



AS Watson

Sustainability Report 2024

**ONE GOAL
ONE SMILE**



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



A member of CK Hutchison Holdings



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Message from Our Group CEO

Building on Our Legacy: Advancing Together for a Brighter Future

2024 marks another extraordinary chapter for AS Watson, building on over 180 years of service to our communities. As we continue our journey to be the world's leading and customers' first-choice shopping destination for quality health, beauty, and lifestyle products and services, we remain rooted in care and purpose. Inspired by passion, commitment, teamwork, science and innovation, we embrace every opportunity to make a meaningful impact in the lives of our customers and the world around us.

A Legacy of Care, A Future of Possibilities

This year, we deepened our commitment to our founding principles while embracing the innovations that define the modern world. Our heritage as a trusted provider of health and wellness has guided us through decades of change, and today, it continues to shape the way we connect with communities globally. By fusing tradition with innovation, we aim to bring the very best to our customers, partners, and people - fostering happiness and wellbeing wherever we operate.

Accelerating Sustainability, Empowering Change

In 2024, we advanced our sustainability journey with greater focus and action. Guided by our three sustainability pillars - Planet, People, and Products - we made measurable progress toward a more sustainable future.

Planet: We introduced initiatives to reduce our carbon footprint and waste, including renewable energy adoption and enhanced recycling programmes.

People: We expanded efforts in ethical sourcing, workplace diversity and inclusion, and community engagement through philanthropic and pro-bono initiatives.

Products: We launched innovative offerings that empower customers to choose sustainability without compromising on quality or value.

We also prepared for compliance with the Corporate Sustainability Reporting Directive (CSRD) by conducting a Double Materiality Assessment, engaging over 8,000 stakeholders to shape our strategy. Our commitment to collaboration was further strengthened by joining the Consumer Goods Forum's "Climate Transition Coalition" - sharing best practices, empowering suppliers, and inspiring positive change across industries.

Looking Ahead with Purpose and Passion

In the Year of Unity, we are filled with optimism and hope. With the unwavering support of our 130,000-strong team, trusted partners, and loyal customers, we will continue to honour our heritage while shaping a future defined by innovation, sustainability, and our commitment to care.

At AS Watson, our purpose remains steadfast: to put a smile on our customers' faces today and tomorrow and make the world a happier, healthier, and more sustainable place. We invite you to join us in creating a brighter future for all.

Malina Ngai

Dr. Malina Ngai

Group CEO
AS Watson Group



About this Report

Reporting Scope

This Sustainability Report (the Report) presents a comprehensive overview of AS Watson Group's (the Group) environmental, social, and governance (ESG) performance and initiatives for the reporting period ending 31 December 2024. It reflects our ongoing commitment to transparency, accountability, and continuous improvement in sustainability. Throughout the Report, we highlight our progress, challenges, and contributions to the communities in which we operate, reinforcing our role as a responsible and purpose-driven business.

The Report is structured around the Group's three sustainability pillars - Planet, People, and Products. Material topics which were identified through a robust Double Materiality Assessment (DMA) are covered in this Report.

The scope of this Report covers the Group's operations under its direct operational control, including our extensive retail networks across the health, beauty, and lifestyle sectors. Greenhouse gas (GHG) emissions data are consolidated in accordance with the GHG Protocol, excluding associates and affiliates outside the Group's operational boundary.

Reporting Framework

As part of the preparation of this Report, we adhere to four major reporting principles: "Balance," "Consistency," "Materiality," and "Quantitative." We have referenced the Hong Kong Exchanges and Clearing Limited (HKEX) ESG reporting requirements and aligned our data with that presented in our parent company, CK Hutchison Holdings' 2024 Sustainability Report.





Sustainability at AS Watson

Our 2030 Sustainability Vision

At AS Watson, we are committed to building a better world. Our 2030 Sustainability Vision outlines our commitment to social and environmental sustainability for the decade ahead.

With the purpose of putting a smile on our customers' faces today and tomorrow, we aim to give back to our global community and nurture a healthier, more sustainable world.

Together, we are steadfast in our pursuit of sustainability, focusing on three key pillars: Planet, People, and Products.

To guide our sustainability efforts, we have established our 2030 targets, with the commitment to reduction of greenhouse gas emissions, support for children with cleft lips and palate, and plastic reduction in packaging.



- Fighting the Climate Crisis through the Reduction of our GHG Emissions
- Building Greener Stores
- Achieving Zero Waste to Landfill



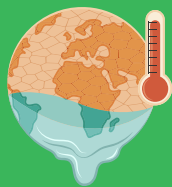
- Respecting Human Rights
- Caring for Our People
- Supporting Our Communities



- Maintaining High Product Quality & Safety
- Offering More Sustainable Products



OUR 2030 TARGETS



SCIENCE-BASED GHG EMISSIONS REDUCTION TARGETS

50.4% ↓
Scope 1 and 2
GHG emissions*

58% ↓
Scope 3
GHG emissions
intensity*

33%
of suppliers will have SBTs
on GHG emissions
by 2027



LESS/BETTER PACKAGING BY 2025

5%
Virgin plastic
reduction
vs. 2020

20%
Recycled plastic
content in
packaging

100%
Recyclable, reusable
or compostable
packaging

give a SMILE

We aim to restore
10,000
Perfect smiles with
Operation Smile

* 2030 target against a 2018 base year

The United Nations Sustainable Development Goals

Introduced by the United Nations in 2015, the Sustainable Development Goals (SDGs) provide a unified framework for companies, governments, and NGOs to work together towards collective sustainability objectives by 2030.

AS Watson is proud to support the SDGs and has aligned our initiatives with 15 of these goals, reinforcing our commitment to building a more sustainable future.



Sustainability at AS Watson

Preparation for CSRD Compliance

In December 2022, the European Union introduced the Corporate Sustainability Reporting Directive (CSRD), a new sustainability regulatory framework. This CSRD establishes clear and specific requirements for sustainability reporting, guided by the European Sustainability Reporting Standards (ESRS). A key element of the CSRD is the principle of double materiality, which considers both financial materiality - how sustainability issues affect a company's financial performance - and impact materiality - how a company's operations impact society and the environment.

In 2024, AS Watson began preparing for CSRD compliance. With the support of an external consultant, we conducted an extensive DMA. This comprehensive evaluation engaged over 8,000 stakeholders, both external and internal, through thoughtfully designed surveys and in-depth interviews, allowing us to gather meaningful insights to guide our sustainability journey.

DMA Process Overview

The overall DMA follows a structured process with three key steps:

1

Defining Material Topics

We identified a comprehensive list of material issues across our Group's value chain, considering both impact materiality and financial materiality.

2

Prioritisation of ESRS Topics

Material issues were prioritised, and we defined material impacts, risks, and opportunities (IROs) based on the principles of impact materiality and financial materiality.

3

Consolidation & Validation of the Results

The shortlisted material issues were validated through workshops and interviews with internal and external stakeholders to confirm their relevance and include any additional topics.

This rigorous process helped us identify IROs that meet the reporting threshold and align with relevant ESRS subtopics. We are also implementing a new sustainability reporting tool to enhance data tracking, control, and assurance of sustainability metrics.

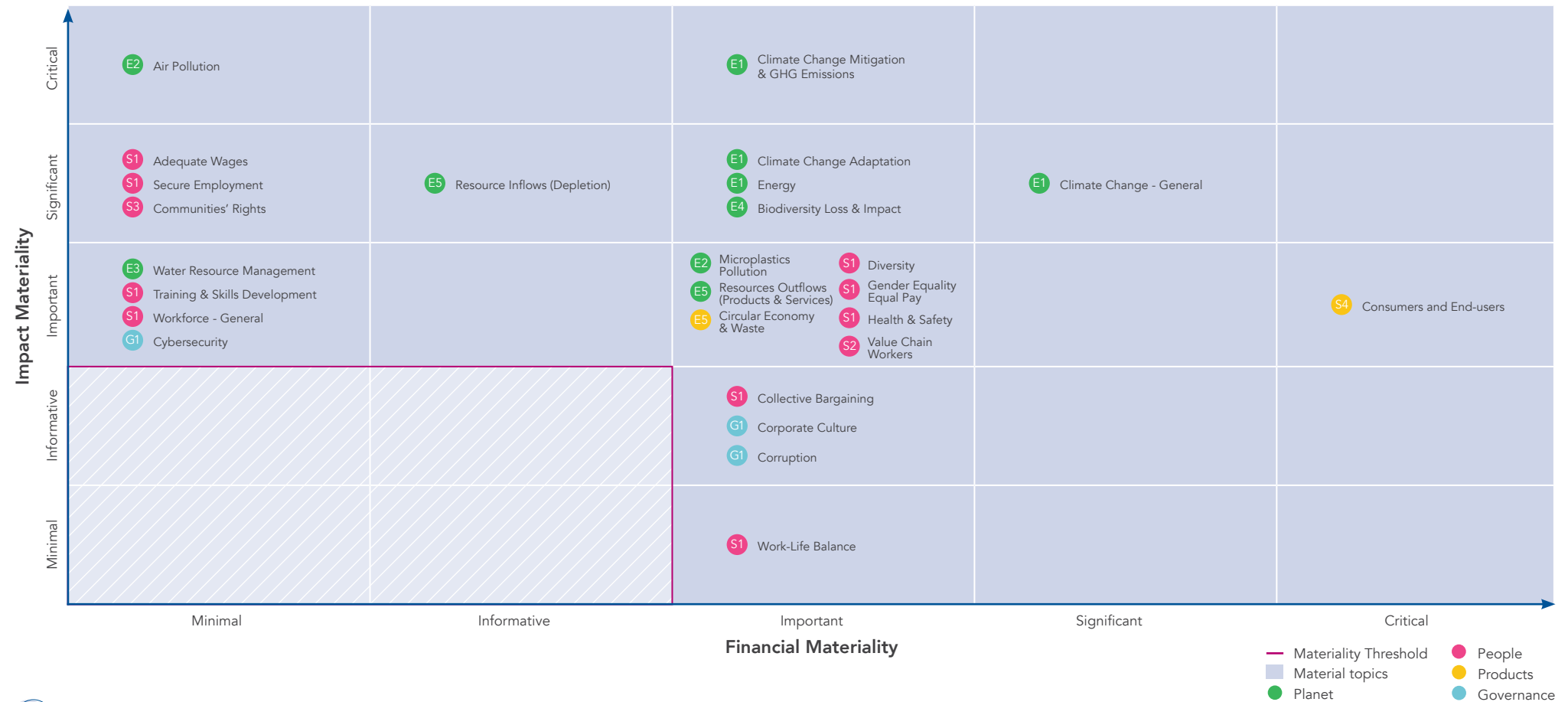


Sustainability at AS Watson

Materiality Matrix

The adoption of the double materiality principle highlights the significance of both impact materiality and financial materiality for our Group. This comprehensive approach enables us to evaluate how material issues affect people and the environment, while identifying financial topics that present risks and opportunities for our business.

Through this process, we have identified the material topics below that will guide our efforts to create a positive impact for both society and the planet.





Planet

As a global company operating in 30 markets, we recognise the challenge of navigating a complex and varied legislative landscape. Each market has its own unique environmental regulations, and we take our responsibility for full compliance seriously. However, at AS Watson, we aim to go beyond legal requirements. Our aspiration is to align our practices with the highest environmental standards across all our operations.

Sustainability is at the heart of who we are - it is more than just a corporate obligation; it is our core value. We have developed a comprehensive strategy that spans our entire value chain, from product manufacturing to our own operations and downstream activities.

We actively monitor the environmental performance of both our operations and our suppliers. By reducing carbon footprint, water consumption, waste generation, and packaging use, we are taking positive steps to minimise our impact on the environment and contribute to a more sustainable future.

Our **Planet pillar** is not just an initiative - it's a reflection of our vision and values as a company.

Collaboration is essential to achieving our sustainability goals. At AS Watson, we actively work with industry peers and NGOs to advocate for more ambitious and consistent environmental initiatives wherever possible.

As a proud member of The Consumer Goods Forum (CGF), we fully support their collective actions and industry-wide collaborations to tackle global challenges impacting the consumer goods sector.

In 2024, we joined their coalition "Climate Transition" which focuses on three key areas:

- **Supplier Engagement:** Encouraging broader adoption of aligned sustainability objectives and providing resources to support suppliers at varying levels of readiness
- **Education & Knowledge Sharing:** Creating opportunities for open communication on best practices and learnings to inspire meaningful action
- **Common Data Framework:** Developing insights into the core elements that every company needs to embark on their decarbonisation journey

By sharing best practices and innovations, we believe we can inspire others and create a ripple effect of positive change. Together, we strive to achieve meaningful progress toward exploring pathways to accelerate decarbonisation.

[Click and see more](#) **CGF coalition**



Our Planet pillar focuses on:



Fighting the Climate Crisis through the Reduction of our GHG Emissions



Building Greener Stores



Achieving Zero Waste to Landfill



Planet

Fighting the Climate Crisis

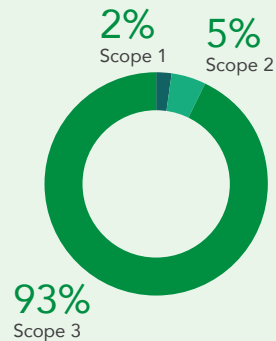
At AS Watson, we recognise that over 90% of our total GHG emissions come from Scope 3 activities. These emissions primarily originate from three key areas:

- **Product Manufacturing:** Emissions generated by our suppliers during the manufacturing of purchased goods and services
- **Transport and Distribution:** Emissions from the upstream delivery of products to our businesses
- **Product Use:** Emissions from how our customers use the products

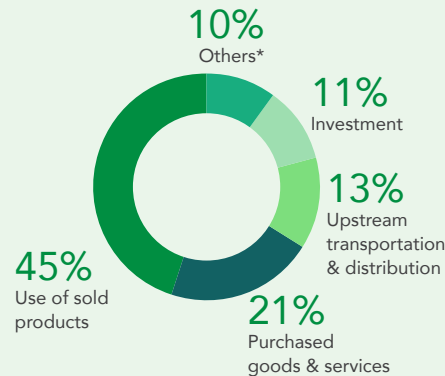
Addressing these hotspots is vital to reducing our overall impact, and we remain committed to working collaboratively across our supply chain to tackle the climate crisis.

Our 2018 Base Year GHG Emissions

Share of GHG Emissions by Scopes 1, 2 and 3 (2018)



Share of GHG Emissions by Scope 3 Category (2018)



(* Others: Employee commuting, business travel, end-of-life treatment of products, fuel- & energy-related activities, waste generated in operations, and capital goods

Our Near-Term Science-Based GHG Emissions Reduction Targets



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Our journey towards sustainability is driven by ambitious targets inspired by the Paris Agreement. In 2022, we committed to significantly reducing our GHG emissions. Our science-based targets are designed to limit global warming to well below 2°C, with aspirations to go further and align with efforts to limit it to 1.5°C.

Our latest targets approved by the Science Based Target initiative (SBTi) consist of an absolute reduction target for Scope 1 and 2 emissions, along with an intensity reduction target and a supplier target for Scope 3 emissions:

- Reduce Scope 1 & 2 GHG emissions by 50.4% by 2030 using 2018 as a base year
- Reduce Scope 3 GHG emissions by 58% in emissions from purchased goods and services, upstream transportation and distribution, and use of sold products per Hong Kong dollar value added by 2030, using 2018 as the base year
- Ensure that 33% of our suppliers, by Scope 3 GHG emissions - covering purchased goods and services, and upstream transportation and distribution - set science-based targets (SBTs) by 2027








Planet

Embracing a Sustainable Future: AS Watson's Climate Transition Plan

At AS Watson, we are committed to making a significant impact on our environment by implementing our comprehensive Climate Transition Plan. This ambitious strategy encompasses our entire value chain and operations aimed at reducing emissions across all scopes.



