – Family-Friendly
Employers Grand Award**

(by Family Council)

**ACCA Approved Employer for
Professional Development**

(by ACCA)

**LinkedIn Most Innovative Employer
Brand – Silver Award**

(by LinkedIn)

**Qualifications Framework Partnerships
Certificate of Commendation**

(by Qualifications Framework)



Watson's Wine



HONG KONG

**Family - Friendly Employers Award Scheme
2017/18**

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

(by Family Council)



Watson's Wine

HONG KONG

Learning Enterprise Award 2017

(by Professional Validation Council of
Hong Kong Industries)



CHINA

**One of the Ten Leading Foreign - capital
Commercial Enterprises**

(by Shenzhen Retail Business Association)

20 Years of Companionship

(by Shenzhen Retail Business Association)

Top 30 Retail Enterprises in Guangzhou

(by Guangzhou General Chamber of
Commerce)



CHINA

Excellence in HR Management Team 2018

(by 51 Job)

Employer Excellence of China 2018

(by 51 Job)

Awards

watsons

SINGAPORE

Enabling Employers Awards
(by SG Enable)

TAIWAN

Outstanding Store Manager Award 2019
(by Taiwanese Chain Stores and Franchise Association)

Best Company to Work For - Service Industry Voting Campaign 2019
(by 1111 Human Resources Bank)

Superdrug 

UNITED KINGDOM

Top 10 Employers in the Retail Sector in UK 2018
(by Sunday Telegraph)

The School Leavers Awards – Ranked 8th in Top 100 Employers for School Leavers
(by AllAboutSchoolLeavers.co.uk)

savers
HEALTH HOME BEAUTY

UNITED KINGDOM

Ranked 4th in 25 Best Big Companies to Work For 2019
(by Sunday Times)

The School Leavers Awards

- Top Employer for Large School
- Top Employer Retail
- Top Intermediate Apprenticeships
- Ranked 4th in Top 100 Employers for School Leavers

(by AllAboutSchoolLeavers.co.uk)

THE PERFUME SHOP

UNITED KINGDOM

Top Rated Workplace – Britain's Top 25 Employers 2018
(by Indeed)

 **A.S. Watson Group**

BENELUX

Top Employer in Netherlands 2017-2018
(by Top Employers Institute)

Top Employer in Belgium 2017-2018
(by Top Employers Institute)

Drogas

LATVIA, LITHUANIA

1st in Outstanding Employer DNA Award for Project Digitalisation in Human Resource
(by Eiro Personals)

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



OUR CUSTOMERS

OUR COMMITMENTS INCLUDE:

-  Being a **responsible business**
-  Ensuring the **safety and quality of our own brand products**
-  Engaging customers on topics that matter to them

Being a Responsible Business

IMPROVING WORKING CONDITIONS IN OUR SUPPLY CHAIN

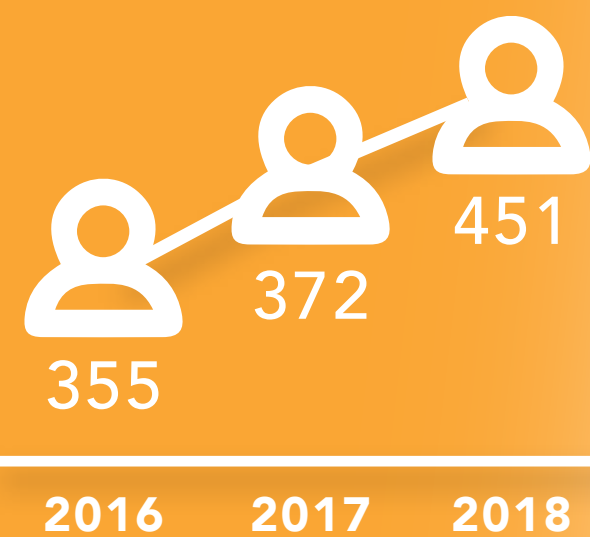
Since 2008, A.S. Watson has become a member of **amfori's** Business Social Compliance Initiative (BSCI) which aims at improving working conditions in the global supply chain. This means that suppliers are required to agree to amfori BSCI code of conduct as well as participate in regular compliance audits. The Group monitors its suppliers' performance and engage them through e-learning tools and workshops from amfori.

COMMITTING TO FIGHT MODERN SLAVERY

Since 2016, A.S. Watson has been a member of **The Mekong Club ("TMC")**, an organisation that helps its member companies develop and implement toolkits to avoid modern slavery within business operations. We are the first company to sign-up to TMC's Business Pledge against Modern Slavery.

Key departments involved in supplier contract negotiation and quality assurance auditing have been trained with TMC online toolkit; staff workshops have also been carried out in China, Hong Kong, Singapore, UK and France. In the UK, our retail businesses have also taken a commitment to fight against modern slavery, and published their statements (**The Perfume Shop** , **Savers** , **Superdrug**) on modern slavery and human trafficking as required by the UK Modern Slavery Act.