Scope 1: Direct Emissions

Area	Action	Dependencies	Supporting Teams in AS Watson
S1.A. Sustainable Transport 	<ul style="list-style-type: none"> Strengthen fleet efficiency measures Switch to fleets with lower emission fuels such as plug-in hybrid electric vehicles (PHEVs) or battery electric vehicles (BEVs) 	<ul style="list-style-type: none"> Limited pool of green fleet providers in some markets for the transportation of goods 	<ul style="list-style-type: none"> Supply-Chain sub-committee and local teams Non-Trade Procurement
S1.B. Low GWP Refrigerants 	<ul style="list-style-type: none"> Reduce emission from refrigeration, e.g. retrofits, adopt refrigerants with lower global warming potential (GWP) 	<ul style="list-style-type: none"> Landlord's acceptance to upgrade their heating, ventilation and air-conditioning (HVAC) systems Cost and availability of lower GWP refrigerants in some markets 	<ul style="list-style-type: none"> Supply-Chain sub-committee and local teams Energy sub-committee and local teams Store Development Non-Trade Procurement
S1.C. Switch from Gas to Electricity 	<ul style="list-style-type: none"> Switch from natural gas to electricity for heating 	<ul style="list-style-type: none"> Landlord's acceptance to upgrade their HVAC systems 	





Planet

Scope 2: Indirect Emissions from Energy Use

Area	Action	Dependencies	Supporting Teams in AS Watson
S2.A. Electricity Efficiency 	<ul style="list-style-type: none"> Strengthen energy efficiency measures across all our operations Retrofit facilities with advanced energy-saving equipment 	<ul style="list-style-type: none"> Landlord's acceptance to upgrade their HVAC systems Store design and in-store technology usage (e.g. more screens, self-checkout) 	<ul style="list-style-type: none"> Property Store Development Sales Operation Non-Trade Procurement Energy sub-committee and local teams
S2.B. Renewable Electricity 	<ul style="list-style-type: none"> Identify opportunities for on-site renewable energy generation Mandate the purchase of renewable electricity through Energy Attribute Certificates (EACs) 	<ul style="list-style-type: none"> On-site generation of renewable electricity in distribution centres depending on the building structure or land availability Limitations for rented warehouses Fluctuating cost and availability of EACs 	<ul style="list-style-type: none"> Supply-Chain sub-committee and local teams Non-Trade Procurement Energy sub-committee and local teams Group Sustainability and local sustainability teams




Scope 3: Value Chain Emissions

Area	Action	Dependencies	Supporting Teams in AS Watson
S3.A. Suppliers SBTs Programme 	<ul style="list-style-type: none"> Invite top suppliers, particularly those with significant Scope 3 emissions, to join ClimatePartner's Network Platform. To raise suppliers' climate-related awareness, encouraging them to set their own SBTs and share their annual GHG data with us so as to create a ripple effect of sustainability throughout our supply chain 	<ul style="list-style-type: none"> Identifying the appropriate incentives for some suppliers Lack of resources for small and medium enterprises to manage climate-related projects Existence of sustainability reporting legislation in some markets 	<ul style="list-style-type: none"> Group Sustainability team and local sustainability teams Trade Non-Trade Procurement
S3.B. Suppliers' Energy Efficiency 	<ul style="list-style-type: none"> Strengthen energy efficiency measures across all our operations Support energy retrofits in all operations, using better energy-saving equipment 	<ul style="list-style-type: none"> Refer to #S1.B, S1.C, S2.A and S3.A 	



Planet




Scope 3: Value Chain Emissions

Area	Action	Dependencies	Supporting Teams in AS Watson
<p>S3.C. Suppliers' Renewable Electricity</p> 	<ul style="list-style-type: none"> Identify opportunities for on-site renewable energy generation Increase the purchase of renewable energy (EACs for electricity, smart grids, biomass utilisation, energy storage, etc) 	<ul style="list-style-type: none"> Refer to #S2.B and S3.A 	<ul style="list-style-type: none"> Group Sustainability team and local sustainability teams Trade Non-Trade Procurement
<p>S3.D. Use of More Sustainable Raw Materials</p> 	<ul style="list-style-type: none"> Source more sustainable materials by increasing the use of sustainable raw materials for Exclusive Brands' products and packaging, as well as for our operations (e.g. reusable packaging, recycled content such as recycled paper and plastic, bamboo, sustainable oil) 	<ul style="list-style-type: none"> Availability and cost of recycled content feedstock Local legislation on recycled content packaging for food-contact products Our commitments to Ellen MacArthur's New Plastic Economy Global commitment (e.g. 100% reusable, recyclable, or compostable packaging, reduction of virgin plastic, post-consumer recycled content for packaging, elimination of problematic packaging) and deforestation-free commodities (e.g. membership with the Roundtable on Sustainable Palm Oil) 	<ul style="list-style-type: none"> Group Sustainability team and local sustainability teams Watsons International Trade Non-Trade Procurement Supply-Chain sub-committee and local teams
<p>S3.E. More Sustainable Product Choices for Customers</p> 	<ul style="list-style-type: none"> Develop (Exclusive Brands) or source (suppliers' brands) more sustainable products across multiple categories (food and non-food) 	<ul style="list-style-type: none"> Refer to S3.D Advocacy for more sustainable products to customers in all markets Availability of innovative suppliers and innovative packaging and products Customers' habits & trust Legislation 	<ul style="list-style-type: none"> Group Sustainability team and local sustainability teams Watsons International Trade Marketing



Planet



Scope 3: Value Chain Emissions

Area	Action	Dependencies	Supporting Teams in AS Watson
<p>S3.F. Sustainable Upstream Transport</p> 	<ul style="list-style-type: none"> Implement Smart Logistics and Supply Chain Management: Strengthen transport route optimisation, reduce empty miles, improve route planning, and consolidate shipments Reduce emission from transport use to deliver goods to our businesses (road transport, railway transport, ocean freight, air freight) Support Local and Regional Sourcing to reduce transport distances and associated emissions 	<ul style="list-style-type: none"> Refer to #S1.A and S3.A Government subsidies Availability of technology in some markets 	<ul style="list-style-type: none"> Group Sustainability team and local sustainability teams Non-Trade Procurement Supply-Chain sub-committee and local teams
<p>S3.G. Sustainable Downstream Transport</p> 	<ul style="list-style-type: none"> Increase the use of fleets with lower emissions fuels such as PHEVs or BEVs 	<ul style="list-style-type: none"> Government subsidies Availability of technology in some markets 	
<p>S3.H. Operational Waste Management (in our operations)</p> 	<ul style="list-style-type: none"> Refer to #S3.D Increase the amount of operational waste diverted from landfills Implement a comprehensive waste audit to identify key waste streams and opportunities for reduction Establish clear waste reduction targets and track progress regularly Partner with local organisations or businesses to find innovative solutions for waste diversion 	<ul style="list-style-type: none"> Waste collection and waste recycling infrastructure in local markets Secure funding for waste management initiatives Gain buy-in from all departments and employees 	<ul style="list-style-type: none"> Supply-Chain sub-committee and local teams Store Development Sales Operation Marketing



Planet

Scope 3: Value Chain Emissions

Area	Action	Dependencies	Supporting Teams in AS Watson
<p>S3.I. Waste Management (end-of-life products)</p> 	<ul style="list-style-type: none"> • Improve our Exclusive Brands' packaging recyclability (Refer to #S3.D) • Design products with recyclability in mind, using fewer materials and avoiding problematic combinations • Explore partnerships with recycling facilities to improve the recycling rate of specific materials • Encourage customers to recycle and reuse 	<ul style="list-style-type: none"> • Refer to #S3.H • Availability of suitable recycling infrastructure • Customers' awareness, participation and incentives for waste collection schemes (Exclusive and suppliers' brands) 	<ul style="list-style-type: none"> • Store Development • Trade • Sales Operation • Marketing
<p>S3.J. Product Life Cycle Assessment (LCA)</p> 	<ul style="list-style-type: none"> • Calculate Exclusive Brands' LCA to have more primary data for Scope 3 emissions • Reduce emissions from use phase where possible • Use LCA results to identify hotspots in the product lifecycle and prioritise reduction efforts • Communicate LCA results to consumers in a clear and transparent way 	<ul style="list-style-type: none"> • Availability of reliable primary data • Roll-out of EcoBeautyScore Consortium (beauty products) • Expertise in LCA methodology • Identify reputable system to aggregate all products' LCA into one platform across the company 	<ul style="list-style-type: none"> • Group Sustainability team and local sustainability teams • Group IT • Public Relations



Planet

Scope 1 GHG Emissions

Scope 1 emissions decreased by 25.2% compared to 2023, and 55.2% versus the 2018 baseline.

There was a significant 36% reduction in refrigerant use by PARKnSHOP. Additionally, Health & Beauty Benelux, PARKnSHOP and Watsons China have started using hybrid or plug-in electric trucks for warehouse-to-store deliveries from tier-one cities such as Beijing, Shanghai, Guangzhou, Shenzhen to Tianjin, Chongqing, and Xiamen.

Watsons Malaysia, the Philippines, and Indonesia are exploring partnerships with third-party logistic providers to adopt EVs for both in-store and online order deliveries.

To reduce carbon emissions, we are also focusing on greener fuels and fleets. In Europe, Health & Beauty Benelux, Health & Beauty UK are using liquefied natural gas (LNG), compressed natural gas (CNG) and liquefied petroleum gas (LPG), which generate significantly fewer emissions compared to diesel. On greener fleets, 85% of our vehicles used in Europe and 55% of our vehicles used in Asia are now Euro 5, Euro 6 and EVs.



Scope 1

Reduction in Scope 1 Emissions in 2024, versus 2018

55.2%

-50.4%

Target:

by 2030

Scope 2 GHG Emissions

In 2024, Scope 2 emissions decreased by 86.3% compared to 2023 and 88.2% against the 2018 baseline, reflecting our commitment to energy-saving initiatives and the purchase of renewable electricity in key markets, including the UK, Benelux, Mainland China, Hong Kong, Indonesia, Malaysia, the Philippines, Thailand, and Türkiye. Notably, 95.6% of electricity in these markets was covered by EACs, highlighting our continued progress toward sustainability.

Clean Energy Transition

In 2024, AS Watson purchased over 560 GWh of renewable energy through EACs in selected markets including Mainland China, Hong Kong, the Philippines, Malaysia, Thailand, Türkiye and

Indonesia. This renewable energy accounts for over 80% of the annual energy consumption of our operations in these markets. We also continued advancing fleet electrification and implementing the Greener Store Global Framework. Key initiatives included LED upgrades and the installation of other energy-efficient equipment across stores and warehouses.

Harvesting On-site Renewable Energy

As part of our ongoing commitment to the Climate Transition Plan, we are actively expanding the installation of solar panels across our markets. Solar panels are currently in use at our warehouses and stores in Benelux, the Netherlands, Mainland China, Indonesia, the Philippines, and Thailand, contributing to on-site renewable energy generation.

In 2024, new solar panels were installed at Watsons Philippines stores and warehouses, with further installations planned for Malaysia and the Beverage Division in 2025.



Scope 2

Reduction in Scope 2 Emissions in 2024, versus 2018

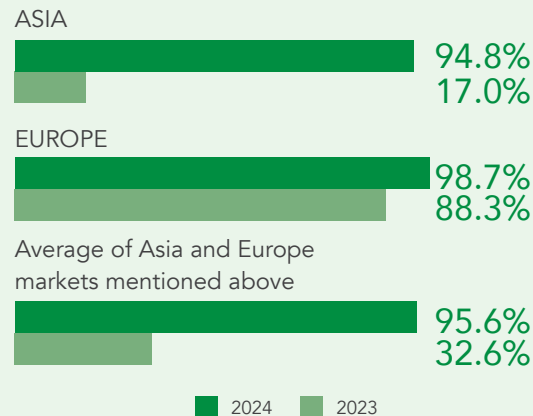
88.2%

-50.4%

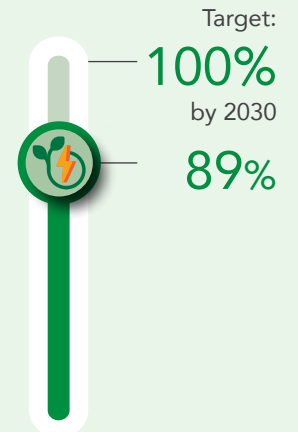
Target:

by 2030

Renewable Electricity by Region



Use of Renewable Electricity





Planet

Scope 3 GHG Emissions

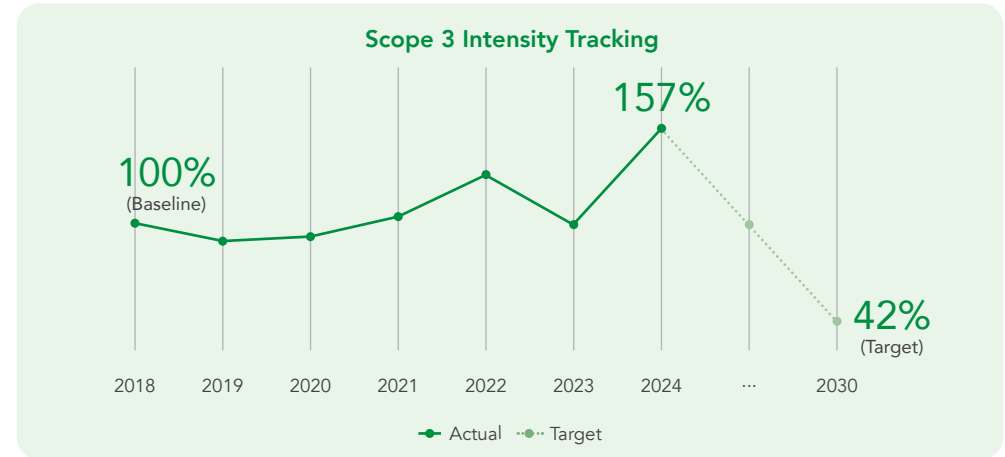
Our Scope 3 emissions come from the following categories:

1 Purchased Goods and Services	6 Business Travel
2 Capital Goods	7 Employee Commuting
3 Fuel and Energy-related Activities	11 Use of Sold Products
4 Upstream Transportation and Distribution	12 End-of-Life Treatment
5 Waste Generated in Operations	15 Investments

Scope 3 emissions account for over 90% of our total GHG emissions. Our 2030 target is to achieve a 58% reduction per Hong Kong dollar value added, using 2018 as the base year, and focuses on categories 1, 4 and 11.

We experienced a reduction in emissions in 2019 and 2020, mainly driven by COVID's impact on our business. However, as activity levels rebounded in 2021, our emissions intensity exceeded the baseline year - largely due to the use of both primary and proxy data in our initial calculations.

In 2024, while the total Scope 3 emissions decreased by 25% compared to 2023, our Scope 3 emissions intensity increased by 57% versus 2018, and 58% versus 2023. The increase was mainly driven by a 37% expansion of emissions in our target boundary.



We are committed to improving the accuracy of our Scope 3 emissions data through supplier engagement and collaborative industry projects. Over time, we incorporate more primary data to gain a clearer understanding of our Scope 3 emissions and strengthen our efforts to meet our reduction targets.

Our Last-mile Delivery

For online order deliveries, Health & Beauty UK and ICI PARIS XL have introduced electric vans and e-Cargo bikes for deliveries in Central London and 13 emission-free zones in the Netherlands, respectively. In Asia, Watsons China, Singapore, Taiwan, and Thailand have rolled out electric vans and motorbikes for nation-wide deliveries.



Planet

Supplier Engagement on GHG Accounting and Target Setting

Since 2022, we have been leveraging ClimatePartner's Network Platform to collect primary GHG emissions data from key value chain partners. This data, which represents over 80% of our Scope 3 emissions, is essential for gaining a comprehensive understanding of our environmental footprint. To support our supplier's sustainability goals and commitments, we conduct regular assessments of their decarbonisation maturity and provide targeted support, including webinars.

Our supplier engagement efforts have continued to expand. While this broader reach revealed a lower level of GHG emissions awareness among some medium-sized suppliers, it also created an opportunity to deliver targeted education and support. To address this, in 2024, we introduced additional webinars and implemented close follow-up procedures to guide suppliers through GHG accounting and target setting. In 2024, we engaged with 210 suppliers, with 22% already providing GHG data. Additionally, suppliers representing 35% of our Scope 3 emissions have established science-based targets.

Climate-related Financial Disclosures

In 2024, we reinforced our commitment to transparency by aligning with our parent company's climate strategy and continuing to report in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. We conducted a comprehensive climate related risk assessment to ensure our disclosures are both robust and clearly delineated.

Watsons Water in Mainland China and Hong Kong developed a water risk assessment framework grounded in TCFD principles and enterprise risk management (ERM) methodologies.

This framework evaluates the likelihood and potential impact of physical, regulatory, and reputational risks, supporting more informed decision-making.

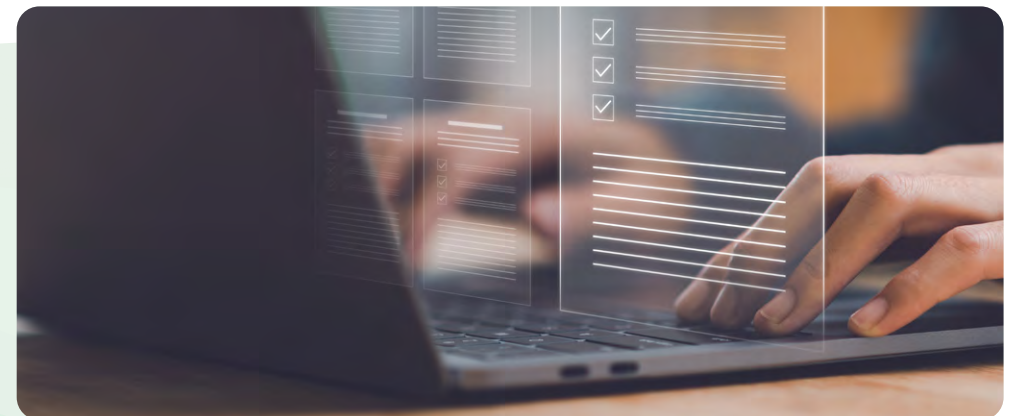
Superdrug and Savers leveraged the TCFD-aligned work to meet the requirements of the UK's Non Financial Sustainability Information Statement (NFSIS). This marks their first-year reporting under NFSIS, laying the foundation for enhanced sustainability disclosures in future reporting cycles. For more information on 2023 fiscal year performance, please visit the following websites.

[Click and see more](#)

[Superdrug Stores NFSIS](#)

[Click and see more](#)

[Savers NFSIS](#)



22%
of the suppliers
provided GHG
data already



35%
of the suppliers
by Scope 3
emissions already
have SBTs



Planet

Greener Stores Framework

In 2022, we launched the Greener Stores Global Framework to accelerate our retail transformation towards lower-environmental impact stores, aiming to reduce energy usage and landfill waste. By leveraging our scale, we are driving positive change and supporting the global movement toward a more sustainable future.


The Greener Stores Framework fosters a sustainability culture across the everyday operations of our retail stores - from design, construction, and operation to maintenance. It also engages customers by offering a wider range of sustainable products, promoting energy efficiency and renewable energy, and increasing the use of responsible materials.

Beyond integrating the framework's standards into our store design guidelines, we are exploring new methods to calculate the GHG emissions associated with our stores. We also encourage our business units to pursue certifications from reputable green building organisations, such as LEED (Leadership in Energy and Environmental Design), BREEAM (Building Research Establishment Environmental Assessment Method) or the China Three Star Green Building Evaluation Label.

Zero Waste to Landfill from Our Operations

Operational waste is generated from the daily activities of our stores, warehouses, and offices. This includes both hazardous and non-hazardous waste, which we manage responsibly in compliance with local legislation.


Food waste is primarily generated from our food retail business, PARKnSHOP, and includes both edible and non-edible items, such as food nearing its "best before" date.




Non-Edible Food Waste
(Approximately 90% of the total food waste)

Non-edible food waste is repurposed through local composting or animal feed, and we divert more waste from landfills to organic waste treatment facilities.

In 2024, more PARKnSHOP stores have engaged with local organic waste collection programmes, resulting in an increased volume of non-edible food waste being diverted away from landfills.



Edible Food Waste
(Approximately 10% of the total food waste)



We donate surplus food to Food Angel, a local NGO, on a regular basis.

2023

9% Edible food waste

91% Non-edible food waste

2024

11% Edible food waste

89% Non-edible food waste

In 2024, AS Watson opened a total of **2,947** Greener Stores across Asia and Europe, marking a significant milestone in our sustainability journey.

AS WATSON GREENER STORES:

- 1 Mainland China
- 2 Hong Kong
- 3 Taiwan
- 4 The Philippines
- 5 Thailand
- 6 Malaysia
- 7 Singapore
- 8 Indonesia
- 9 Turkey
- 10 United Kingdom
- 11 The Netherlands
- 12 Belgium








Planet

Non-food waste¹ exists across all our businesses and is made of hazardous operational waste such as light bulbs, and non-hazardous operational waste including shrink-wrap plastic films in our warehouses or printing paper used in our offices. Over the years, many initiatives have helped us reduce operational waste.

Waste Reduction Initiatives by Location and Type:

Location	Hazardous Waste	Non-Hazardous Waste
<p>Office</p> 	<ul style="list-style-type: none"> • Transitioned to LED lighting, resulting in a reduction in energy consumption and bulb replacement frequency • Reduced printing using ink by implementing staff card scanned-printing, preventing any unnecessary printing; recycle empty ink cartridges • Negotiate company-wide contracts with IT companies to collect idle or damaged equipment for recycling, with data security measures in place • Ensure other waste is collected and recycled responsibly 	<ul style="list-style-type: none"> • Install more water refill stations, and set up recycling bins across all office floors • Go paperless and transition to more digital tools • Reduce printing paper by enforcing duplex printing and staff card scanned printing or individual printing • Ensure other waste is collected and recycled responsibly
<p>Stores</p> 	<ul style="list-style-type: none"> • Dispose of expired or damaged products according to local regulations • Train staff to properly handle and store hazardous materials • Backhaul waste to warehouses for further sorting and recycling • Ensure other waste is collected and recycled responsibly 	<ul style="list-style-type: none"> • Encourage customers to bring their own bags or use reusable bags • Encourage customers to adopt e-receipts using our app • Reduce packaging and plastic use for product deliveries, and adopt sustainable packaging • Donate unsold items to charities or local communities • Backhaul waste to warehouses for further sorting and recycling • Ensure other waste is collected and recycled responsibly
<p>Warehouses</p> 	<ul style="list-style-type: none"> • Implement spill prevention and control measures • Use more sustainable cleaning products and equipment • Separate hazardous waste from non-hazardous waste and label them clearly • Ensure other waste is collected, reused or recycled responsibly 	<ul style="list-style-type: none"> • Optimise inventory management and reduce overstocking • Reuse or recycle cardboard boxes, pallets, and other materials • Arrange on-site upcycling of carton boxes to fillers, or recycling with external companies • Utilise reusable tote boxes within warehouses and for store deliveries • Ensure other waste is collected, reused or recycled responsibly

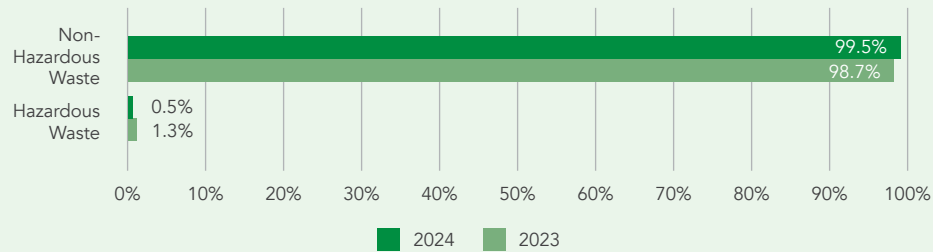
¹ Waste from packaging materials (carrier bags, products, and online business packaging) is not included here, but in the NPE commitment reporting numbers



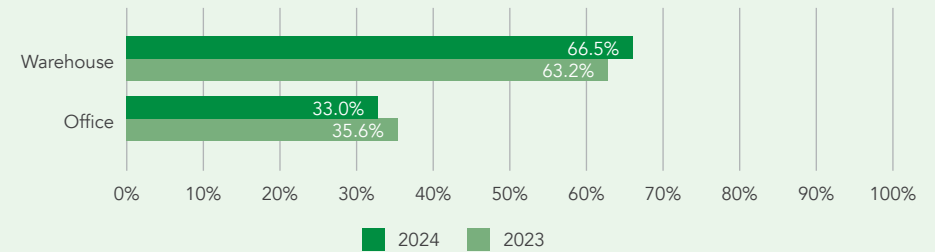
Planet

Breakdown of Waste Type and Source

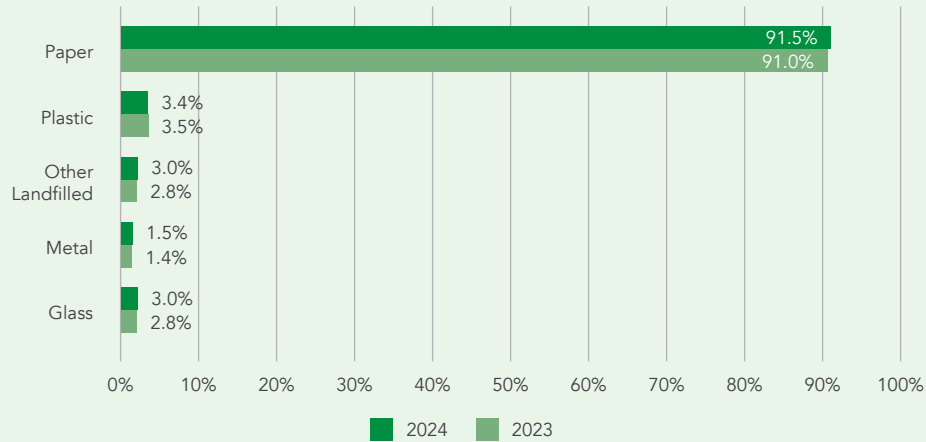
Non-Hazardous Waste & Hazardous Waste (Non-food Waste)



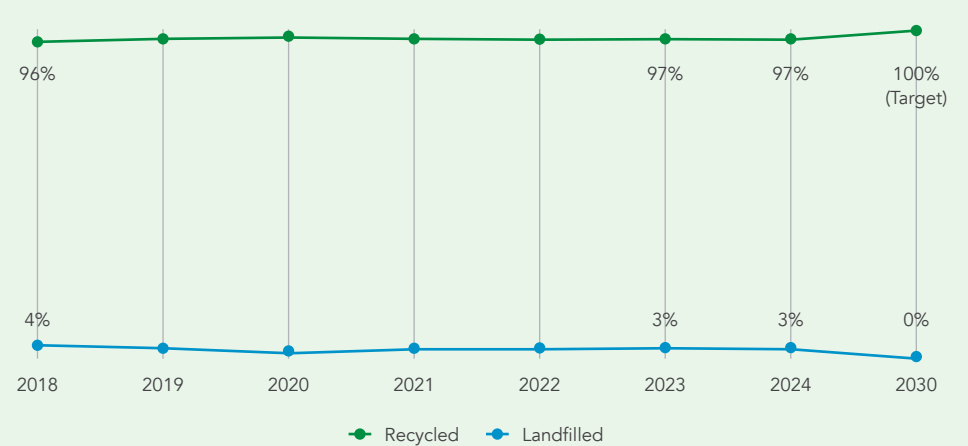
Non-Hazardous Waste by Source



Non-Hazardous Waste by Material Type (Non-food Waste)



Waste Diverted from Landfills





People

As a responsible and ethical company, we are committed to respecting human rights, caring for our people, and supporting our communities. These are the priorities set in our People strategy, which guide our actions and decisions concerning our employees, suppliers, customers, and society at large.



Our People pillar focuses on:



Respecting Human Rights



Caring for Our People



Supporting Our Communities



Respecting Human Rights

We respect and uphold human rights through our Human Rights Policy. This policy underscores our dedication to preventing, identifying, and addressing any adverse human rights impacts that may arise from our operations, products, or services. We conduct regular due diligence to assess and mitigate potential risks, and we provide training and awareness-raising activities to our staff and stakeholders on human rights issues. Additionally, we have established grievance mechanisms that enable anyone who believes their human rights have been violated by our company to raise their concerns and seek redress.

Our commitment to ethical business practices extends throughout our supply chain via the Supplier Code of Conduct (the Code). This foundational framework ensures that our business partners uphold the same ethical standards as demonstrating full compliance with local laws and regulations while operating with integrity and protecting human rights.

Our Code incorporates comprehensive screening procedure for new suppliers. This process evaluates 23 risk indicators across five categories, namely reputation and sanctions, financial, environmental, social, and governance.

Since 2008, we have become an active member of amfori, an organisation dedicated to improving working conditions and environmental management in the global supply chains. For suppliers located in medium to high-risk countries, based on amfori's countries risk classification, we perform social audits with reference to amfori's Business Social Compliance Initiative or other leading frameworks, such as Sedex Members Ethical Trade Audits, the Initiative for Compliance and Sustainability and SA8000 Social Accountability.

Since 2023, we have utilised the "Refinitiv tool" for supplier screening, completing over 67,500 screenings. In 2024, 467 manufacturers underwent social and environmental assessments in medium and high-risk countries. Collaborating with independent organisations like amfori, we monitor the social and environmental performance of suppliers through established platforms and standards such as BSCI and BEPI, while also conducting follow-up actions and trainings with suppliers.



People

Caring for Our People

We are dedicated to providing a safe, healthy, supportive, and discrimination-free environment for all employees. We cultivate a culture of people development ensuring that our team members receive appropriate training to optimise their performance, progress, and growth throughout their careers.

Our People strategy covers the following priorities:

Health & Wellbeing

Diversity, Equity & Inclusion (DEI)

Attracting and Engaging Talent

Inspiring Leaders

Good Jobs

Youths Careers Development

Health & Wellbeing

We are committed to fostering a happy and resilient workforce by prioritising health and wellbeing, promoting DEI, and supporting career development for employees and youth. We advance employee wellbeing through initiatives such as wellness days to enhance physical and mental health, financial wellbeing workshops to support better financial management, and upgrades to the eMedical System for improved healthcare access. By promoting holistic health care management and focusing on mental wellness within its occupational health and safety programmes, the Group ensures employees feel supported and valued. These efforts reflect our dedication to creating a sustainable, inclusive, and empowering workplace where employees can thrive both personally and professionally.

In line with this commitment, in 2024, we organised an array of Wellness Day activities to highlight the message of self-care and caring for others. Workshops included Singing Bowl sessions for stress relief, a beauty workshop with Watsons Hong Kong to boost self-esteem, and social activities to enhance connections. Mental wellness was a key focus, supported by follow-up Wellbeing Workshops offering practical tips on managing stress, emotions, and physical health. The programme concluded with a Wellness Bazaar, showcasing products to promote holistic wellbeing and reinforce our commitment to employee wellness.





People

In Europe, we trained 84 managers across four offices on “Managing Wellbeing and Mental Health.” The training focused on understanding mental health, recognising early warning signs, having supportive conversations, and accessing resources while emphasising self-care.

In a commendable effort to prioritise employee wellbeing, Watsons Philippines introduced the MindNation Wellbeing Support System, registering 10,280 employees to provide comprehensive wellbeing support. Meanwhile, Watsons Malaysia launched the Mental Health First Aider programme to cultivate a supportive workplace culture and reduce mental health stigma.

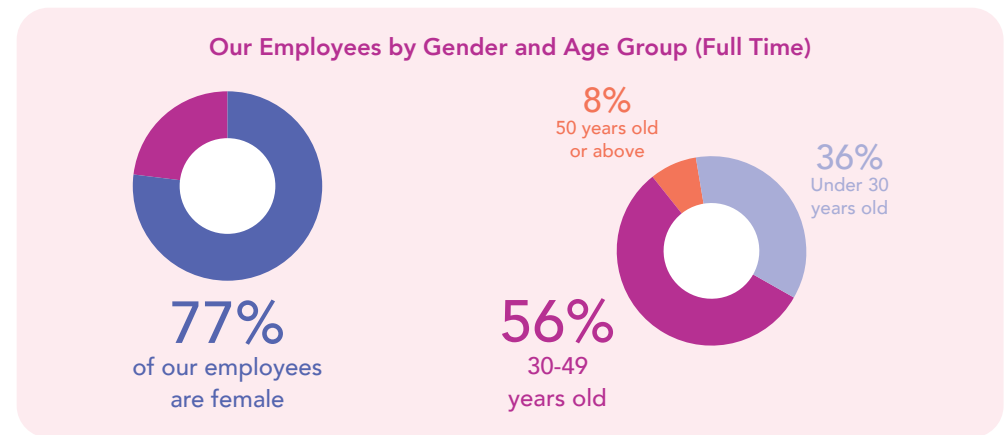
In its first year, Superdrug’s Managing Mental Health training successfully trained 738 managers, receiving positive feedback, with 94% recommending the session. A survey indicated that 79% of employees feel more confident discussing mental health with their teams, and 74% believe their managers would manage such conversations effectively.

Aligned with the rollout of the new Employee Listening framework, we have introduced a core Wellbeing survey to better understand how employee wellbeing impacts overall business performance, reinforcing the need for targeted investments in wellbeing programmes.



Diversity, Equity & Inclusion

Our ultimate goal is to cultivate a workplace where everyone feels safe to share ideas, and be their authentic selves. At the heart of our culture is a strong commitment to DEI. We welcome individuals from all backgrounds, perspectives, and abilities, embracing diversity in gender, ethnicity, age, religion, sexual orientation, disability, and more. By valuing these differences, we foster innovation and growth. We are dedicated to fairness, removing barriers, and helping employees reach their full potential.



AS Watson Industries China’s Leadership Styles Workshop reflects our dedication to fostering inclusive leadership, with 40 colleagues participating in discussions on promoting DEI through effective leadership approaches.

In Europe, we launched a series of impactful campaigns throughout the year, celebrating International Women’s Day, Neurodiversity, International Men’s Day, South Asian Heritage Month and Black History Month. Superdrug introduced their Unlearn campaign, seamlessly integrating it with various initiatives to promote awareness and inclusivity.



People

We also partnered with a supplier to deliver comprehensive DEI training to all colleagues in Europe, with tailored sessions specifically designed for Line Managers.

We held a Neurodiversity Awareness Week Campaign in Europe. In addition to launching a Neurodiversity toolkit, they showcased an inspiring video featuring our colleagues sharing their personal experiences with neurodiversity. They also welcomed a neurodiversity consultant who explored the significance of embracing diverse cognitive styles.