No. Of Audits Carried Out



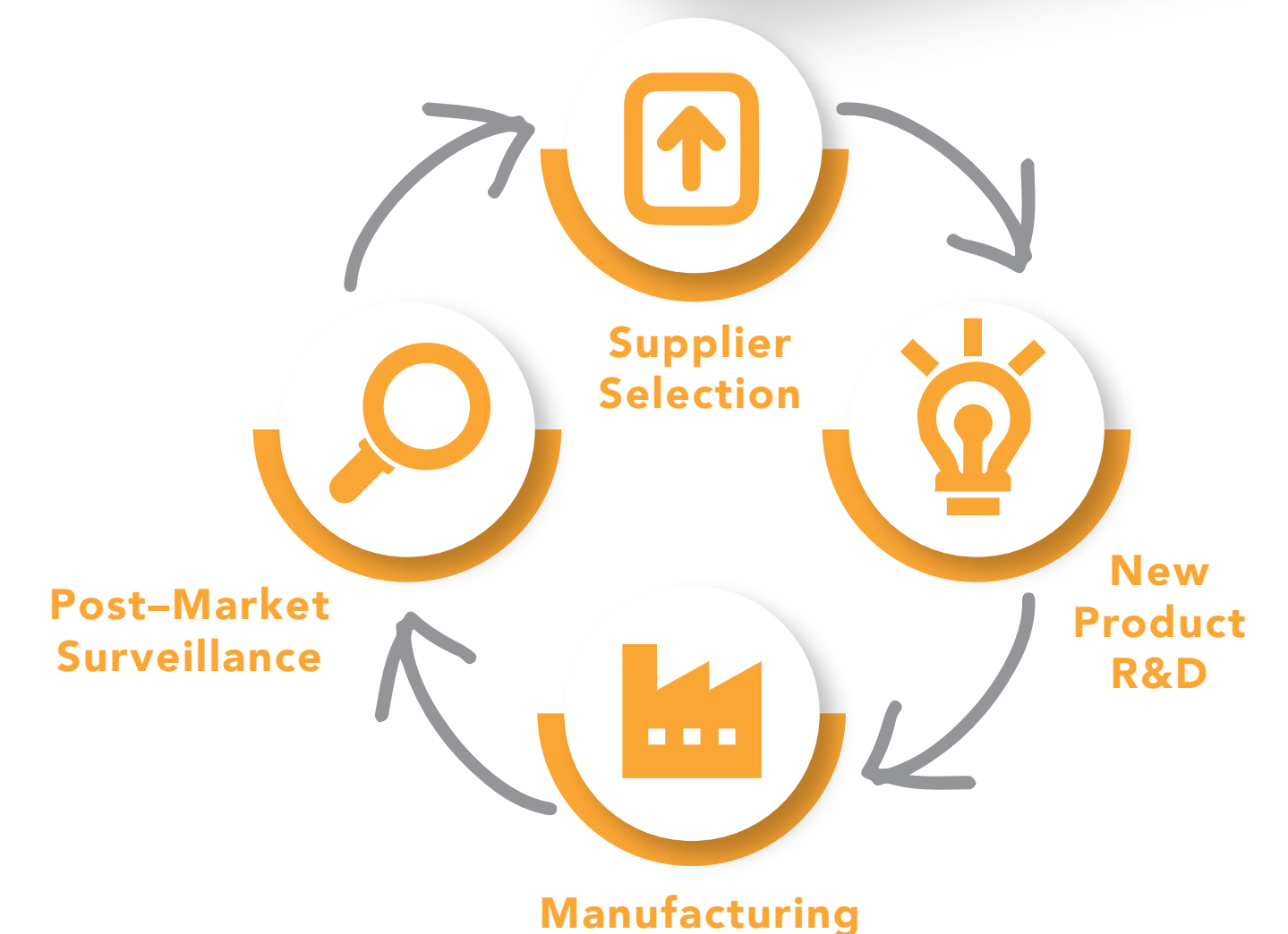
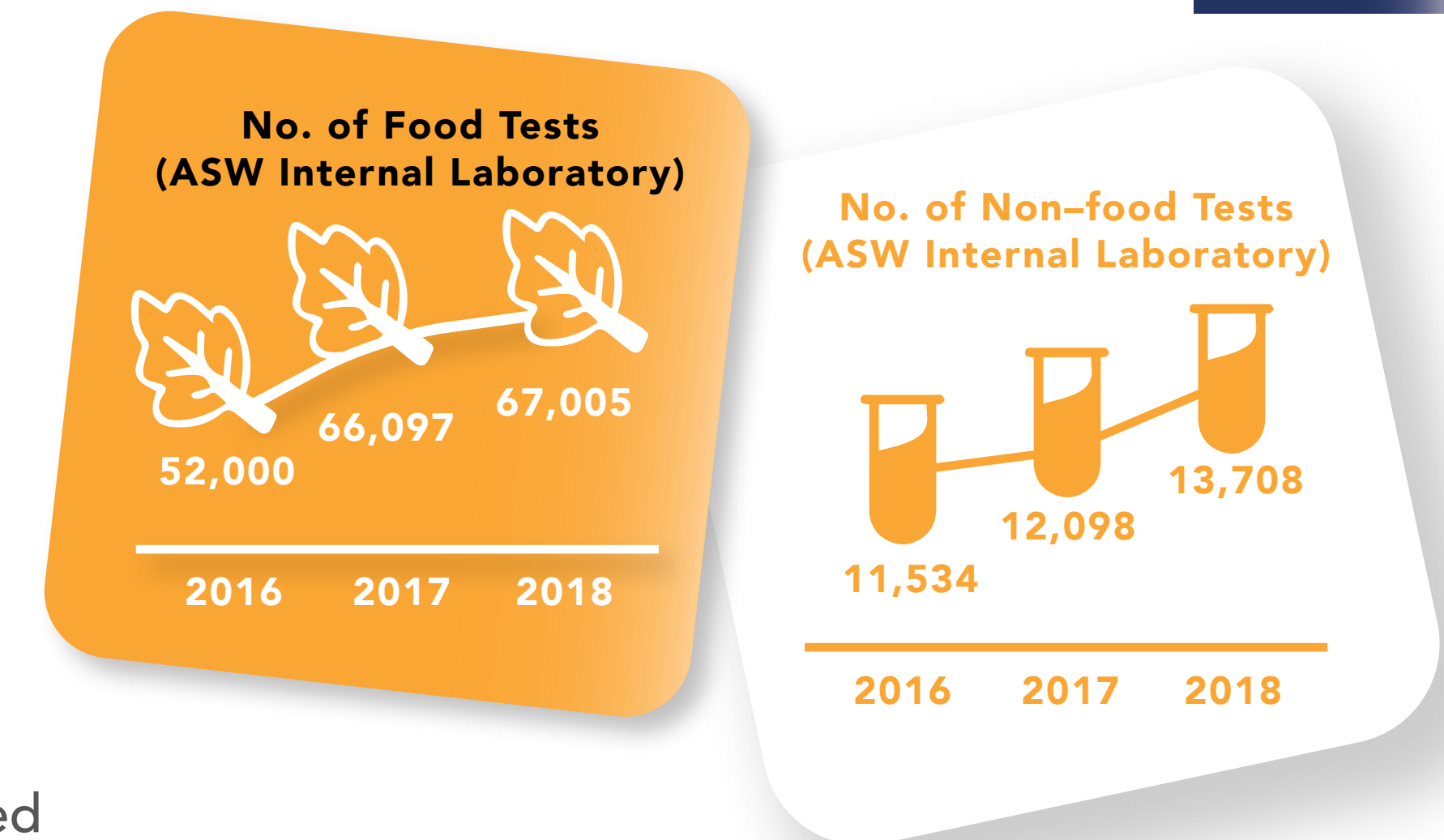
amfori @
Trade with purpose

MEKONG CLUB
FIGHTING THE BUSINESS OF SLAVERY

Ensuring the Safety and Quality of Our Own Brand Products

Taking the interests of our customers to heart, A.S. Watson has been working with leading experts and researchers globally to deliver excellent quality and value through our wide range of Own Brand products. We are careful about every stage of the production-to-shelf process and are always open to customer feedback.

-  **Supplier Selection:** manufacturers must have good manufacturing practice in place, assessed by external auditing agencies and/or A.S. Watson's own quality assurance team, before they are allowed to manufacture our Own Brand products
-  **New Product R&D:** each new Own Brand product developed goes through intensive testing and external assessment. Each newly formulated product is assessed by a European toxicologist for each market where they will be sold, which covers the raw materials and the formulation itself.
-  **Manufacturing:** additional tests are performed during manufacturing to ensure the safety and quality of our Own Brand products in external independent laboratories, and in our internal ISO17025 accredited laboratories (food and non-food).
-  **Post-Market Surveillance:** once the products are in our retail shops, we constantly monitor customers' feedback. We also carry regular re-assessments of our Own Brand products in external independent laboratories, and in our internal ISO17025 accredited laboratories (food and non-food).



Engaging Customers on Topics that Matter to Them

#LIKEAGIRL: EMPOWERING YOUNG WOMEN WITH P&G

In 2018, **A.S. Watson** launched a global campaign with P&G period care brands **Whisper & Always** to inspire young girls to **break free of gender stereotypes** and have the courage to **pursue their dreams**. Within a year, the campaign has gained traction with its engaging storytelling and real-life examples shared across online and offline channels.

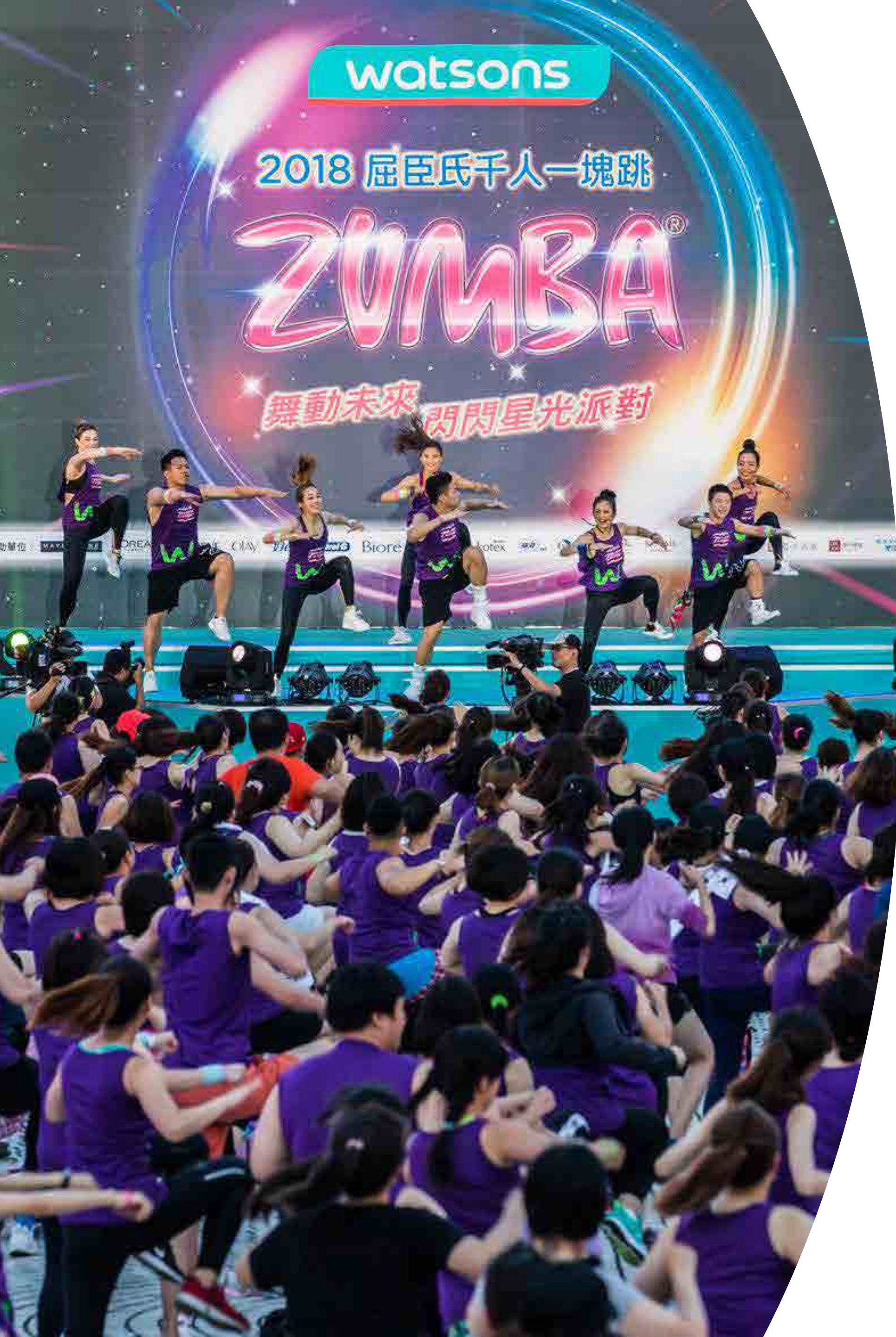
Riding on this campaign, A.S. Watson raise awareness on underprivileged young women's lack of access to period products. Studies have shown that teenage girls who have access to **period products** are more confident and are able to be more involved in school life.

Watch the videos to find out more (**Hong Kong** and **Taiwan**).



P&G
whisper always





Engaging Customers on Topics that Matter to Them

#GETACTIVE AT WATSONS

Following the success of the pilot **GetActive** campaign in 2017, Watsons expanded a one-off campaign into a phenomenon in 2018 that engaged consumers of all ages with different levels of commitment.

To sustain the one-year programme and bring in a new level of excitement, four main types of activities – **running, dancing, going outdoors, yoga** – were promoted under the #GetActive umbrella. Different regional programmes support this by posting daily tips, weekly challenges and even organising big events to engage customers online and offline.



Awards



HONG KONG

Ranked 50th in Global Powers of Retailing 2019
(by Deloitte)

Mob-Ex Awards 2017 Best Mobile Team – Gold Award
(by Marketing Magazine)

Top 50 Innovative Retail Leaders
(by Inside Retail)



HONG KONG

2018 Top 10 Quality E-shop Awards – Gold Award
(by Hong Kong Retail Management Association)



HONG KONG

Mob-Ex Awards 2017 Best E-Commerce App – Gold Award (PARKnSHOP App)
(by Marketing Magazine)

eCommAs Awards 2017 Gold in Best E-Commerce App
(by Marketing Magazine)

2018 Top 10 Quality E-shop Awards – Silver Award
(by Hong Kong Retail Management Association)

CHINA

2018 Gold Ant Award of China Logistics Industry
(by China International Logistics Equipment & Technology Exhibition Committee (Guangzhou))



HONG KONG

Hong Kong Digital Brand Awards 2017 – Outstanding Digital Marketing Strategy
(by The Chamber of H.K. Computer Industry and Metro Broadcast)

CHINA

2018 Best Brand Loyalty Campaign – Gold Winner
(by 2018 Dragons of Asia, PMAA)

2018 Advertisers Ceremony – Gold Case
(by China Advertising Association)

Awards

watsons

REGIONAL

Asia's No. 1 Pharmacy / Drugstore Brand for 10 Consecutive Years

(by Campaign Asia-Pacific)

*Campaign Asia-Pacific / Nielsen
"Asia's Top 1,000 Brands" online study
of over 6,000 respondents across
13 markets in Asia Pacific region

HONG KONG

2018 Top 10 Quality E-shop Awards – Gold Award

(by Hong Kong Retail Management
Association)

TAIWAN

Ranked No.1 in Best Consumer Brands – Health & Beauty Store Category

(by Management Magazine)

No.1 in Best Consumer Brands of 2019

H&B Chain Store & Pharmacy

(by Management Magazine)

2018 Yahoo! Supermall – Super Golden Store

(by Yahoo! Supermall)

MALAYSIA

Superbrands Malaysia's Choice 2018 Award

(by Superbrands)

Marketing Excellence Awards 2018 –

Excellence in Loyalty Marketing –

Gold Award

(by Marketing Magazine)

SINGAPORE

Singapore Pharmacy Council

Excellent Preceptorship Award 2017

(by Singapore Pharmacy Council)

THAILAND

Superbrands Thailand 2017

(by Superbrands)

The CLEO Beauty Hall of Fame 2017

(by CLEO Magazine)

TURKEY

Best Customer Experience Brands

(by A.L.F.A Awards)

UKRAINE

Retail & Development Business Awards –

Drogerie Retailer of the Year

(by Ukrainian Retail Association)

Retailer of the Year – Drugstore

(by Retailer & Development Business
Awards)

Awards



UNITED KINGDOM

POPAI Awards – Display of the Year 2017

(by POPAI Awards)

Enterprise Business Collaboration Awards – No. 3 in Best Collaboration Implementation for Collaborative Solutions

(by we.CONECT)

THE PERFUME SHOP

UNITED KINGDOM

Top 10 Retailers for Best Rated Shops (By Which?)