Neurodiversity Awareness

Conversations with colleagues



Supporting Women at Work

AS Watson Group has proudly become the first health and beauty retailer to sign the Women's Empowerment Principles, a global initiatives under UN Women (United Nations Entity for Gender Equality and the Empowerment) dedicated to advancing gender equity and empowering women. In support of this movement, the Group reinforces its commitment to fostering a workplace, marketplace, and community that champions inclusivity and opportunities for women.



In support of

WOMEN'S EMPOWERMENT PRINCIPLES

Established by UN Women and the UN Global Compact Office





People

Attracting and Engaging Talent

We are committed to building a talented workforce that values diversity and inclusion, regardless of background, culture, gender, or race. Our “Be Remarkable, Be Yourself” global employer brand highlights this commitment. Through social media campaigns, and internship and rotational programmes, we attract top talent and nurture future leaders, ensuring we can serve our global customers and communities effectively.

In 2024, we made significant strides in enhancing employee engagement initiatives, focusing on improving feedback mechanisms across all business units. A pivotal development was the establishment of our global Employee Listening Steering Committee, which aims to create a unified approach to employee engagement while remaining flexible to regional needs. As part of this initiative, we developed a comprehensive toolkit to facilitate Colleague Engagement Surveys (CES), wellbeing assessments, and demographic data collection. A significant milestone has been set for 2025, requiring all business units to conduct annual CES, demonstrating our commitment to regular employee feedback.



We implemented key improvements based on the Colleague Engagement Survey. This included increased annual leave and the introduction of the LinkedIn Learning platform for training. Pulse surveys ensured these changes remained effective, with 110 staff contributing to action planning workshops. To enhance communication, we also launched monthly ASW Connect sessions at the Group Office Level for business updates and Q&A, while business units introduced their own initiatives. For example, Superdrug hosts monthly Connect sessions, The Perfume Shop holds quarterly anchor days, and Watsons Türkiye introduced the W-Life platform to boost communication and celebrate achievements.

Inspiring Leaders

We are committed to leadership development through targeted programmes and initiatives across our business units. A key initiative is the rollout of Positive Leadership workshops across Asian business units and the Group Office, grounded in positive psychology principles and complemented by digital skills training on emerging technologies and AI.

In 2024, we launched four flagship programmes in Asia and Europe:

Leadership Acceleration Programme

A significant **18-month** investment for **22 high-potential leaders**, focusing on commercial acumen, transformational leadership, and strategic thinking.

A **12-month** senior leadership programme for **27 leaders**, featuring workshops, assessments, coaching, and action learning projects to foster innovation and strategic growth.

Aspire 2.0



People

European Leader's Network

An initiative for **250 senior leaders**, featuring six keynote sessions on ESG, workplace inclusivity, wellbeing, and kindness, alongside a Leadership Development Programme for **141 line managers**, offering **12 hours** of training to enhance leadership, team performance, and creativity.

A **12-month** global programme for **22 high potential managers**, featuring collaboration with senior executives, strategic challenges, and fresh perspectives to drive innovation and organisational growth.

AS Watson Group Global Innovation Team



Good Jobs

Building sustainability into each job role empowers individuals to make a meaningful difference in their daily work. Watsons Thailand exemplified this by hosting a National Store Manager and Pharmacist Conference, uniting 1,000 participants under the theme of Sustainability. The event inspired attendees to embrace sustainable practices, equipping them with the knowledge to drive eco-friendly initiatives in their roles.

Similarly, Watsons Philippines celebrated social connection and sustainability through a Filipino-themed Olympics, promoting collaboration, wellness, and teamwork. A highlight was the "Do Good" campaign, which focused on reducing the company's carbon footprint, reinforcing the importance of personal and collective responsibility in creating a sustainable future.





People

Youth Careers Development

Creating More Opportunities

We created enhanced opportunities to help young people realise their career ambitions, regardless of their social and economic background. Through trainee and apprenticeship programmes, we offered a framework for careers in stores, distribution centres, and head offices. We also equipped managers with the knowledge and skills to effectively manage and unlock the potential of younger colleagues.



Across Europe and Asia, we recruited

107,355
youngsters who collectively received approximately

2,971,439 million
training hours

as part of our Youth Pledge

The Next Gen Sustainability Committee was established in 2019 to gather the younger generations' perspectives on our Sustainability Roadmap. It also acted as an accelerator team for our Sustainable Development Goals. The Committee rotated every 18 months, actively participated in our Group Sustainability projects, and collaborated with other teams and departments, such as Store Development, Marketing and Human Resources.



The most recent cohort contributed to three key Sustainability projects:

<p>Youth Empowerment</p> <p>This group worked on ways to attract and retain youth talent through empowerment campaigns.</p>	<p>Protecting our Planet</p> <p>The group identified the skills needed to help colleagues support and implement environmental initiatives both at work and at home.</p>	<p>Diversity, Equity & Inclusion</p> <p>This group mapped DEI challenges and opportunities across the company.</p>
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People

Pharmacy Assistant Apprenticeship Programme

In Asia, Watsons Philippines partnered with Punlaan School to support underprivileged women through a comprehensive training programme. Participants complete three months of academic learning and practical training in Watsons stores, with financial support provided to ensure accessibility. Graduates are offered immediate employment, with the first batch of 20 women now part of Watsons' retail network.



Championing Career Opportunities

AS Watson Group is committed to fostering career opportunities and inclusivity for young talent worldwide. In Europe, Kruidvat and Trekpleister joined the Amsterdam Pact MBO, an initiative to ensure every vocational student in Amsterdam secures an internship by 2027. The pact, launched in the presence of H.M. Queen Máxima, unites companies, schools, and the municipality to build an inclusive job market.





People

Supporting Our Communities

Over the years, we have been dedicated to serving our communities to address social needs relevant to their unique contexts. We strive to engage our global community of loyal customers in creating a healthier and more sustainable world. Additionally, we encourage our employees to contribute to society. Our Community Investment Policy guides the structuring and prioritisation of our community initiatives.

Give a Smile

We have proudly collaborated with Operation Smile, positively impacting over 8,000 children with cleft lips through successful corrective surgeries.

Since 2018, we have been partnering with Operation Smile as part of the Give a Smile campaign, which not only improves the physical wellbeing of children but also enhances their mental health and social integration, empowering them to thrive within their communities.

In 2024, the programme was expanded through five Give a Smile surgical programmes in Mainland China, Thailand, and the Philippines. These missions aim to provide even more children with access to corrective surgeries, ensuring that the journey toward healing and hope continues.



Project LOL

Through our "Project LOL" philanthropy programme, we share the gift of a smile by bringing "Lots of Love" and "Lots of Laugh" to communities around the world. The programme focuses on three key areas: health, education, and community care. We aim to spread joy and drive positive change in local communities.

In 2024, we donated over HK\$54 million in cash and in-kind contributions to various charities, underscoring our commitment to supporting the underprivileged and providing aid during emergency and disasters.

We also organised the Global Volunteer Day, a corporate volunteering initiative that encourages our employees to partner with NGOs worldwide to make a meaningful impact.

Through this initiative, over **8,000** volunteers contributed **22,000** hours, serving more than **210,000** people in need across the communities where we operate.





People

Digital Inclusion

Connectivity and digital accessibility have become integral components of everyday routines, significantly influencing consumer behavior and expectations. Recognising this shift, we have strategically leveraged digitalisation to gain a competitive advantage in the retail sector. By integrating advanced digital technologies, we have enhanced the customer shopping experience, making it more seamless, personalised, and engaging. This approach not only meets the evolving demands of our customers but also positions our Group at the forefront of innovation in the retail industry.

AS Watson eLab has been collaborating with CityMaaS since early 2022 to pilot technology solutions that enhance digital accessibility, creating a more inclusive environment for users with disabilities. To date, the Retail division has implemented the "Assist Me" accessibility solution across operation in Europe. This plug-in digital widget allows customers with disabilities to adjust the layout of web pages, making their shopping experience more accessible to meet specific needs. We plan to expand this solution to Kruidvat and ICI PARIS XL in 2025.

How to Achieve Digital Inclusion



Digital Accessibility

Inclusive Design

Is it designed for all users?

Compliance

Does it adhere to compliance standards?

Digital Quality

Is it functional for all users?

User Experience

Is it a delightful user experience for all?

New Scholarship Fund

We are proud to announce our first collaboration with The Hong Kong University of Science and Technology (HKUST), marked by a donation of HKD 1 million to establish a scholarship programme. This initiative recognises students who demonstrate outstanding performance in academics, extracurriculars, and leadership.

In addition to the scholarship, the collaboration offers students with invaluable opportunities, including two to three-month internships across different departments within the company. These internships provide hands-on experience, and allow students to apply their academic knowledge in a practical setting broadening their professional horizons.





People

Building a Dementia Care Network

We launched the “Wanderer Watchers” programme, an innovative and pioneering community support programme aimed at creating a Dementia Care Network. This network is designed to help detect and locate missing dementia patients, providing crucial support to the community.

As the first retailer in Hong Kong to partner with the Jockey Club Centre for Positive Ageing, AS Watson has installed the “Dementia Angel App” on over 1,200 mobile devices across more than 500 Watsons, PARKnSHOP, Fortress, and Watson’s Wine stores located in all 18 districts of Hong Kong. This extensive rollout has significantly expanded the citywide network for locating dementia patients who may get lost. To further support this initiative, over 10,000 employees have received training related to dementia care, equipping them to understand the needs of dementia patients and provide appropriate assistance.



Championing Youth Athletic Talent

Watsons Athletic Club, established by AS Watson Group in 1989, proudly celebrates its 35th anniversary with the WAC Annual Challenge, a signature event that attracts over 6,500 participants. The club has played a vital role in nurturing young athletes, including Felix Diu Chun-hei, Hong Kong’s sprint representative at the Paris Olympics.

The event features a variety of competitions promoting sports inclusivity, with categories for different age groups and the newly introduced “4x100 Mixed Gender Relay Challenge” to encourage community engagement. Over the years, the club has developed numerous talents, with nearly 100 athletes and coaches representing Team Hong Kong. Looking ahead, Watsons Athletic Club remains dedicated to fostering youth participation in sports and developing elite athletes, contributing to the advancement of athletics in Hong Kong.





People

Nurturing Young Athletes

We are committed to supporting and nurturing young athletes. 30 awardees of the AS Watson Group Hong Kong Student Sports Awards 2023-2024 participated in a transformative five-day sports exchange tour in South Korea. They visited esteemed institutions such as the Korea National Sports University, the Jincheon National Training Center, and the Kukkiwon, where they learned from local athletes, observed their preparation for the Olympic Games, and experienced firsthand the national sport of Korea - Taekwondo.

This sports exchange tour not only broadened the awardees' horizons and deepened their passion for sports, but also provided invaluable opportunities for personal growth.



Empowering Women

Watsons Philippines hosted the vibrant Move with PowHER Forum, an event that celebrates the significant impact of women in shaping a progressive society. This forum aimed to empower, inspire and support every woman to be their best selves. Esteemed women leaders shared their insights, sparking engaging discussions about the power of unity and the vital roles women play today.

Watsons Indonesia organised an in-store event titled "Nivea x Watsons Batik Blossoms: Empowering Women, Embracing Culture" to support the Indonesian Batik women community. This immersive experience offered customers a glimpse into the traditional batik-making process. Customers who reached a certain spending threshold had the opportunity to personalise their batik scarves, creating a unique and cherished piece.

In Europe, we launched an International Women's Day podcast featuring colleagues from our People team and eLab. In this podcast, they discussed the 2024 theme "Inspire Inclusion", highlighting inspirational women and how we have supported their journey. It also featured powerful messages to 'our 16-year-old selves' from colleagues, fostering a deeper connection and reflection.





People

Nurturing Healthy Minds and Bodies

To support the “IncluSEN Community Day” organised by the InspiringHK Sports Foundation, Watsons Hong Kong Health Professional Team participated to enhance public awareness of children with special educational needs (SEN). Our dedicated registered dietitians and Chinese medicine practitioners brought their passion, energy and expertise to the event delivering engaging health talks sharing valuable tips on acupressure and nutritional diets for children. Additionally, the team organised fun and interactive health games making learning enjoyable for everyone involved.



Get Active Together

Watsons Thailand’s Usagyuuun-themed run at Queen Sirikit Park brought together over 1,000 participants in a celebration of fitness and community spirit. The event featured 4km and 10km races, fostering a sense of togetherness as runners of all levels came together to promote healthy lifestyles. Participants enjoyed exclusive Usagyuuun merchandise, creating a shared experience that extended beyond the race itself.

The run also had a charitable component, raising 750,000 baht for the Prostheses Foundation, highlighting the event’s commitment to community support. By combining physical activity with social responsibility, Watsons Thailand provided a platform for customers to connect, support a worthy cause, and embrace wellness together. The Usagyuuun theme added a playful touch, enhancing the atmosphere of camaraderie and fun, making fitness accessible and enjoyable for all attendees.





People

Milestone Fundraising for Marie Curie

Superdrug and Savers have reached a significant milestone in their 11-year partnership with Marie Curie, raising an impressive £13 million to support individuals living with terminal illnesses. This remarkable contribution has provided over 565,000 hours of vital care, showcasing the brands' commitment to making a meaningful difference in the community.

To commemorate this achievement, the SuperCruise Charity Ball was held at Old Billingsgate, uniting colleagues, suppliers, and celebrity guests in celebration. The event also marked Superdrug's 60th anniversary and featured auctions, raffles, and games all contributing to the fundraising efforts.



City of Goodness Shelter

Watsons Ukraine hosted a special event at the City of Goodness shelter, creating a day filled with joy and empowerment for its residents. The initiative featured engaging science experiments and games for the children, while a makeup workshop offered women a chance to relax and rediscover their confidence.

In addition, our colleagues collected and donated books to enrich children's literary experiences and provided essential daily necessities to improve their living conditions. This community outreach reflects Watsons' commitment to enhancing the wellbeing of vulnerable populations and promoting positive social impact through meaningful engagement and support.





People

Fighting Food Waste and Hunger

PARKnSHOP and Food Angel are celebrating their 11-year collaboration on the “City Food Drive” campaign in 2024, which encourages the public to donate surplus food and spread love throughout the community. Customers can donate non-perishable food items at PARKnSHOP stores across Hong Kong during the 8-week campaign period.

This year, the campaign aims to raise HKD 2 million in food and donations, providing over 300,000 nutritious meals and food packs to those in need. In 2024, we donated 228,310 kg of surplus food through the campaign. Additionally, PARKnSHOP has introduced the “You Purchase, We Donate” mechanism to further encourage participation and support for this important cause.



Combating Poverty

Health & Beauty Benelux places a strong emphasis on inclusivity and social responsibility, particularly in addressing the growing issue of personal care poverty. We have expanded partnerships with the Poverty Fund in the Netherlands and the Food Banks in Belgium, donating 49,588 €25 Kruidvat Health & Beauty gift cards to those in need. Customers are also encouraged to donate their loyalty points to support these initiatives.

On World Poverty Day, Kruidvat launched a campaign sharing real-life stories of individuals affected by personal care poverty. The “1+1+1” promotion allowed customers to buy a product, receive one for free, and donate a third, resulting in seven truckloads of donated products for vulnerable families.





Products

We are committed to offering customers high quality and safe products that meet their expectations. We are also working on improving the environmental footprint of our Exclusive Brands products.



Our Products pillar focuses on:



Maintaining High Product Quality & Safety



Offering More Sustainable Products

Maintaining High Product Quality & Safety

We have established a comprehensive quality and safety management system with oversight from senior management. These are well-defined processes for record-keeping and documentation, which are crucial for maintaining transparency and accountability.

Food Retail Business

PARKnSHOP is dedicated to sourcing products from reliable suppliers who comply with our stringent food safety requirements and local regulations. PARKnSHOP requires regular audits and inspections to ensure the quality, safety, and traceability of our food products.

In 2024, PARKnSHOP's ISO17025-certified laboratory performed over 60,916 chemical safety tests on their Exclusive Brands, such as Select, Best Buy and Imperial Banquet. This ensures our products consistently meet the highest quality standards. At PARKnSHOP, customer satisfaction is a top priority. We conduct sensory tests on our Exclusive Brands food products in stores to ensure they not only meet expectations but also delight our customers' taste buds.





Products

Health & Beauty Retail Business

Our health and beauty retail business offers a wide range of products that cater to our customers' health and wellbeing. We collaborate with our suppliers to develop innovative and high-quality products that are safe, effective, and compliant with international standards and regulations. We test our Exclusive Brands health and beauty products for their performance, stability, and safety before launching them on our markets. Our team of regulatory experts review the ingredients, claims, and labelling of our products to ensure that they are accurate and transparent. We also perform post-market surveillance with support from external independent laboratories.

As part of our commitment to quality and safety, we value our customers' feedback and suggestions. We have dedicated customer service teams to handle any queries related to our products. We also have a product recall system that allows us to quickly and effectively withdraw any product that may pose a risk to our customers. We communicate any product recall information to our customers through various channels, such as our retail Brands' website, social media, and in-store notices.

We continuously improve our product quality and compliance processes, so that we can deliver the best value and experience to our customers.

Customers' Engagement

We have implemented various mechanisms to measure our customers' satisfaction and monitor their feedback:

- **Customer Love Scores (CLS):** This metric assesses customer engagement and satisfaction. Our business units are expected to evaluate CLS at least once a month. The score reflects customers' perceptions of our brand including their views on our environmental and social responsibility in product offerings and customer service
- **Social Listening:** This strategy monitors customer sentiment across social media platforms, helping us understand how our customers perceive our brands, products and initiatives. It helps us identify emerging trends, and uncover potential risks or opportunities, particularly around sustainability and brand reputation





Products

Offering More Sustainable Products

In recent years, there has been a noticeable shift in customer preference towards more sustainable products, across our markets in Asia and Europe. Customers are increasingly aware of the impact of their purchasing decisions on the environment. They seek products that are ethically-sourced, made from materials that protect biodiversity, minimise packaging, and generate less waste.

We are committed to embedding sustainability in both our product development and our own operations. We also strive to offer customers a wide range of more sustainable products that align with their values and lifestyles.

In 2024, we expanded the number of sustainable products offered in Watsons retail stores to 9,700 items, ranging from skincare, hair care, to personal care products.





Adapting to Customer Demands

As awareness about sustainability continues to grow, we continuously adapt our strategies to meet the evolving demands of our customers. This trend is anticipated to drive further innovation in our product design and supply chain management.

Collaborative Approach with Brand Partners

Our health and beauty retail brands work in close collaboration with partners including Colgate-Palmolive, L'Oréal, Unilever, Beiersdorf, Haleon, Reckitt, Kenvue, Kao Corporation, and Shiseido. Together, we provide both in-store and online products with improvements such as products with packaging made from recycled content or refill packs that can reduce plastic waste by up to 80%.

Products meeting one or more of the criteria below can be listed in our Brands' campaigns:

Packaging 	Ingredients/Materials 
<ul style="list-style-type: none"> • FSC/PEFC-certified/recycled paper • Recycled content (paper, plastic) • Refill pack • Replaceable components • Reusable product 	<ul style="list-style-type: none"> • FSC/PEFC-certified paper • Recycled content (paper, plastic) • Fairtrade • Rainforest Alliance (including UTZ) • Union for Ethical Biotrade (UEBT) • Roundtable on Sustainable Palm Oil (RSPO) • Roundtable on Sustainable Biomaterials (RSB)



Products

Raising Awareness on Products Carbon Footprints

We launched our carbon compensation initiative with ClimatePartner in 2023 featuring 7 product ranges. This effort has now expanded to include 30 product ranges, further advancing our unwavering commitment to sustainability. The products selected have undergone improvements in their packaging and/ or content. The initiative was implemented both in-store and online across Hong Kong, Malaysia, the Philippines, Taiwan, Thailand, Singapore, Vietnam, Indonesia, Turkey, and Gulf Cooperation Council markets.

Through this campaign, we are committed to offering more sustainable products while ensuring that every purchase makes a meaningful and impactful difference. In addition to ongoing reforestation efforts in Rimba Raya, Indonesia, Watsons is focusing on afforestation in Dingxi, Mainland China - an area affected by desertification, droughts, and severe soil erosion. This initiative involves planting native tree species selected for their resilience in semi-arid conditions with the goal of transforming degraded farmland into thriving forests.



Anti-deforestation Commitments

As part of our efforts to protect forests, Group-wide commitments were made, including:

<p>Wood-pulp</p>  <p>All Exclusive Brand paper products and packaging will be made exclusively from sustainable materials (FSC, PEFC or recycled) by 2030</p>	<p>Palm oil</p>  <p>All Exclusive Brand products will include RSPO-certified palm oil by 2030</p>	<p>Beef & Soy</p>  <p>We are committed to sourcing deforestation-free meat and soy-based Exclusive Brand products by 2030</p>
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Health & Beauty Retail Business

Currently, 99% of Kruidvat and 98% of Superdrug Exclusive Brands use more sustainable paper, showcasing significant progress toward our goal of achieving 100% sustainable paper by 2030.

Progress on paper products from sustainable sources in 2024:

Market Developing Exclusive Brand Products	Progress vs 100% by 2030	Market Developing Exclusive Brand Products	Progress vs 100% by 2030
watsons Mainland China, Indonesia, Malaysia, The Philippines, Singapore, Taiwan, Türkiye	100%	trepleister The Netherlands	96%
Kruidvat Belgium and The Netherlands	99%	PARKNSHOP Hong Kong	60%
Superdrug ☆ UK	98%	watsons Thailand	<60%
		ICI PARIS XL Belgium and The Netherlands	N/A



Overall progress on paper products from sustainable sources across business units: 88%



Products

Food Retail Business

In addition to adopting the same principles as our Health and Beauty retail business in packaging, ingredients and materials, PARKnSHOP has committed to expanding its assortment of sustainable seafood, cage-free eggs, plant-based and vegetarian products. PARKnSHOP offers a wide selection of 100 plant-based products (as meat alternatives) alongside its existing soy milk and bean curd ranges.

Food 	Non-Food 
Committed to eradicating commodity-driven deforestation and promoting responsible forest management in the production of palm oil, soy, and beef by 2030.	Goal of 100% RSPO-certified sustainable palm oil in Exclusive Brands by 2030.
Launching plant-based innovations, aimed at tripling offerings of plant-based meat and dairy alternatives by 2030.	100% of Exclusive Brands paper products use sustainable sources (FSC, PEFC, or recycled).
Offering sustainable seafood certified by MSC or ASC. Founding member of WWF-Hong Kong's Sustainable Seafood Programme since 2022.	Partnered with ecostore Hong Kong to establish refill stations allowing customers to refill products.
Over 90% of stores provide cage-free shell eggs, with a goal of reaching 100% by 2026.	Eliminated microplastics from Exclusive Brands rinse-off cosmetics since 2014; ceased selling microbead products since January 2020. Member of the "Bye Bye Microbeads Charter" organised by the Environmental Protection Department.



Products

Sustainable Palm Oil

As a proud member of the Roundtable on Sustainable Palm Oil (RSPO) since 2016, we are committed to adhering to RSPO principles and aim to achieve 100% RSPO-certified palm oil by 2030. Our efforts are reflected in the annual RSPO scorecard, where we achieved an impressive score of 7.4 out of 10, significantly surpassing the retail sector average of 4.6.

By end of 2023, 54% of our total palm oil and derivatives volume are certified Sustainable Palm Oil (CSPO). 2024 data was still under review at the time of publishing this report, and will be disclosed at a later stage once shared with RSPO.



Progress on products containing RSPO palm oil:

Market Developing Exclusive Brand Products	2023 CSPO %	Market Developing Exclusive Brand Products	2023 CSPO %
Kruidvat Belgium and The Netherlands	97%	Superdrug ☆ UK	95%
trekpleister The Netherlands	97%	PARKNSHOP Hong Kong	<50%
watsons Türkiye	97%	watsons Mainland China, Indonesia, The Philippines, Taiwan, Thailand	<50%

Taking Steps Towards Future-Proof Palm Oil

Kruidvat has participated in the “FAIR Company-Community Partnership” model since 2020. This initiative, led by Dutch non-governmental organisation (NGO) Oxfam Novib, offers a re-design of the development models in palm oil production and trade with the objective of fostering economic opportunities while reducing adverse impact on local communities. It is intended to demonstrate proof-of-concept, showcasing a viable and sustainable alternative business model with the potential to achieve economies of scale in the palm oil sector and beyond. By participating in this programme, Kruidvat seeks to deepen its understanding of the entire palm oil supply chain while strengthening its ability to influence every stage of the process. Each FAIR partnership project is enacted locally with participants working together to generate positive impact for smallholders and other community stakeholders. Kruidvat participates specifically in a multi-stakeholder partnership project in Southeast Sulawesi, Indonesia.

Fair Partnership is built on the following principles, namely:

- F** Freedom of Choice
- A** Accountability
- I** Improvement of Benefits
- R** Respect for Rights

Click and see more

Our 2024 RSPO Shared Responsibility Scorecard



Products

Innovative Refill and Take-Back Services

Refill Stations and Refill at Home

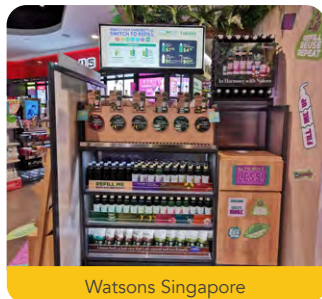
The launch of refill packs and refill stations marks a pivotal step in our commitment to sustainability and addresses the evolving expectations of our consumers. The concept of refill signifies a transformative approach in retail operations, challenging traditional packaging methods and fostering a circular economy by prioritising reuse over disposal.

Our refill stations and refill-at-home packs empower customers to make environmentally conscious choices without compromising on convenience. Currently, we offer refill packs for hair and body products, with plans to expand our refill pack offerings in the coming years to enhance circularity in our product design.



Moreover, by the end of 2024, we anticipate having over 500 refill stations operational across various locations featuring both Selective Brands and Supplier Brands. This initiative not only reduces plastic waste but also promotes a more sustainable lifestyle amongst our customers, reinforcing our dedication to environmental stewardship.

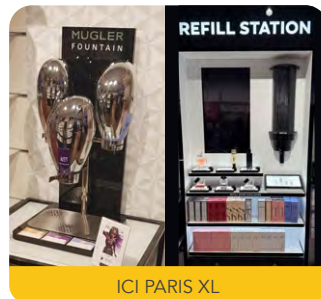
Watsons in Singapore and Malaysia offer refill stations for customers to refill their Watsons Exclusive brand hair and body products. Meanwhile, ICI PARIS XL has partnered with Mugler and L'Oréal to provide perfume refill stations.



Watsons Singapore



Watsons Malaysia



ICI PARIS XL

Take-Back Services

We are committed to collecting and recycling empty containers for personal care and cosmetic products, as well as water bottles.

This overview shows our campaigns across the markets:

Market	Collection of empty containers	In-store refill*	Market	Collection of empty containers	In-store refill*
Asia			Europe		
PARKNSHOP	✓	✓	ICI PARIS XL	✓	✓
Hong Kong			Belgium and The Netherlands		
watsons	✓	✓	THE PERFUME SHOP	✓	✓
Hong Kong, Malaysia, The Philippines and Singapore			UK		
watsons	✓	-	Superdrug ☆	✓	-
Indonesia			UK		

* For a selection of products.





Products

Partnering with Suppliers to Create a Take Back Programme

In 2024, Watsons Hong Kong partnered with Colgate to launch the first toothpaste tube take-back programme titled: "Small Acts - Big Smiles." This initiative aims to collect toothpaste tubes from any brands for recycling, transforming them into valuable resources. Recyclable components are converted into stationery for underprivileged children, while non-recyclables will be repurposed into building materials, positively impacting the environment.



Watsons Hong Kong continues its city-wide plastic packaging collection and recycling for cosmetic and makeup products under the "Beauty for the Future" campaign. In 2024, the initiative collected over 29.2 tonnes of empty containers, comprising glass (57%) and plastic containers (43%).

Watsons Hong Kong, in partnership with Junior Chamber International Tai Ping Shan, implemented the Medicines Disposal Programme at our pharmacies and offices to collect unused medicines. The Watsons' pharmacist team analysed the collected medicines, providing insight into how to improve medication disposal services in Hong Kong and exploring opportunities for expansion.

The programme resulted in collecting more than 7.2 million pills - a fourfold increase from last year. Additionally, over 600,000 MoneyBack points were distributed to members to encourage customer participation. To promote sustainable medicine disposal, Watsons also conducted educational talks in primary and secondary schools.



Converting Plastic Waste into Industrial Sacks

In 2024, Watsons partnered with Greencycle Innovative Solutions, Inc. (GIS) in the Philippines to launch a plastic recycling initiative. GIS, a local waste collection and recycling company provides recycling solutions and livelihood opportunities for Filipinos. In compliance with the Extended Producer Responsibility (EPR) Law (RA 11898), Watsons Philippines diverted and upcycled a total of 370,000 kg of plastic waste into industrial sacks. GIS also serves as the official recycling partner for the year-round "Recycle for Rewards" programme.



Makeup Not Make Waste

Since 2020, Superdrug has partnered with Maybelline to encourage the recycling of finished makeup containers, including foundations, eyeliners, and palettes which are currently not able to be recycled at home. As part of this initiative, Superdrug has installed dedicated recycling stands in around 400 of its stores, to support and encourage sustainable behaviours amongst consumers.

To date, this collaboration has successfully diverted 32 tonnes of virgin plastic from landfills demonstrating Superdrug's commitment to reducing environmental impact within the beauty industry. The initiative not only fosters responsible disposal of cosmetic products but also raises awareness about the importance of recycling in everyday consumer habits.





Products

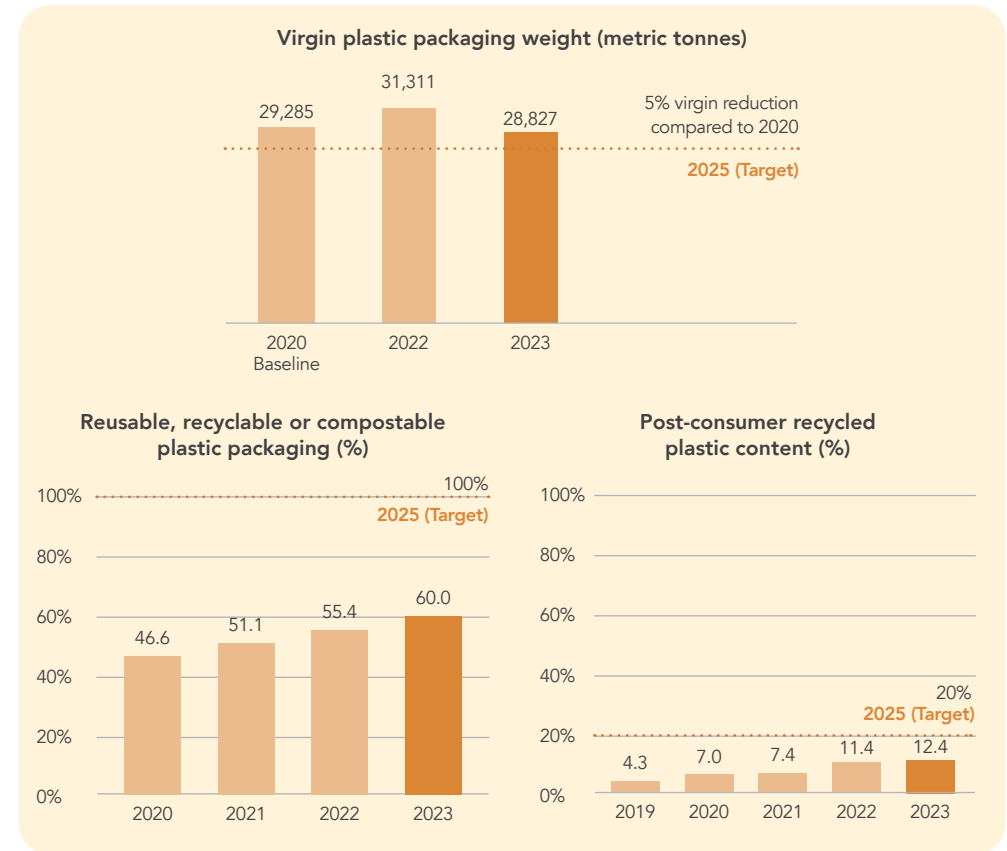
The New Plastic Economy (NPE) Global Commitment

Since 2020, we are a proud signatory of the NPE Global Commitment pledging to reduce the overall impact of our Exclusive Brands packaging through several key actions:

<p>Eliminating Problematic Plastic</p> 	<p>We are committed to removing unnecessary or problematic plastic packaging from our products.</p>
<p>Shifting to Reuse Models</p> 	<p>We are introducing refill options across our markets.</p>
<p>Promoting Sustainable Packaging</p> 	<p>Our goal is for 100% of our plastic packaging - including Exclusive Brand product packaging, eCommerce parcels and in-store carrier bags - to be reusable, recyclable or compostable by 2025. In 2023, we achieved 60% of this target, which is a slight increase compared to 2022 (55.4%).</p>
<p>Increasing Recycled Content</p> 	<p>We are committed to increasing the use of post-consumer recycled content in plastic packaging. Our goal is to achieve 20% recycled plastic content in Exclusive Brand packaging by 2025. In 2023, we made progress by reaching 12.4%, up from 11.4% in 2022.</p>
<p>Reducing Virgin Plastic</p> 	<p>We are targeting a 5% reduction in virgin plastic by 2025 compared to our 2020 baseline.</p>

Progress by the End of 2023

2024 data was still under review at the time of publishing this report, and will be disclosed at a later stage once shared with NPE.