Best Retail Innovation – Silver Award
(by Pure Beauty Awards)

National Fragrance Retailer of the Year
(by The Fragrance Foundation)

Drogas

LITHUANIA

Best Buy Award 2017/2018 – Best Price-Quality Ratio
(by International Certification Association)

ICI PARIS XL

BENELUX

Best Perfumery
Best Online Perfumery
(by ABN AMRO)

BELGIUM & NETHERLAND

Best Perfumery Belgium 2017
Best Perfumery and Webshop in the Netherlands 2017
(by ABN-AMRO)

NETHERLAND

Best Cosmetics Advisor Competition
(by Dutch Cosmetic Association)



CLICK AND SEE MORE OUR CUSTOMERS STORIES



OUR PLANET

OUR COMMITMENTS FOR THIS PILLAR ARE:

- Improving **energy efficiency** in our operations
- Reducing waste generated through our operations
- Making our **own brand** products more sustainable
- Engaging local communities on **environmental protection**
- Assessing **environmental impact risks** of OB suppliers



Improving Energy Efficiency in Our Operations

PERCENTAGE OF OUR ENERGY MIX THAT COMES FROM RENEWABLE SOURCES BY 2019:

80%

The Netherlands



100%

Belgium

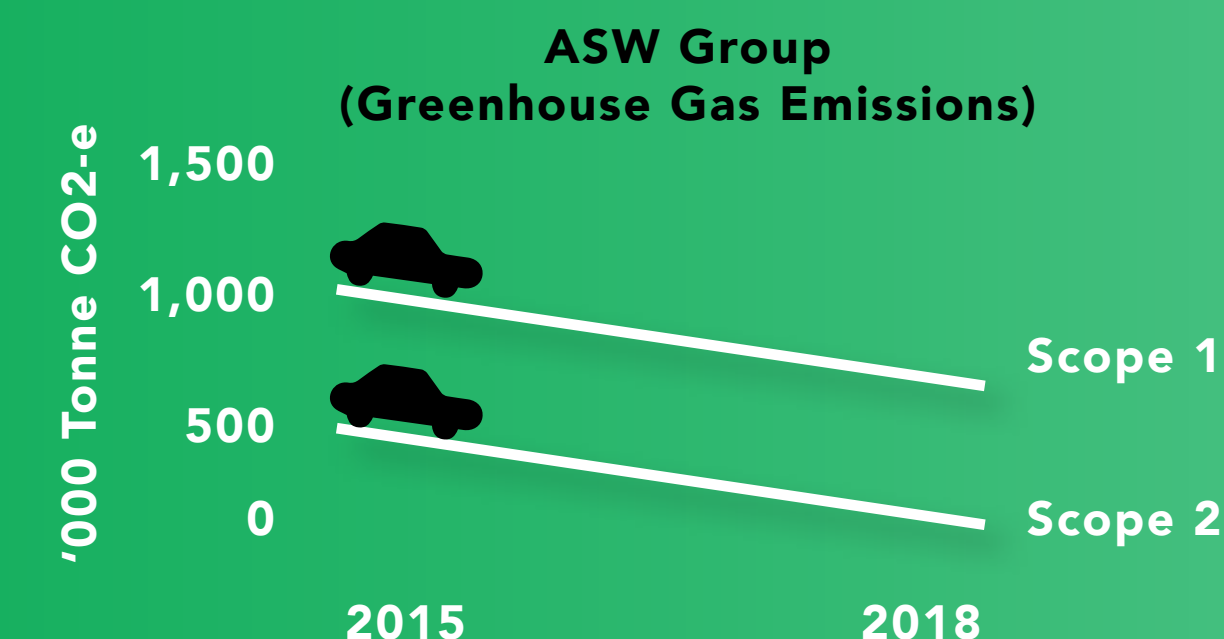


100%

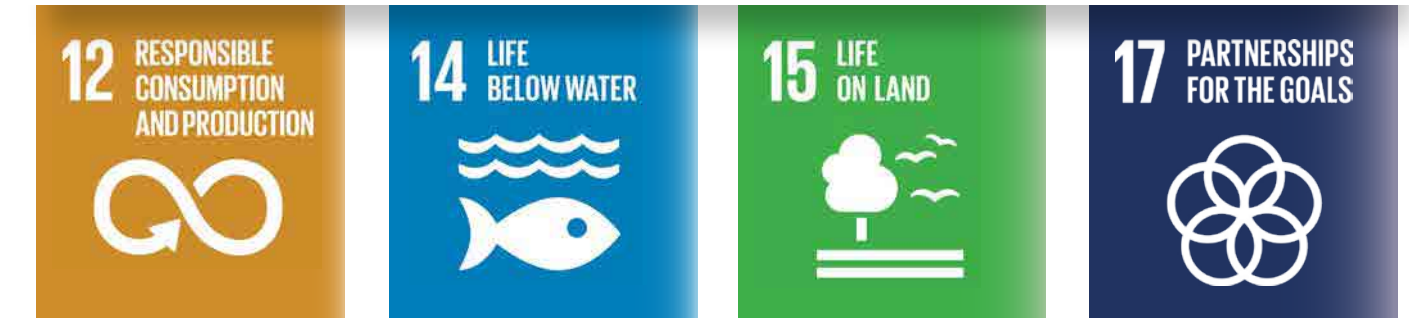
United Kingdom

GREENHOUSE GAS EMISSIONS (SCOPES 1 & 2)*:

We managed to reduce our total absolute GHG emissions (scopes 1&2) by 30% vs. 2015.



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








Reducing Waste Generated through Our Operations

Our main objectives are:



Our initiatives include:

-  Store Carrier Bags
-  eCommerce
-  Collection of Empty Containers in Stores
-  Testing in-store Refill, the New-Old Business Model
-  Non-hazardous Waste Recycling in Our Warehouses



Store Carrier Bags

We offered various alternatives to single-use carrier bags made from virgin plastic materials:

SWITCH TO REUSABLE BAGS

watsons

Thailand

NO BAG DAY

Working hand-in-hand with the Thai Retailers Association, **Watsons Thailand** joins **No Bag Day** on the 4th of every month, encouraging shoppers to say no to plastic bags by offering 50 extra points for members.

PARKnSHOP

Hong Kong

SHARE YOUR BAG

Implemented programmes such as **Share Your Bag** and **Bring Your Own Boxes** at designated stores to make it easier for customers to reduce the use of plastics carrier bags.

PAPER BAGS

THE PERFUME SHOP

United Kingdom

7 million plastic bags were replaced by paper bags. By offering alternatives such as **paper bags** and **reusable shopping bags**, millions of single used plastic bags are removed from the market.

watsons

Philippines

ICI PARIS XL

Benelux

Introduced paper bags.

PLASTIC BAGS MADE PARTIALLY WITH RECYCLED PLASTIC CONTENT

ASIA

All Business Units in **Europe** now include a minimum of 25% recycled plastic content; and in **Asia** we have between 5-10% now, with an aim to align with European Business units.

watsons

PARKnSHOP

Hong Kong

watsons

Singapore

Malaysia

Thailand





eCommerce

With a growing number of **online transactions** and the need for additional packaging materials, our business units had to re-think the way they package products to be delivered to customers in stores or at home.

ICI PARIS XL — INNOVATION IN THE DISTRIBUTION CENTRE

“Goods to Man” started in **2017** as a project to upgrade the distribution centre and picking system to expand their capacity and capabilities to support the growing business in-store and online.

The system has **80 robots** that stock the products and **replace manual picking** entirely. It has changed the way we package the products we send, enabling us to be more environmentally friendly by **eliminating the use of bags** for certain products.



ENVIRONMENTALLY FRIENDLY PACKAGING IN ECOMMERCE

A dispatch note is an essential document that certifies the delivery of goods with description and quantity listed as a proof of delivery from the seller to buyer. In 2018, the regional eCommerce team of **A.S. Watson** released guidelines on packaging and **dispatch notes** not only to **standardise the look and feel** but also to **optimise the amount of material used**. As a result, eCommerce packaging has become more environmentally friendly.

THE PERFUME SHOP

United Kingdom

Saved **2,255KG** OF PAPER IN 2018

watsons

Singapore

Saved **306+KG** OF PAPER
SINCE 2018



SUPERDRUG INNOVATION IN ECOMMERCE:

In 2018, Superdrug moved to **100% recycled cardboard boxes** and **100% recycled and recyclable paper** void fill for online deliveries to avoid using virgin cardboard and plastic, this helps **save about 300 tonnes virgin cardboard** annually.