Click and see more

Our NPE Global Commitment 2023 Progress Report



Products

Beverage Division

Watsons Water was the first brand in Hong Kong to launch 100% recycled plastic (rPET) bottles in 2015. The rPET technology has also been implemented in the production of bottle sleeves, reducing the use of PVC. In addition to smart water refill stations, Watsons Water also offers refillable and reusable 100% PET carboy bottled water for households and offices, which will be more durable and recyclable.

Watsons Water launched the 3RS Green Alliance Programme, a school-based membership initiative aimed at promoting sustainability and fostering relationships with educational institutions sharing the same vision. The Programme maximises the benefits of a circular economy by introducing key sustainability concepts:

REDUCE

- Minimise waste by utilising reusable and recyclable aluminum bottles.

REUSE

- Promote the use of water bottles through smart water refill stations.

RECYCLE

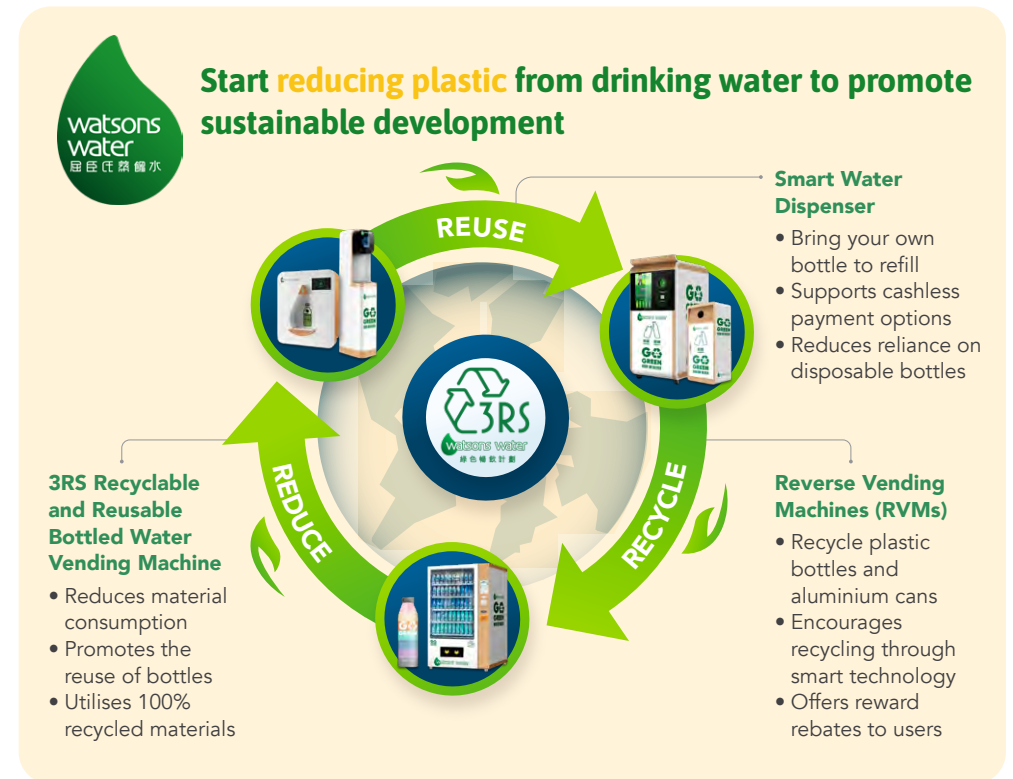
- Provide a one-stop solution via reverse vending machines and recycling stations.

SERVICE

- Green technology include RVMs and Smart Water Dispensers, with real-time data on carbon emission reductions and single-use container usage, based on customer usage.

In 2023, Watsons Water delivered talks to 3Rs' users and partnered with NGOs and over 200 educational institutions in Hong Kong, including primary, secondary, and higher education schools.

Through the 3Rs initiative, over 250,000 kilograms of carbon emissions were reduced - equivalent to saving more than 3 million water bottles.



The 3RS Green Alliance Programme has been recognised by the Asia Pacific Stevie Award, winning the Gold Award in the 2024 "Sustainability & Climate Protection Services" category and the 2024-2025 Efficient Consumer Response (ECR) Excellent Case for the Best Green Development Project.



Products

Water Risk Identification & Assessment

Integrating risk assessment outcomes into business strategy enhances Watsons Water's sustainability and resilience. By identifying water-related risks, Watsons Water prioritises investments in advanced water-saving technologies and allocates resources effectively. This approach improves operational efficiency through investing in advanced devices to reduce water leakage and loss in the production process, closed-loop systems that minimise discharge, and informs community engagement strategies to boost awareness of sustainable practices.

To evaluate water risk more systemically, Watsons Water developed a water risk assessment framework with reference to the TCFD and Enterprise Risk Management frameworks. This involves assessing the likelihood and impact of physical, regulatory, and reputational risks. Watsons Water also incorporated elements from the WWF's Water Risk Filter self-assessed risk rating as part of its risk assessment. Annual reviews ensure that assessment results remain up-to-date and increase resilience for potential water risks. Additionally, a CDP assessment on water risk was conducted in 2024, with results pending feedback.

Water Stewardship

Watsons Water has implemented various initiatives to enhance water stewardship and promote sustainability, including:



Since 2021, Watsons Water has committed to the Enterprises Cherish Water Campaign organised by the Hong Kong Water Supplies Department and co-organised by the Green Council. This commitment includes measures such as participating in water efficiency benchmarking and promoting efficient water-consuming devices.



Products

Water Efficiency Improvement

Watsons Water has rolled out the following initiatives to improve water efficiency:



Leakage Reduction

Advanced water-saving technologies have been implemented to minimise water waste. In 2024, two projects were initiated to save both water and electricity:

- **Electronic Liquid Fillers (ELF) Improvement Projects:** This includes a filling head with a volumetric sensor and modifications to the bottle washer, saving 21 tons of water per operational day
- **Consumer Pack (CP) Line Improvement Projects:** Focused on reducing rinsing water pressure and concentrated water usage, saving 55 tons of water per operational day



Water Reusing System

A closed-loop water system is in place for carboy water production, recycling water within the production processes. For example, water used to wash carboy bottles is reused as flushing water in office restrooms.

We ensure compliance with the requirements of the HK Drainage Services Department through continuous monitoring of effluent quality. Watsons Water has set a target to achieve a water efficiency ratio of 0.42 by 2025 and 0.44 by 2030. Water usage has decreased by 9.3% compared to 2018. The strategy for managing water risk will be reviewed alongside the risk assessment, with specific targets to be established in 2025.

ELF Improvement Project

Filling head with volumetric sensor, and bottle washer modification



CP Line Improvement Project

Rinsing water pressure reduction and concentrated water reduction for bottled water





Recognitions



AS Watson

Retail Awards - Global Leader in Health and Beauty Retail

Global Brands Magazine

Grand Stevie Award

Award for Innovative Management in Retail - Gold

Most Innovative Communications Team of the Year - Gold

Innovative Achievement in International Expansion - Silver

Thought Leader of The Year - Silver

Award for Innovation in

- Internal Communications Videos - Gold
- Organizational Image Videos - Gold
- Community Relations - Bronze
- Sponsorships - Bronze

Asia-Pacific Stevie Awards

NEXX Sustainability & ESG Award

- Diversity & Inclusion
- Sustainability & ESG Strategy

NEXX & CityU Global EMBA

Best Companies To Work For In Asia

Platinum Harmonia Awards

HR Asia

ALB Hong Kong Law Awards - Innovative In-House Team of the Year

Asian Legal Business & Thomson Reuters

The Loyalty and Engagement Awards - Best Eco-Loyalty Initiative - Gold

Marketing Magazine

HONG KONG

Best HR Awards

- Employer of the Year - Grand
- Best Graduate and Management Trainee Programme Award - Grand
- Best Corporate Social Responsibility Award - Grand
- L&D Team of the Year

Ctgoodjobs

Talent Awards

- Learning Rising Star
- AI Pioneer

LinkedIn

The Racial Diversity & Inclusion Charter for Employers

Equal Opportunities Commission

Signatory of the Good Employer Charter

Labour Department, HKSAR Government

20 Years Plus Caring Company Logo

The Hong Kong Council of Social Service

Social Capital Builder Logo Award

Community Investment and Inclusion Fund, Home and Youth Affairs Bureau, HKSAR Government

SportsHour Company

InspiringHK Sports Foundation

Sport-Friendly Action - Awarded Corporate

Chinese YMCA of Hong Kong

Breastfeeding-friendly Workplace

UNICEF Hong Kong

ITALY

Top Employer

Top Employers Institute



Recognitions

watsons

INTERNATIONAL

Ranked 5th in Top 50 Brands*

**Campaign Asia-Pacific's Top 50 Brands survey with 10,000 respondents across 6 Asian countries
Campaign Asia-Pacific*

Award for Excellence in Innovation in Consumer Product & Service Industries - Gold

Award for Sustainability & Climate Protection Services - Bronze

People's Choice Stevie Awards

Innovative Achievement in

- Diversity & Inclusion - Gold
- Corporate Social Responsibility - Bronze

Project of the Year in the Area of Nature & Biological Diversity - Silver

Climate Protection and Sustainability Campaign of the Year - Bronze
Asia-Pacific Stevie Awards

HONG KONG

Retail Asia Awards

- Health & Beauty Retailer of the Year
 - Best Transformation of the Year
- Retail Asia*

Top 10 Outstanding Flagship Service Store

Top 10 My Favourite Outstanding Service Store

Hong Kong Awards for Industries - Customer Service Grand Award

Hong Kong Retail Management Association

EDigest Brand Awards - Best Health Consultant Service
Edigest

20 Years Plus Caring Company Logo

The Hong Kong Council of Social Service

Sport-Friendly Action - Awarded Corporate

Chinese YMCA of Hong Kong

SportsHour Company

InspiringHK Sports Foundation

The Racial Diversity & Inclusion Charter for Employers

Equal Opportunities Commission

MAINLAND CHINA

ECR Case - Outstanding Project

ECR Committee

Award for Innovation in Business-to-Business Services - Silver

Asia-Pacific Stevie Awards

SINGAPORE

Retail Asia Awards - Health & Beauty Retailer of the Year
Retail Asia

Employee Experience Awards - Best HR Communication Strategy - Silver
Human Resources Online

5-Star Employer of Choice
HRD Asia

Progressive Wage Mark Accreditation
Singapore Business Federation

Outstanding Community Partnership Award
Singapore Police Force

Excellent Service Awards - SRA Beacon Companies Award
Singapore Retailers Association

Singapore's Best Customer Service - Pharmacies and Drugstores Category in H&B Industry - 3rd Place
The Straits Times

Enabling Mark - Silver
SG Enable



Recognitions

watsons

TAIWAN

Ideal Green Award - Best Brand Award
Edenred

Innovative Achievement in Corporate Social Responsibility - Silver
Asia-Pacific Stevie Awards

Taiwan Sustainability Action Awards
TAISE

Gold Service Award
Taiwan Chain Stores and Franchise Association

Diversified Product Category Development Award
Shopee

THAILAND

Thailand Employee Engagement of the Year 2024
Asian Management Excellence Awards

Best Company to Work for in Asia

Diversity, Equity and Inclusion Award

Sustainable Workplace Award

Most Caring Company Award
HR Asia

Marketeer No.1 Brand Thailand - Beauty Product Store Category
Marketeer

MALAYSIA

Sustainability & CSR Malaysia Awards

- Company of the Year - Community & Employee Well-being Award
- Company of the Year - Environment Care Award

CSR Malaysia

Retail Asia Awards - Health & Beauty Retailer of the Year
Retail Asia

The Most Loved Beauty Brand Partner
Lazada Malaysia

Talentbank Graduates' Choice Award - Most Preferred Graduate Employers to Work
Talentbank

Top Employer Awards

- Top Employer Award of the Year
- Best Workplace Award
- Top HR Team Award

Jobstore

The BrandLaureate HR-PDL Branding Awards - Human Capital Development - Brand of the Year
The World Brands Foundation

The Putra Brand Awards

- Platinum for The Best in Retail Category
- Putra Brand Marketer of the Year

Association of Accredited Advertising Agents Malaysia

PHILIPPINES

Reader's Digest Trusted Brand

- Health and Beauty Retailer Category - Platinum Award
- Drugstore and Pharmacy Category - Gold

Reader's Digest

Retail Asia Awards

- Health & Beauty Retailer of the Year
- Sustainability Initiative of the Year

Retail Asia

PANATA Brand Effectiveness Awards - People's Choice Award for Favorite Brand
Philippine Association of National Advertisers

The Grab FanFaves Awards - Partner of the Year

The Golden Grab Awards - Operational Awards - Mart - Best Pharmacy
Grab

Asia Pacific Enterprise Awards - Inspirational Brand Category - Retail

Asia Responsible Enterprise Awards in the Green Leadership Category
Enterprise Asia



Recognitions

watsons

INDONESIA

Indonesia WOW Brand Award - Beauty and Body Care Store

MarkPlus Inc

Insider GMC Award - Best Customer Journey Award

Insider

HARMONI Awards - Health and Beauty Retail of the Year

Hari Retail Modern Indonesia Harmoni

TÜRKIYE

TEMA Foundation Award

TEMA Foundation

Most Recommended Brands in Turkey

Marketing Turkiye & Kuantum Research's study

Outdoor Awards - Personal Care Products Category - Gold

Outdoor Awards

Best Supply Chain Team

Best Company in the Health and Beauty Channel

Advantage Group International

Most Liked and Preferred Retail Brands in Shopping Malls Research - Personal Care-Cosmetics Category - First Place

Shopping Centers and Investors (AYD) and Akademetre Research & Strategic Planning

Gulf Cooperation Council (GCC)

Certificate of Appreciation - Excellence in Health and Safety

Dubai Municipality

PARKSHOP

HONG KONG

Quality Service Brands

My Favourite Outstanding Service Retail Brand

Hong Kong Awards for Industries: Customer Service Certificate of Merit

Hong Kong Retail Management Association

Market Leadership Award

Hong Kong Institute of Marketing

20 Years Plus Caring Company Logo

The Hong Kong Council of Social Service

Sport-Friendly Action - Awarded Corporate

Chinese YMCA of Hong Kong

SportsHour Company

InspiringHK Sports Foundation

The Racial Diversity & Inclusion Charter for Employers

Equal Opportunities Commission



Recognitions



HONG KONG

Quality Service Brands

Flagship Service Recognition

My Favourite Outstanding Service Retail Brand - Top 10

Top 10 O2O Retail Brand Award - Gold
Hong Kong Retail Management Association

Hong Kong Youth & Community Service - Outstanding Partner
CARITAS

20 Years Plus Caring Company Logo
The Hong Kong Council of Social Service

Sport-Friendly Action - Awarded Corporate
Chinese YMCA of Hong Kong

SportsHour Company
InspiringHK Sports Foundation

Signatory of the Good Employer Charter
Labour Department, HKSAR Government

The Racial Diversity & Inclusion Charter for Employers
Equal Opportunities Commission

Watson's Wine

HONG KONG

20 Years Plus Caring Company Logo
The Hong Kong Council of Social Service

SportsHour Company
InspiringHK Sports Foundation

Sport-Friendly Action - Awarded Corporate
Chinese YMCA of Hong Kong

Signatory of the Good Employer Charter
Labour Department, HKSAR Government

The Racial Diversity & Inclusion Charter for Employers
Equal Opportunities Commission



HONG KONG

Hong Kong Awards for Environmental Excellence - Manufacturing and Industrial Services - Gold

Hong Kong Green Organisation Certification
• Energywi\$e Certificate - Excellent Level
• Wastewi\$e Certificate - Excellent Level
Environmental Campaign Committee

Award for Sustainability & Climate Protection Services - Gold
Asia-Pacific Stevie Awards

iRecycle ESG Award
BAGUIO

Sport-Friendly Action - Awarded Corporate
Chinese YMCA of Hong Kong

20 Years Plus Caring Company Logo
The Hong Kong Council of Social Service

Consumer Caring Scheme Award
GS1 Hong Kong

The Racial Diversity & Inclusion Charter for Employers
Equal Opportunities Commission



Recognitions



NETHERLANDS

Gift Card of the Year Election - Drugstore & Perfumery Category - Gold Award
Trade Association for Gift Cards Netherlands

ABN AMRO Best Retail Chain in the Netherlands - Drugstore Category
Q&A Retail

ARGO360 Social Sustainability Awards

- CO2 Savings Award
- Social Impact Award

ARGO360

Esprix Awards - Business for Good Category - Bronze
Esprix

BELGIUM

Best Retail Chain - Drugstore Category
Q&A Retail

Consumer Awards - Best Folder of the Year - Beauty and Fashion Category
BD Media



UNITED KINGDOM

Recruited 500 Apprentices

Rated Outstanding By Ofsted
Skills For Life

Employee Benefits Awards - Best Benefits to Support Menopause
DVW Media International

Employer's Excellence Awards - Large Employer of the Year
Metro

Corporate Engagement Awards

- Best Internal Communications
- Best PR and External Communications
- Most Effective Long-Term Commitment
- Best Engagement of an Internal Audience in a CSR Programme
- Best Charity, NGO or NFP Programme

Communicate Magazine

RoSPA Health and Safety Awards

- President's Award for Retail
- President's Award for Distribution and Supply Chain

The Royal Society for the Prevention of Accidents (RoSPA)

Top 100 Best Apprentice Employers
RateMyApprenticeship

LGBTQ+ Inclusive Employer - Bronze
Stonewall

The Pennies Awards - Outstanding Achievement Award
The Pennies Foundation



Recognitions



UNITED KINGDOM

Best Workplaces in Retail, Hospitality & Leisure

Best Workplaces for

- Women
- Wellbeing
- Development

Best Workplaces - Super Large Organisations

Great Place To Work Certification

Great Place To Work

LGBTQ+ Inclusive Employer - Bronze

Stonewall

Corporate Engagement Awards

- Best Internal Communications
- Best PR and External Communications
- Most Effective Long-Term Commitment
- Best Engagement of an Internal Audience in a CSR Programme
- Best Charity, NGO or NFP Programme

Communicate Magazine

RoSPA Health and Safety Awards

- President's Award for Retail
 - President's Award for Distribution and Supply Chain
- The Royal Society for the Prevention of Accidents (RoSPA)



LATVIA

TOP Employer

Alma Career Latvia



NETHERLANDS

ABN AMRO Best Webshop in the Netherlands

- Perfumery Category

Q&A Retail

BELGIUM

Retailer of The Year in Belgium - Perfumery Category

Q&A Retail

THE PERFUME SHOP

UNITED KINGDOM

Top Employer

Top Employers Institute

RoSPA Health and Safety Awards

- President's Award for Retail
 - President's Award for Distribution and Supply Chain
- The Royal Society for the Prevention of Accidents (RoSPA)

The People in Retail Awards

- Customer Service Team of the Year
- Spirit of Excellence Award

The Retail Bulletin



Governance

Integrated Governance Structure

A robust governance framework is essential for the effective management of stakeholder interests and concerns while facilitating long-term sustainable growth.

Global Sustainability Committee

The Global Sustainability Committee, chaired by the Group CEO, is the highest governing body responsible for providing strategic oversight and managing the sustainability of the Group's business operations. This committee drives the sustainability agenda through the following key responsibilities:

- Endorsing the Sustainability Roadmap and relevant sustainability policies
- Setting medium- to long-term sustainability targets
- Reviewing the progress of key sustainability initiatives against defined targets
- Promoting best practices in sustainability across the Group
- Assessing risks and opportunities and addressing future challenges related to ESG issues



Sub-Committees and Steering Groups

To optimise decision-making within our governance structure, the Group has established the following sub-committees and steering groups to provide guidance on various aspects of sustainability:

- 1 Energy Sub-Committee
- 2 Supply Chain Sub-Committee
- 3 Greener Stores Sub-Committee
- 4 Exclusive Brands Sustainability Sub-Committee
- 5 DEI and Health & Wellbeing Steering Groups
- 6 Local Sustainability Committees at Business Levels with the support of Local Sustainability Teams, Local Sustainability Champions, Energy Champions and Supply Chain Champions
- 7 Next Gen Sustainability Committee
- 8 Global Sustainability Reporting Steering Committee



Governance

Sustainability Roadmap and Relevant Policies

The Sustainability Roadmap and accompanying policies are central to our commitment to achieving sustainability goals. This framework guides our strategic initiatives and operational practices, ensuring sustainability is integrated into every aspect of our business. By aligning our efforts with the Group's 2030 sustainability targets, we aim to foster a culture of responsibility and transparency across the organisation.

Sustainability Roadmap

The Sustainability Roadmap is a multi-year strategic plan that outlines how the Group and its business units will achieve their ESG goals, particularly those aligned with the Group's 2030 sustainability targets. This roadmap establishes the sustainability priorities, which are cascaded down to each business unit and implemented through local initiatives overseen by our Local Sustainability Committees.

Policies

We have a comprehensive set of policies which outlines our sustainability commitments in our daily operations, such as:

- Supplier Code of Conduct and BSCI Code of Conduct
- Employee Code of Conduct
- Non-Trade Procurement Policy
- General Terms and Condition for Purchase of Trade Goods and Services
- Policy for Supplier Due Diligence Screening Process
- Policy for Media, Publication Engagement and Donations
- Policy on Sustainability
- Policy on Sustainable Packaging
- Health and Safety Policy
- Policy on Personal Data Governance
- Customer Data Privacy Policy
- Employee Privacy Notice
- Human Rights Policy

Our Governance Structure



The **Global Sustainability Committee**, led by Dr. Malina Ngai, our Group CEO, comprises senior management staff from Legal, Finance, Sustainability, and CEOs of business units. Its primary role is to set and prioritise sustainability objectives across the Group, monitor progress and provide strategic advice when challenges arise. Supporting the Global Sustainability Committee is the **Group Sustainability Team**, which offers both strategic and operational support. This team also aids other committees and teams involved in our 2030 Sustainability Roadmap.



Governance

The **Energy, Supply-Chain, and Greener Stores Sub-Committees** were established to provide expert guidance and support to our business units in implementing targeted sustainability initiatives. These committees leverage their technical expertise in areas such as energy management, warehouse operations, fleet management, and store operations. These committees are supported by regional coordinators and representatives from each local business unit.

The **Exclusive Brands Sustainability Sub-Committee** consists of representatives from our markets developing Exclusive Brands. Our goal is to establish “more sustainable products” as the new norm across AS Watson retail.

The **DEI and Health & Wellbeing Steering Groups** were established to guide our business units and Group functions in implementing various DEI, Health, and Wellbeing standards.

At the business unit level, a **Local Sustainability Committee** must be established following our Global Sustainability Committee’s structure. This ensures that key initiatives are localised strategically, and that progress is reported to our Global Sustainability Committee every six months. Each local team is responsible for incorporating specific sustainability initiatives into their daily tasks.

The **Global Sustainability Reporting Steering Committee** includes senior representatives from our Legal, Finance, and Sustainability teams. This Committee plays a pivotal role in strategic governance, developing policies and manuals, establishing reporting guidelines, and managing data.

Our **Next Gen Sustainability Committee** comprises young, passionate colleagues committed to advancing our sustainability agenda. This committee was established to engage and empower the next generation of leaders in driving change within the Group and beyond.

Sustainability Performance-Linked Appraisal

A significant milestone in 2024 was the Group’s strategic initiative to integrate ESG performance metrics into its long-term remuneration framework, starting with a phased rollout at the management level. This enhancement builds on the existing division-wide performance appraisal system, which provides all employees with structured feedback on their achievements and areas for development. Regular performance reviews remain a key factor in annual compensation decisions, which are now evolving to include sustainability-linked criteria.

As part of this initiative, greenhouse gas emission reduction targets for Scopes 1 and 2 were incorporated into the Management Bonus Scheme for 2025.

Zero Tolerance towards Fraud and Corruption

AS Watson upholds a strict zero-tolerance policy towards fraud, bribery, and corruption at all levels of its operations. This commitment is firmly embedded in our corporate governance framework and reinforced through robust supplier engagement practices. All suppliers are required to complete an ESG questionnaire, which explicitly evaluates the presence of internal controls and policies designed to prevent illegal activities, including bribery and fraud. Responses are rigorously reviewed and scored to ensure transparency and accountability. This approach safeguards our operations while promoting ethical conduct and integrity throughout our value chain.

Anti-Corruption Training

To uphold business integrity, AS Watson implements a structured anti-corruption training programme for its employees.

- **Governance Training:** Tailored training on anti-fraud and anti-corruption. Senior and middle management participate in this training at least once every two years
- **Induction:** New employees receive training as part of their onboarding process and are required to formally acknowledge compliance with the Code of Conduct. Additionally, all employees are provided with the People Policy, which includes comprehensive details about the Code of Conduct



Governance



Whistleblowing

The Group maintains an open and confidential reporting system that enables employees and external stakeholders - including customers and suppliers - to report suspected misconduct, improprieties, or malpractice within the Group.

In line with the Group People Policy and the Supplier Code of Conduct, all reports are handled with strict confidentiality. Whistleblowers are protected from unfair dismissal, victimisation, and any form of retaliatory disciplinary action.

Reports can be submitted through secure channels including to the Internal Audit Team of CKHH. Each business unit is also required to maintain at least two accessible reporting channels, with EU and UK operations complying with formal whistleblowing procedures under local and EU regulations.

Substantiated cases may result in disciplinary action, including verbal or written warnings or termination of employment. Where applicable, violation of laws or regulations will be reported to the appropriate authorities.

Cybersecurity as a Pillar of Sustainable Digital Governance

As part of our commitment to sustainability and resilient digital transformation, the Group has implemented a comprehensive cybersecurity strategy aligned with industry best practices. This strategy safeguards the confidentiality, integrity, and availability of our digital assets, while supporting long-term operational stability and high standards of corporate governance.

Preventive controls - including multi-factor authentication, intrusion prevention systems, web application firewalls, and endpoint and network detection solutions - are in place to ensure the secure and uninterrupted operation of both e-commerce platforms and internal systems. These measures mitigate the risk of data breaches and service disruptions, in turn maintaining customer trust and supporting sustainable business continuity.

Robust email security is enforced across all domains through anti-spam, anti-phishing, and anti-malware technologies, in compliance with the DMARC protocol (Domain-based Message Authentication, Reporting & Conformance). The deployment of advanced tools such as Abnormal Security further strengthens our defences by enabling behavioural profiling and providing extended email protection. These controls significantly reduce exposure to phishing, social engineering, and impersonation attacks.

The Group fosters a strong security culture through its "Cyber Ready" awareness campaign and ongoing phishing simulations. These "**Pause, Think, Protect**" initiatives enhance the social dimension of sustainability by empowering employees to identify and respond to cyber threats effectively. Continuous vulnerability management, red team exercises, and ethical hacking programmes ensure that our security controls are regularly tested and refined.

Our in-house **Security Operations Centre** provides advanced threat detection, incident response, and digital forensics capabilities. This function supports regulatory compliance and reflects our commitment to responsible digital stewardship. A unified patch management platform ensures timely updates across the organisation, reducing security exposure and enhancing infrastructure resilience.

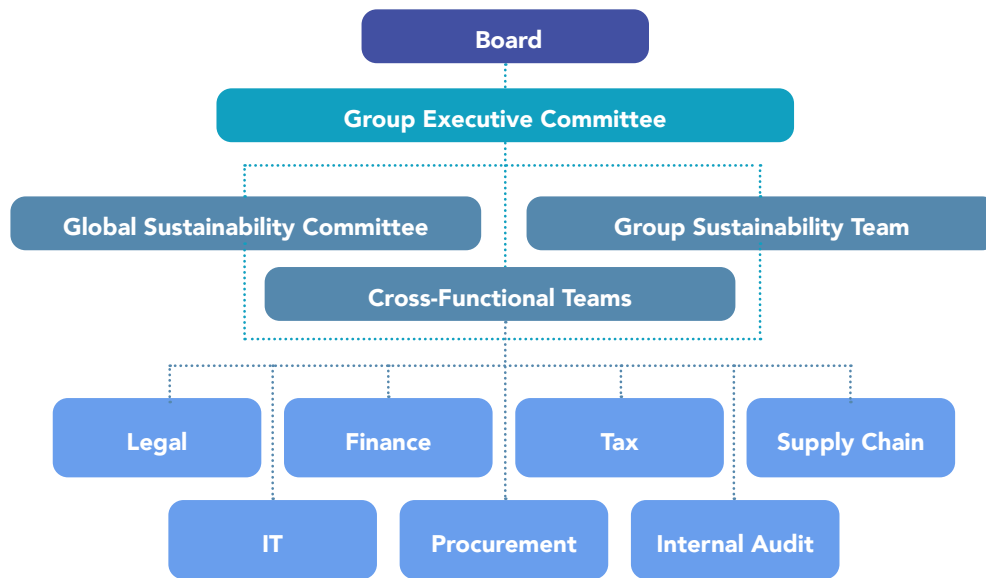
Collectively, these cybersecurity initiatives contribute to the Group's Sustainability objectives by strengthening digital resilience, enabling sustainable operations, and promoting responsible data management practices.



Governance

Coordinated Risk Assessments and Risk Management Processes

The Group has implemented a comprehensive risk management strategy to identify, assess, and mitigate material sustainability risks aligned with industry best practices. This strategy ensures ethical business conduct, regulatory compliance, and sustainable operations that minimise impacts on communities and the planet, while supporting long-term stability and strong corporate governance.



The risk management process is overseen by the Board, guided by the Group Executive Committee, and supported by the Global Sustainability Committee, Group Sustainability Team, and cross-functional teams across Legal, Finance, Tax, Supply Chain, IT, Procurement, and Internal Audit. Regular reviews are conducted to assess risks, implement preventive controls, and ensure compliance with sustainability goals.

Preventive measures include monitoring regulatory developments, developing policies, designing risk management processes, and embedding these into operations at both Group and local levels. This approach reduces operational impacts on communities and the environment while ensuring legal compliance.

The Group fosters a strong governance culture through training and awareness campaigns for employees and customers, supporting the 2030 Sustainability Roadmap across Planet, People and Products pillars. Internal Audit teams ensure the effective integration of policies and continually improve processes for better efficiency and compliance.

This holistic approach strengthens the Board’s oversight, reinforces ethical practices, and supports the Group’s sustainability objectives through responsible, sustainable operations with practical risk management processes.





Environmental and Social Indicators

ESG data quality is crucial to AS Watson. We cannot manage what we cannot measure. Since 2018, we have leveraged Schneider Electric’s data management system, Resource Advisor, facilitating our continuous monitoring of over 250 KPIs covering environmental and social metrics. This allows us to calculate greenhouse gas emissions attributed to its operations and to track progress against targets.

Environmental KPIs¹

GHG Emissions	Units	2022	2023	2024 ²
Total Scope 1 + 2 GHG Emissions (market-based)	tonne CO2 e	509,229	484,837	137,581
Scope 1 GHG Emissions	tonne CO2 e	126,445	116,566	87,155
Scope 2 GHG Emissions (market-based)	tonne CO2 e	382,784	368,271	50,426
Scope 3 GHG Emissions	tonne CO2 e	9,698,665	9,884,634	7,409,330

Use of Energy	Units	2022	2023	2024
Total Energy Consumption	kWh'000	1,118,385	1,191,669	1,096,494
Total Direct Energy Consumption	kWh'000	345,076	343,732	279,588
Gasoline/Petrol	kWh'000	1,672	453	441
Diesel	kWh'000	249,115	264,700	209,406
Natural Gas	kWh'000	71,221	59,186	52,090
Towngas	kWh'000	19,899	16,357	13,993
Other Gases	kWh'000	1,919	2,074	2,294
Other Fuels	kWh'000	0	0	0
Geothermal	kWh'000	0	0	0
Wind	kWh'000	0	0	0



Environmental and Social Indicators

Use of Energy	Units	2022	2023	2024
Solar	kWh'000	1,251	962	1,364
Hydro	kWh'000	0	0	0
Biomass	kWh'000	0	0	0
Other Renewables	kWh'000	0	0	0
Self-Generated Energy	kWh'000	0	0	0
Sale of Energy	kWh'000	0	0	0
Total Indirect Energy Consumption	kWh'000	773,309	847,937	816,906
Electricity	kWh'000	773,309	847,937	816,906
Heating	kWh'000	0	0	0
Renewable Electricity Purchased and Supported by Green Certificates	kWh'000	161,442	257,153	723,407
% Renewable Electricity Purchased and Supported by Green Certificates	%	21%	30%	89%
Total Energy Consumption Intensity	kWh / revenue HK\$'000	8.812	8.940	8.065
Total Direct Energy Consumption Intensity	kWh / revenue HK\$'000	2.719	2.579	2.056
Total Indirect Energy Consumption Intensity	kWh / revenue HK\$'000	6.093	6.362	6.008

Air Emission	Units	2022	2023	2024
NOx Emissions	tonne	3,538	2,994	2,477
SOx Emissions	tonne	8,691	7,144	6,111
Particulate Matter Emissions	tonne	68	64	52



Environmental and Social Indicators

Waste Produced	Units	2022	2023	2024
Total Hazardous Waste Produced	tonne	872	1,920	1,178
Total Hazardous Waste Produced Intensity	tonne / revenue HK\$'000	0.000	0.000	0.000
Total Non-Hazardous Waste Produced	tonne	149,358	149,399	150,111
Total Non-Hazardous Waste Produced Intensity	tonne / revenue HK\$'000	0.001	0.001	0.001
Total Waste Recycled	tonne	131,935	135,768	133,450
Recycled Material Usage	tonne	3,972	4,080	3,497

Use of Water	Units	2022	2023	2024
Total Water Consumption	'000 m3	1,538	2,000	2,006
Total Water Withdrawal	'000 m3	1,538	2,000	2,006
Surface Water	'000 m3	0	0	0
Groundwater	'000 m3	0	0	0
Seawater	'000 m3	0	0	0
Third-Party Water	'000 m3	1,538	2,000	2,006
Other Sources	'000 m3	0	0	0
Total Water Discharged	'000 m3	0	0	0
Surface Water	'000 m3	0	0	0
Seawater	'000 m3	0	0	0
Third-Party Water	'000 m3	0	0	0
Other Sources	'000 m3	0	0	0
Water Consumption Intensity	m3 / revenue HK\$'000	0.012	0.015	0.015
Water Withdrawal from Areas with Water Stress	'000 m3	0	0	0
Water Withdrawal from Freshwater Sources	'000 m3	0	0	0
Water Recycled	'000 m3	0	0	0



Environmental and Social Indicators

Packaging Material	Units	2022	2023	2024
Total Packaging Material Used for Finished Products	tonne	118,763	121,310	124,169
Plastic	tonne	34,450	32,223	30,327
Paper	tonne	71,203	76,533	78,896
Metal	tonne	6,376	6,638	8,392
Glass	tonne	3,339	2,832	2,851
Other Packaging Material	tonne	3,395	3,084	3,703
Packaging Material Intensity	tonne / total products	0.086	0.083	0.081

Notes

- 1) Watsons Ukraine was excluded in 2022 and 2023 figures due to the Russia-Ukraine conflict.
- 2) Watsons Vietnam was included in the 2024 figures due to enhanced disclosure.