THE PERFUME SHOP

BRING A *bottle*

RECYCLE YOUR EMPTY
PERFUME BOTTLES WITH US
AND RECEIVE

10% CFF*

YOUR FRAGRANCE
PURCHASE IN STORE TODAY!



Collection of Empty Containers in Store

There is a growing concern that some of the packaging waste discarded by customers, at home, will not be properly recycled in their markets. Indeed, in some markets in Europe and Asia, the collection and recycling infrastructures struggle to cope with the type of waste needed for processing.

In few countries, ASW partnered with local recycling companies to collect empty containers (glass, plastic) from customers and to process them back into raw materials for further re-use.

WATSONS HONG KONG PLASTIC PERSONAL CARE BOTTLES

The plastic container recycling program was started in 2016, where customers are encouraged to bring back clean empty plastic containers of personal care products in stores for recycling. To encourage recycling behaviour, customers are **rewarded with either discount vouchers or loyalty membership points**.

The collection program was further enhanced in 2019, with the inclusion of supplier partnership, with **P&G** is the first brand that **partnered with Watsons** to encourage customer participation, with a series of others expected to join after.

4,000 bottles have been collected over the four months period since the recycling revamp was launched in mid 2019.

守護我們的地球
Save our Earth

現時全港玻璃樽回收僅**7%***，

為環保出一分力，大家可以將已洗淨的空酒樽帶回Watson's Wine，
一同進行乾淨回收*，令玻璃樽得到適當處理。

The recycling rate of glass bottles is **7%* only**.

To protect our environment, you can now bring your cleaned
empty wine bottles to our stores for proper recycling*.



*請先清洗乾淨才放入回收袋
Please rinse before putting into the recycling bag
資料來源：環保署 - 香港固體廢物監察報告2016
Information source: EPD - Monitoring of Solid Waste in Hong Kong 2016



Collection of Empty Containers in Store

WATSONS HONG KONG
TRU NIAGEN GLASS BOTTLES

8,932 bottles

collected in stores since May 2018. In addition,
for **each TRU NIAGEN®** (60 capsules) bottle
returned to Watsons stores, HK\$5 was donated
to Hong Kong Alzheimer's Disease Association.

WATSON'S WINE HONG KONG
WINE BOTTLES

The glass recycling programme piloted
in three stores and wine tasting events
in 2018 and was later expanded to all
Watson's Wine stores in 2019; it helped
to collect so far

1,200 bottles

THE PERFUME SHOP
PERFUME BOTTLES

An incentivised glass recycling
programme that offers 10% off on
fragrance purchase in-store. A total of
335 bottles
were collected in 2018.

ICI PARIS XL PERFUME BOTTLES

59,586 bottles
were collected in 2018. An incentivised glass
recycling programme that offers 15-20% off
on skincare and fragrance purchase in-store.



Testing in-store Refill, the New–Old Business Model

We recognise customer refill as a potential business model to substantially cut back on plastic waste and have further expand this product offering by working with strategic suppliers. One recent example includes a personal care refill station by a New Zealand brand “ecostore” launched in PARKnSHOP Hong Kong. Customer can now bring in their container to purchase product developed in New Zealand that’s conscious of its customer need and the need of the planet. The range adds to **an existing line of refill stations** available in PARKnSHOP, including **olives oil, vinegar and whisky refill by Vom Fass and nuts corner by Hart.**

It is part of our goal to further expand on the instore refill counter, as we learn

from customer feedback and sales performance.