Environmental and Social Indicators

Scope 3 Emissions Inventory

Scope 3 Category	Description	Methodology
1. Purchased Goods and Services	All upstream emissions from the production of products purchased or acquired by AS Watson	<ul style="list-style-type: none"> Spend-based method, by applying emission factors from USEEIO dataset v1.3 Partial primary data and average-data method
2. Capital Goods	All upstream emission from the production of capital goods purchased or acquired by AS Watson	<ul style="list-style-type: none"> Spend-based method by applying emission factors from USEEIO dataset v1.3
3. Fuel- and Energy-Related Activities	Emissions related to the production of fuels and energy purchased and consumed by AS Watson that are not included in Scope 1 or Scope 2	<ul style="list-style-type: none"> Average-data method by applying emission factors from DEFRA 2021-2024
4. Upstream Transportation and Distribution	Third-party transportation and distribution services purchased by AS Watson	<ul style="list-style-type: none"> Spend-based method, extrapolated from 2018 data Partial primary data and average-data method
5. Waste Generated in Operations	Emissions from third-party disposal and treatment of waste generated in AS Watson's owned or controlled operations	<ul style="list-style-type: none"> Waste-type-specific method, by applying emission factors from DEFRA 2024
6. Business Travel	Emissions from the transportation of employees for business-related activities in vehicles owned or operated by third parties	<ul style="list-style-type: none"> Average-data method, extrapolated from 2023 data
7. Employee Commuting	Emissions from the transportation of employees between their homes and their worksites	<ul style="list-style-type: none"> Average-data method, extrapolated from 2023 data
11. Use of Sold Products	Emissions from the use of goods and services sold by AS Watson	<ul style="list-style-type: none"> Partial primary data and average-data method Direct emission calculated based on peer's 2024 emission intensity
12. End of Life Treatment of Sold Products	Emissions from the waste disposal and treatment of products sold by AS Watson at the end of their life	<ul style="list-style-type: none"> Partial primary data and average-data method
15. Investments	Emissions associated with AS Watson's investments	<ul style="list-style-type: none"> Average-data method by applying emission factor from USEEIO dataset v1.3



Environmental and Social Indicators

Social KPIs

Number of Employees	Units	2022	2023	2024
Total		123,280	127,701	130,522
By Employment Type	Full-Time	71,874	71,864	73,120
	Part-Time	51,406	55,837	57,402

Number of Full-Time Employees	Units	2022	2023	2024
By Gender	Male	16,747	16,748	16,982
	Female	55,127	55,116	56,138
By Employee Category	Manager Grade or Above	2,943	3,057	3,109
	General Staff	68,931	68,807	70,011
By Age Group	Under 30	25,901	25,914	26,085
	30-49	40,255	40,101	40,777
	50 or Above	5,718	5,849	6,258
By Geographical Region	Hong Kong	7,325	6,982	6,879
	Mainland China	22,893	21,058	19,834
	Europe	16,502	16,428	10,123
	Canada	0	0	0
	Asia, Australia and Others	25,154	27,396	36,284



Environmental and Social Indicators

Turnover Rate for Full-Time Employees		Units	2022	2023	2024
Overall			36%	33%	32%
By Gender	Male		31%	27%	27%
	Female		38%	35%	33%
By Age Group	Under 30		61%	57%	56%
	30-49		23%	20%	19%
	50 or Above		18%	18%	16%
By Geographical Region	Hong Kong		24%	24%	18%
	Mainland China		29%	22%	24%
	Europe		44%	39%	36%
	Canada		0%	0%	0%
	Asia, Australia and Others		43%	40%	38%

Work-Related Fatalities		Units	2022	2023	2024
Number of Work-Related Fatalities			1	1	0
By Employee Type	Full-Time Employees		1	1	0
	Contractors		0	0	0
Rate of Work-Related Fatalities			0.001%	0.001%	0.000%

Lost Days Due to Work Injury		2022	2023	2024
Number of Lost Days Due to Work Injury		21,722	15,484	16,359
Number of Lost Time Injury Incidents		526	497	557



Environmental and Social Indicators

Percentage of Full-Time Employees Who Received Training		2022	2023	2024
Overall		84%	85%	87%

Breakdown of Full-Time Employees who Received Training		2022	2023	2024
By Gender	Male	22%	22%	22%
	Female	78%	78%	78%
By Employee Category	Manager Grade or Above	4%	4%	4%
	General Staff	96%	96%	96%

Average Hours of Training Completed by Full-Time Employees		2022	2023	2024
Overall		22.0	21.1	22.0
By Gender	Male	16.1	16.5	18.1
	Female	23.7	22.4	23.2
By Employee Category	Manager Grade or Above	16.0	15.1	22.0
	General Staff	22.2	21.3	22.0

Number of Suppliers		2022	2023	2024
Total		27,684	19,410	19,751
By Geographical Region	Hong Kong	4,161	2,738	2,303
	Mainland China	3,737	2,483	2,475
	Europe	6,177	4,978	4,911
	Canada	118	109	113
	Asia, Australia and Others	13,491	9,102	9,949



Environmental and Social Indicators

Percentage of Total Products Sold or Shipped Subject to Recalls for Safety and Health Reasons		2022	2023	2024
Percentage of Total Products Sold or Shipped Subject to Recalls for Safety and Health Reasons		0.0%	0.0%	0.0%

Number of Complaints Received		2022	2023	2024
Products Related		3,943	3,789	8,760
Services Related ¹		136,167	151,397	296,809

Number of Employees who Received Training on Anti-Corruption/Ethics		2022	2023	2024
Total		83,120	68,268	62,639
By Employment Type	Full-Time	50,923	45,927	47,655
	Part-Time	32,197	22,341	14,984
Percentage of Employees who Received Training on Anti-Corruption/Ethics		52%	48%	50%

Number of Training Hours on Anti-Corruption/Ethics		2022	2023	2024
Total		54,349	51,270	45,311
By Employment Type	Full-Time	45,583	43,922	40,914
	Part-Time	8,766	7,349	4,397

Notes

1) Number of service-related complaints received increased due to improved data accuracy.



Verification Opinion

Assurance

The GHG data in this Report are externally verified by the Hong Kong Quality Assurance Agency (HKQAA). HKQAA was commissioned to conduct an independent verification of the GHG data in accordance with the requirements of the GHG Protocol, with reference to ISO 14064-1:2018 and ISAE 3410.

Please refer to the Verification Opinion section for the independent verification statement issued by HKQAA.



Verification Opinion

Scope and Objectives

Hong Kong Quality Assurance Agency (“HKQAA”) has been commissioned by AS Watson Group (“ASWG”) to conduct an independent verification of the Greenhouse Gases (“GHG”) emissions inventory (“Emissions Inventory”) for the period of 1st January 2024 to 31st December 2024. The aim of this verification is to provide a limited assurance on the data consolidated in the Emissions Inventory compiled by ASWG using the operational control approach against the requirements of “The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard (revised edition)” [GHG Protocol] and making reference to ISO 14064-1:2018.

ASWG provided the GHG Statement in the form of “2024 Sustainability Report – Environmental KPIs” based on the requirements of the GHG Protocol. The GHG information for the reporting period indicating the total direct and indirect GHG emissions were verified by HKQAA to a limited level of assurance, an opinion was concluded by the verification team from the verification activities, including:

- Offsite verification of the GHG emission data associated to mobile emissions, electricity consumption and other indirect emissions as well as GHG emissions from activities of wholly owned offices, retail stores and warehouses;
- Desk-top review for application of online GHG data management system; and
- Desk-top review for documentation and supporting evidence.

Remarks:

This is the extract of verification opinion no. 14960693. For the detailed information, please refer to the full version of verification opinion.

HKQAA adopted a risk-based approach for the verification. Our examination includes assessment of evidence relevant to the amounts and disclosures in relation to ASWG’s reported GHG emissions.

Conclusion

Total GHG emissions of AS Watson Group for the period of 1st January 2024 to 31st December 2024 was as follows:

2024 GHG Emissions – GHG Protocol	Tonnes (T) of CO ₂ equivalent
Scope 1 Direct GHG emissions	87155
Scope 2 Indirect GHG emissions from purchased energy	50426
Total (Scope 1 Direct + Scope 2 Indirect Emissions)	137581
Scope 3 Indirect GHG emissions	7409330

Signed on behalf of Hong Kong Quality Assurance Agency:

Lead Verifier:

Connie Sham

Chief Operating Officer:

K.T. Ting

Date of Issuance: 30 May 2025

Verification Opinion No.: 14960693



Hong Kong Stock Exchange ESG Guide Content Index

Subject Areas, Aspects, General Disclosures and KPIs		Relevant Chapter(s) of This Report	Notes and Relevant Policies
Mandatory Disclosure Requirements (MDR)			
Governance Structure		Governance: Global Sustainability Committee	
Reporting Principles		About this Report	
Reporting Boundary		About this Report	
A. ENVIRONMENTAL			
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		<ol style="list-style-type: none"> 1. Policy on Sustainability 2. Waste Management Guideline by Group Supply Chain 3. Fleet Management Guideline by Group Supply Chain 4. Policy on Sustainable Packaging 5. Sustainable Tertiary Packaging Guideline by Group Supply Chain 6. Supplier Code of Conduct <p>The Group has not received any incidents of non-compliance with laws and regulations that may have a significant impact on the Group concerning air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste during the year.</p>
KPI A1.1	The types of emissions and respective emissions data.	Planet: Scope 1 GHG Emissions, Scope 2 GHG Emissions, Scope 3 GHG Emissions Environmental & Social Indicators	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental & Social Indicators	
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental & Social Indicators	
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Planet	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Planet: Zero Waste to Landfill from our Operations	



Hong Kong Stock Exchange ESG Guide Content Index

Subject Areas, Aspects, General Disclosures and KPIs		Relevant Chapter(s) of This Report	Notes and Relevant Policies
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.		<ol style="list-style-type: none"> 1. Policy on Sustainability 2. Waste Management Guideline by Group Supply Chain 3. Policy on Sustainable Packaging 4. Sustainable Tertiary Packaging Guideline by Group Supply Chain
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental & Social Indicators	
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental & Social Indicators	
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Planet	Energy efficiency is embedded in the Scope 1 and 2 emissions reduction targets and initiatives.
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Products: Beverage Division	The main contributor of water consumption is from the Beverage Division. The Beverage Division has been regularly reviewing its water resources management practices, including Water Risk Identification & Assessment, reducing water consumption, and reusing water in their manufacturing sites.
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental & Social Indicators	
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.		<ol style="list-style-type: none"> 1. Policy on Sustainability 2. Waste Management Guideline by Group Supply Chain 3. Policy on Sustainable Packaging 4. Sustainable Tertiary Packaging Guideline by Group Supply Chain 5. Supplier Code of Conduct
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Planet	



Hong Kong Stock Exchange ESG Guide Content Index

Subject Areas, Aspects, General Disclosures and KPIs		Relevant Chapter(s) of This Report	Notes and Relevant Policies
B. SOCIAL			
EMPLOYMENT AND LABOUR PRACTICES			
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		1. Group People Policy 2. Human Rights Policy 3. Employee Code of Conduct The Group has not received any incidents of non-compliance with laws and regulations that may have a significant impact on the Group concerning compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare during the year.
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Environmental & Social Indicators	
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Environmental & Social Indicators	
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		1. Health and Safety Policy 2. Warehouse Staff Wellbeing Guideline The Group has not received any incidents of non-compliance with laws and regulations that may have a significant impact on the Group concerning providing a safe working environment and protecting employees from occupational hazards during the year.
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Environmental & Social Indicators	
KPI B2.2	Lost days due to work injury.	Environmental & Social Indicators	
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	People: Caring for Our People	



Hong Kong Stock Exchange ESG Guide Content Index

Subject Areas, Aspects, General Disclosures and KPIs		Relevant Chapter(s) of This Report	Notes and Relevant Policies
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	People	Group People Policy
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Environmental & Social Indicators	
KPI B3.2	The average training hours completed per employee by gender and employee category.	Environmental & Social Indicators	
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		1. Human Rights Policy 2. Supplier Code of Conduct 3. ASW Employee Code of Conduct (including the BSCI Code of Conduct which incorporates international treaties for labour rights) The Group has not received any incidents of non-compliance with laws and regulations that may have a significant impact on the Group concerning preventing child and forced labour during the year.
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	People: Respecting Human Rights	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.		Prevent and limit redundancies and include respect for human rights considerations in transition planning such as re-deployment and outplacement services for impacted workers.
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	People: Respecting Human Rights	1. Human Rights Policy 2. Supplier Code of Conduct and BSCI Code of Conduct 3. Policy on Supplier Due Diligence Screening
KPI B5.1	Number of suppliers by geographical region.	Environmental & Social Indicators	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	People: Respecting Human Rights	



Hong Kong Stock Exchange ESG Guide Content Index

Subject Areas, Aspects, General Disclosures and KPIs		Relevant Chapter(s) of This Report	Notes and Relevant Policies
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	People: Respecting Human Rights	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Products: Offering More Sustainable Products	<ol style="list-style-type: none"> 1. Supplier Code of Conduct 2. Policy on Supplier Due Diligence Screening 3. Non-Trade Procurement - Sustainability Criteria for Tenders
Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		<ol style="list-style-type: none"> 1. Supplier Code of Conduct 2. Customer Data Privacy Policy 3. Policy on Personal Data Governance <p>The Group is not aware of any incidents of non-compliance with laws and regulations that may have a significant impact on the Group concerning health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress during the year.</p>
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Environmental & Social Indicators	
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Environmental & Social Indicators	
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.		
KPI B6.4	Description of quality assurance process and recall procedures.	Products: Maintaining High Product Quality & Safety	
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Products	



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Subject Areas, Aspects, General Disclosures and KPIs		Relevant Chapter(s) of This Report	Notes and Relevant Policies
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		Employee Code of Conduct
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.		The were no concluded legal cases regarding corrupt practices brought against the Group or its employees that had a significant impact on the Group during the reporting period.
KPI B7.2	Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	Governance: Zero Tolerance to Fraud and Corruption	
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Governance: Zero Tolerance to Fraud and Corruption	
COMMUNITY			
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	People	1. Policy on Sustainability 2. Policy for Media, Publication Engagement, and Donations
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	People: Supporting Our Communities	
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	People: Supporting Our Communities	



About AS Watson Group

Established in 1841, AS Watson Group is one of the world's longest-standing and most recognised retail companies with roots in Asia. Today, the company operates over 17,000 stores across 12 retail brands in 30 markets, employing 130,000 people globally. This makes AS Watson Group the largest international health and beauty retailer in the world.

In the fiscal year 2024, AS Watson Group reported revenue of over US\$24 billion. The company's technology-enabled O+O (Offline plus Online) platforms serve over 6 billion shoppers annually, seamlessly integrating physical and digital retail experiences.

AS Watson Group supported over 180 charitable and non-profit organisations in 2024, dedicating over 41,000 hours of volunteer work to serve over 370,000 people in need in our operating markets.

AS Watson Group is also a member of the world-renowned multinational conglomerate CK Hutchison Holdings Limited, which has four core businesses - ports and related services, retail, infrastructure and telecommunications in over 50 countries.

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Contact Us

This Report can be accessed on [AS Watson's website](#). We value stakeholders' views and suggestions.

If you have any feedback regarding our sustainability management and reporting, please contact us via the following channel:

✉ Email: asw.sustainability@aswaton.com

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