NEW PLASTIC ECONOMY’S REFILL IN-STORE MODEL



Source: Reuse Rethinking Packaging.
Ellen Macarthur Foundation

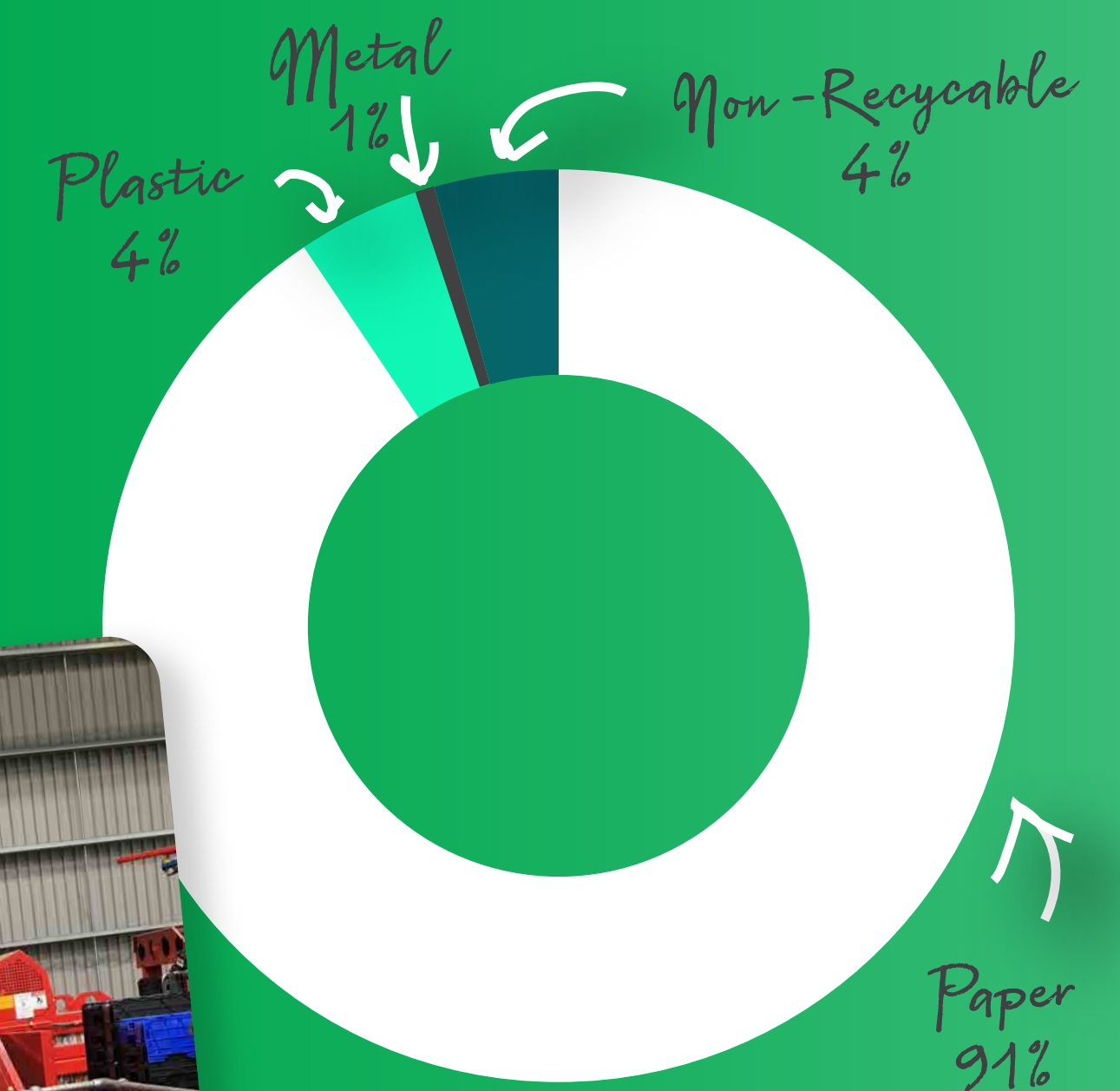


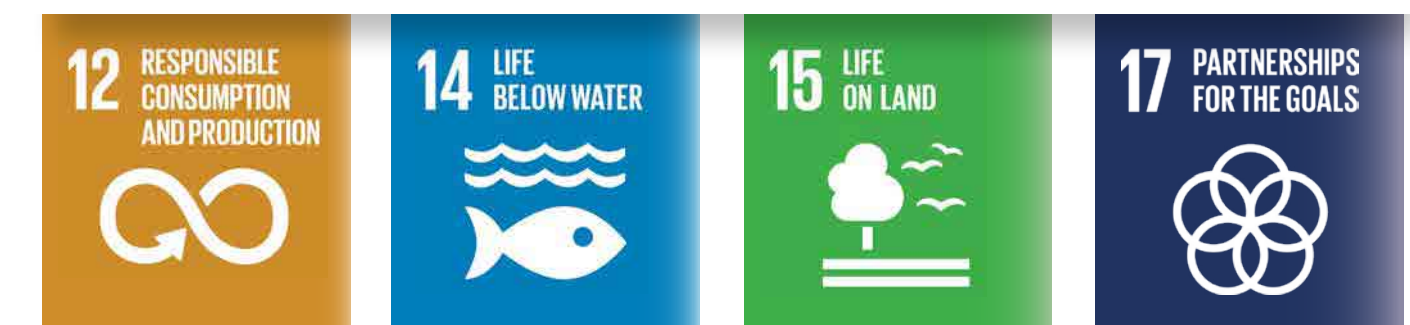
Non-hazardous Waste Recycling in Our Warehouses

Within our operation, hazardous and non-hazardous is recycled in compliance with local legislation. Non-hazardous waste is either managed through shopping malls' own waste management systems or would be brought back to our warehouse to be delivered to local recyclers. Such waste is usually coming from secondary and tertiary packaging.

In 2018, we processed over 45,000 tonne of non-hazardous waste through our warehouses and recycled about 96%.

NON-HAZARDOUS WASTE PROCESSED IN WAREHOUSES (2018)





Making Our Products More Sustainable

Much focus in the last two years has been on reducing the environmental impact from the sale of our own-brand products. We believe this is one of the best starting points from us to play a part in driving a green transformation in the market.

Our initiatives include:



Our Sustainable Own Brand Dry Paper Products



Our Action on Microplastics in Cosmetics / Personal Care Products



Mitigating Our Impact on Plastic Use



Watsons Water Initiatives



Single-use Plastic Products Initiatives



PARKNSHOP Initiatives



Sustainable Packaging Guideline



Our Sustainable Own Brand Dry Paper Products

A.S. Watson is committed to have **100% of our dry paper products range** (toilet tissue, facial tissue and related items) to be made exclusively of either **FSC (preferred), PEFC or traceable recycled paper by 2025.**

AS OF 2018, WE ALREADY TRANSITIONED

94%



90%

watsons

dry paper products using sustainable paper sources such as FSC.



Our Action on Microplastics in Cosmetics / Personal Care Products

Ahead of legislations, A.S. Watson has taken the positive step to **ban the use of microplastic** in its rinse-off **Own Brand cosmetics/personal care scrub products** development since 2014. This ban has been extended to all related products sold across A.S. Watson stores in 2017, with the aim to end the sales of such products by end 2019. Where A.S. Watson subsidiaries are bound by earlier legal requirements in their markets, they will work towards full compliance with the respective laws accordingly.

We are aware of changes coming from Europe with regards to microplastics definitions and potential extended restrictions, and we will work with suppliers to fulfil any additional obligations.



Note: Microplastics are currently defined as solid synthetic polymer (plastic) particles, insoluble in water. Due to their small size (<5mm) they often pass through sewage water filtration systems and can pollute waterways; microplastics impact the food chain as they can be ingested by marine organisms. Cosmetics/ personal care products account for 2% of microplastic pollutants contributors in the ocean (Source: Boucher, J. and Friot D. (2017). Primary Microplastics in the Oceans: A Global Evaluation of Sources).



↔ Mitigating Our Impact on Plastic Use

Since the 1950s, the world has seen a sharp growth in plastic production and consumption, which unfortunately were not met with appropriate and adequate waste collection and recycling infrastructures to avoid plastic ending-up in landfills or leaking into the environment.

With retail and beverage manufacturing being key parts of A.S. Watson's business, the group is committed to contribute to the global effort of combatting plastic waste.





In 2017, Watsons Water joined the initiative Drink Without Waste, a voluntary initiative led by the Hong Kong-based Single-use Beverage Packaging working group, formed by stakeholders in the beverage industry, retailers, waste management services and NGOs.

[CLICK AND LEARN MORE](#)

Watsons Water Initiatives

To lower our environmental impact, our operation in Hong Kong has pledged to support, promote and implement key actions in the following areas:

3 USE RECYCLED PLASTIC CONTENT



Bottles are made with 100% recycled PET materials since 2015 – first in Hong Kong



4 EXPLORE REUSABLE PACKAGING MODELS



Launched refillable bottles business since the 1950s, for office and residential use





Plan to install 100 public water refill stations by 2025



1 REDUCE UNNECESSARY & PROBLEMATIC PLASTIC



-  Started replacing PVC bottle labels with PET material in 2019
-  Plastic amount used in our 430ml bottle reduced by 26% over the last decade

2 MAKE PACKAGING MORE RECYCLABLE



-  Bottles to be made of 100% recyclable materials (PET, PP) by 2020
-  First beverage bottler in Hong Kong to launch a scaled plastic bottle container collection programme with the use of reverse vending machines
-  Plan to install 400 reverse vending machines in Hong Kong by 2025
-  Target to collect an equivalent of 100% of our water bottles sold in Hong Kong by 2030



Single-use Plastic Products Initiatives

Single-use plastic products are made wholly or partly of plastic and are typically intended to be used just once (or for a short period of time) before they are thrown away; this definition excludes plastic packaging, which are addressed in the next page.

The Group is currently reviewing its portfolio of single-use Own Brand plastic products to ensure they will be re-designed to be safely recycled, reusable or made with better alternative materials, where technically possible, legally relevant and without having any negative impact on customers' safety.

Here are examples of actions already launched:



In 2019, our Food retail in Hong Kong is the first retail chain in the city to stop the sales of single-use plastic straws, and to propose alternatives made with metal or bamboo. We also are already selling sustainable alternatives to plastic cutlery, plates and cups.



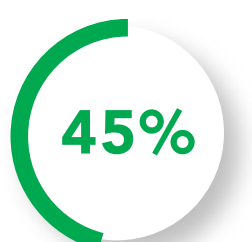
In our Health & Beauty business, we are gradually replacing the plastic shaft of our Own Brand cotton buds SKUs with a paper shaft in 2019:



Kruidvat



Superdrug



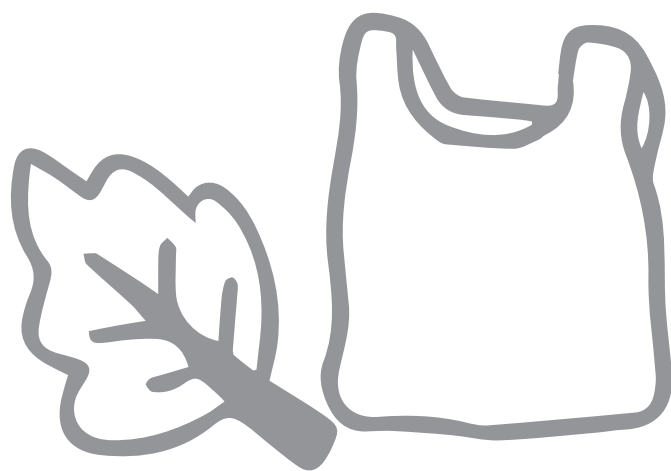
watsons

PARKnSHOP Initiatives

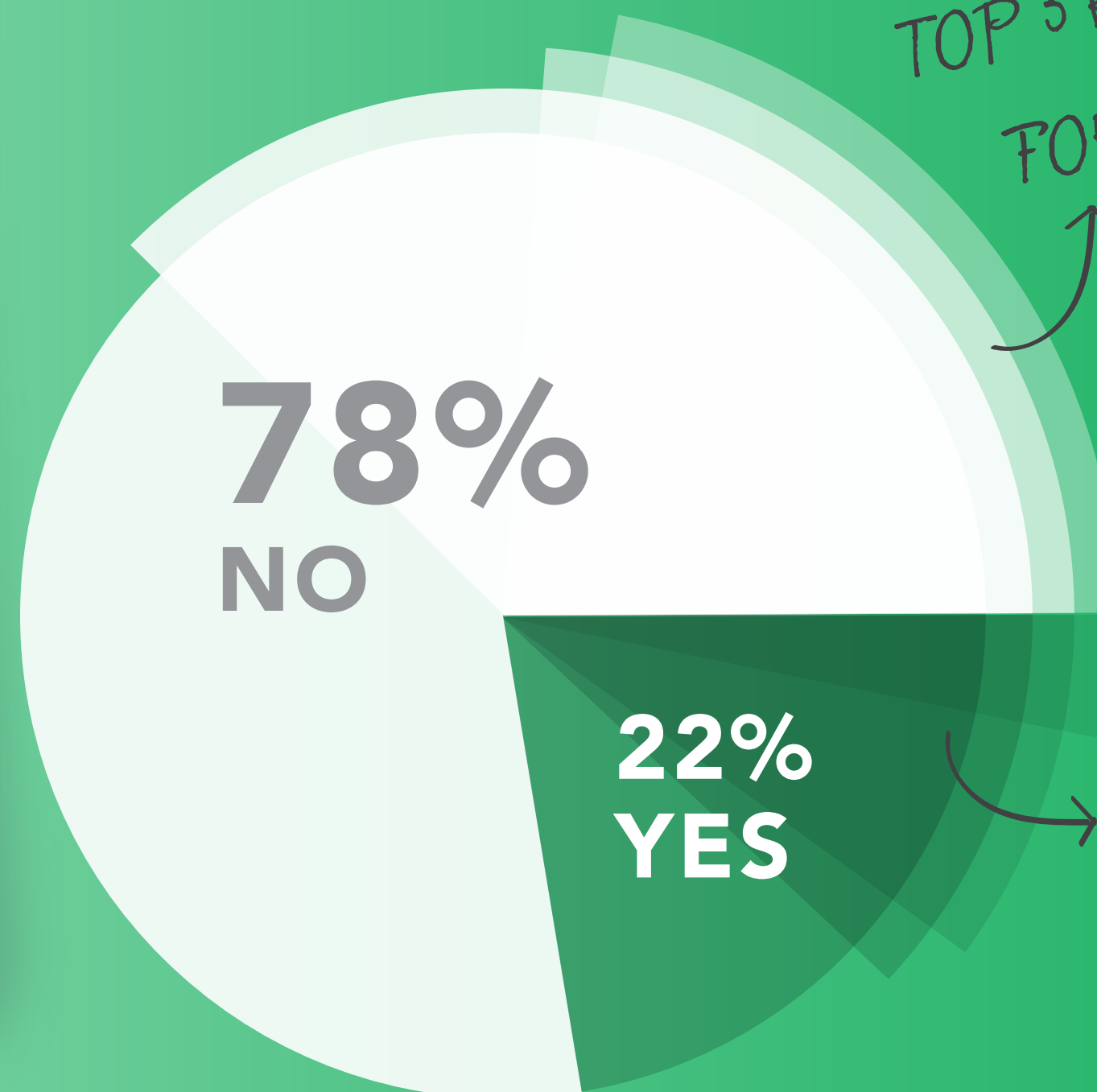
Customers Survey:

Before our launch of the **plastic free zone** trial in **PARKnSHOP**, we have engaged an independent third party to survey **963 customers** in our store to understand their preference.

An extract of the survey results has been included here:



WOULD YOU LIKE YOUR FRESH FRUITS TO BE PACKAGED IN PLASTIC, WHEN YOU BUY THEM?*



TOP 3 REASON
FOR NO#



51%

I CAN CHOOSE **FRESHER** FRUITS



28%

IT IS **MORE** **ENVIRONMENTALLY FRIENDLY**



24%

I WORRY FRUITS WOULD **GET ROTTEN** **FASTER** IF WRAPPED IN PLASTIC



53%

HYGIENE IS IMPORTANT



41%

EASY TO 'GRAB AND GO'



16%

KEEP FRUITS **FRESH LONGER**

TOP 3
REASON
FOR YES#

#Customers could choose more than 1 reason

PARKnSHOP Initiatives

Taking the interests of our customers to heart, A.S. Watson has been working with leading experts and researchers globally to deliver excellent quality and value through our wide range of Own Brand products. We are careful about every stage of the production-to-shelf process and are always open to customer feedback.

Green team:

An internal task force was set up to **review the different types of plastic packaging** for raw and fresh products sold in PARKnSHOP.

Ready to go meal:

Customers will receive **discounts for bringing their own containers** for the purchase of sui mei (roasted meat) and salads in selected stores.

Fresh fruits and vegetable packaging free trial:

PARKnSHOP is the first chain supermarket in Hong Kong to launch a trial of **package free fruits and vegetables at three of our university stores.**

The trial enables us to identify the direct impact of shelf life of certain fruits and vegetables along with the demand for sustainable packaging solution. Further study is needed to find the best solution to reduce plastic packaging **while avoiding additional food waste.** The trial has extended to a total of 8 stores as of 31st December 2019.

Additionally, we plan to provide paper bags in store when customers buy fruits and vegetables.







Scan or click this QR code for the list of location of participating stores



Sustainable Packaging Guideline

We make use of our Sustainable Packaging Guidelines to support internal development teams and suppliers in implementing our strategy:

- 
 Optimise packaging to avoid unnecessary plastic materials and replace with sustainable alternatives where possible
- 
 Introduce refill options
- 
 Phase out the use of PVC in packaging, minimise packaging materials, and ban oxo-degradable plastics
- 
 Expand on products made partially or wholly of recycled plastic (e.g. rHDPE, rPET) in selected markets

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

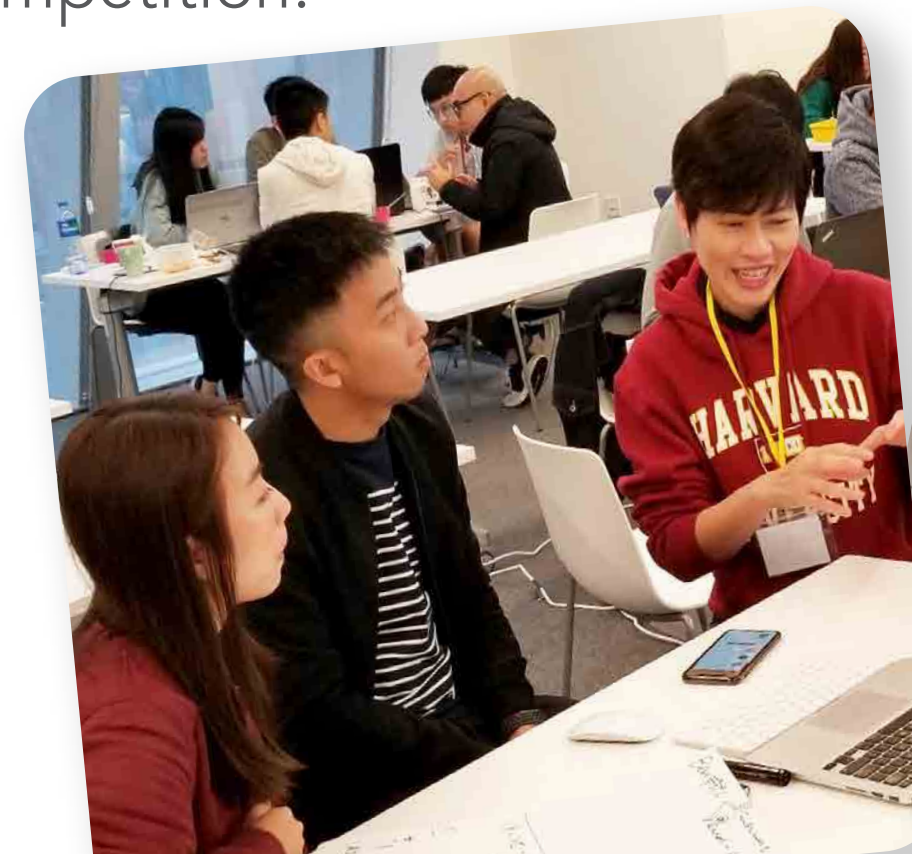


Engaging Local Communities on Environmental Protection Ideas

GREEN HACKATHON

A.S. Watson Group (ASW) and Hong Kong Retail Management Association (HKRMA) co-created the first Green Retail Hackathon in Hong Kong, aiming to encourage young people to develop innovative ideas to promote green awareness and practice amongst customers and retail industry.

With ASW being one of event main sponsors, the three-day hackathon attracted over 80 university students and 12 start-ups, whom focused on how to influence customers behavior on issue such as waste reduction and recycling participation. FORTRESS, PARKnSHOP Hong Kong and Watsons Hong Kong also helped provide real-life cases for the competition.





Assessing Environmental Impact Risks of Own Brand Suppliers

By the end of 2018, A.S. Watson Group rolled out the Business Environmental Protection Initiative (BEPI) of amfori.

The aim is to assess environmental sustainability risks of our suppliers, using an online assessment tool covering 11 environmental performance areas; at the same time, suppliers can estimate their greenhouse gas emissions.

Following the assessment, factories will be advised on their risks and the appropriate training to attend, either from amfori or from other appointed training companies. Their progress is monitored over time.

ASW Group Buying Office has currently assessed 30% of our purchases from Own Brand suppliers located in high-risk countries, and we aim at covering 50% by 2020.



Environmental Management System



Energy Use, Transport and Greenhouse Gases (GHG)



Water Use



Wastewater / Effluent



Emissions to Air



Waste Management



Pollution Prevention and Chemicals



Major Incident Prevention and Management



Land Use and Biodiversity



Contaminated Land / Soil and Groundwater Pollution Prevention



Environmental Nuisances

Awards



HONG KONG

Green Office and Eco-Healthy Workplace Awards Labelling Scheme
(by World Green Organisation)



HONG KONG

Sustainable Business Award 2018
(by World Green Organisation)

Sustainable Leadership Award
(by World Green Organisation)



HONG KONG

Charter on External Lighting — Platinum Award
(by Environment Bureau)



CLICK AND SEE MORE OUR PLANET 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.

REPORTING PERIOD

Quantitative and qualitative information cover the period Jan 2017 to Dec 2018. Stories shared in the report cover 2017 to mid 2019.

BOUNDARIES

Our report focuses on A.S. Watson's operations in 19 markets:



Environmental, Social and Governance ("ESG")

Environmental

ASPECT	UNIT	2017	2018
A1: EMISSIONS			
Policies / measures on air and greenhouse gas (GHG) emissions, discharges into water and land, generation of hazardous and non-hazardous wastes		*	*
Total greenhouse gas ("GHG") emissions	tonne CO2e	751,843	769,355
Total GHG emissions intensity	tonne CO2e / revenue (HK\$'000)	0.006	0.006
GHG Scope 1 emissions	tonne CO2e	329,402	327,673
GHG Scope 1 emissions and intensity	tonne CO2e / revenue (HK\$'000)	0.003	0.003
GHG Scope 2 emissions	tonne CO2e	422,441	441,682
GHG Scope 2 emissions and intensity	tonne CO2e / revenue (HK\$'000)	0.003	0.003
A2: USE OF RESOURCES			
Policies / measures on efficient use of energy, water, raw materials		*	*
Total energy consumption	kWh	1,690,310,638	1,777,517,672
Total energy consumption intensity	kWh / revenue (HK\$'000)	13.661	13.307
Water consumption	m3	2,605,878	3,238,995
Water consumption intensity	m3 / revenue (HK\$'000)	0.021	0.024
Total non-hazardous waste produced	tonne	46,794	49,890
Total packaging material used for finished products	tonne	42,749	57,177
Plastic	tonne	21,339	27,015
Paper	tonne	15,851	23,296
Metal	tonne	2,694	3,761
Glass	tonne	2,361	2,616
Other packaging material	tonne	504	489
ASPECT A3: THE ENVIRONMENT AND NATURAL RESOURCES			
Policy/measures on minimising the impact on the environment and natural resources		*	*

* Policies / measures implemented

Environmental, Social and Governance ("ESG")

Social

ASPECT	UNIT	2017	2018
B1: EMPLOYMENT			
Policies/measures on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination		*	*
Total number of full-time employees		77,010	80,312
Number of full-time male employees		19,946	19,850
Number of full-time female employees		57,064	60,462
B2: HEALTH AND SAFETY			
Policies/measures on providing a safe working environment, protecting employees from occupational hazards, work-related fatalities, lost days due to work injury		*	*
Number of work-related fatalities		0	0
Number of lost days due to work injuries		20,295	22,862
B3: DEVELOPMENT AND TRAINING			
Policy/measures on improving employees' knowledge and skills for discharging duties at work		*	*
B4: LABOUR STANDARD			
Policy/measures on preventing child and forced labour		*	*
B5: SUPPLY CHAIN MANAGEMENT			
Policy/measures on managing environmental and social risks of the supply chain		*	*
B6: PRODUCT RESPONSIBILITY			
Policy/measures on health and safety relating to products and services provided, advertising relating to products and services provided, labelling relating to products and services provided, privacy matters relating to products and services provided, methods of redress		*	*
B7: ANTI-CORRUPTION			
Policy/measures on bribery, etortion, fraud, money laundering		*	*
B8: COMMUNITY INVESTMENT			
Policy/measures on community engagement to understand the needs of the communities where the business operates and to ensure its activities take into consideration the communities' interests		*	*
Number of man-hours contributed in focus areas		90,000+	86,000+
Number of GVD volunteers		23,000+	34,000+
Amount of money donated / contributed in focus areas (HK\$)		\$37,210,948	\$32,185,062

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 25 markets worldwide. Today, the Group operates **12 retail brands** with **over 16,000 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 140,000 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 **25 markets worldwide:** Hong Kong, Mainland China, Macau, Indonesia, Malaysia, Philippines, Singapore, Taiwan, Thailand, Vietnam, Albania, Belgium, Germany, Ireland, Luxembourg, Netherlands, United Kingdom, Czech Republic, Hungary, Latvia, Lithuania, Poland, Russia, Ukraine and Turkey.



[CLICK AND SEE MORE ASW STORIES](#)