



# RETAIL



## Serving society

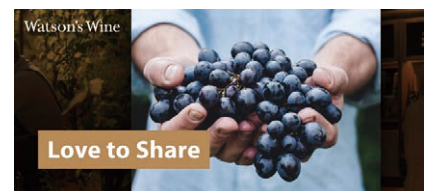
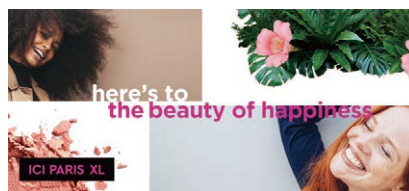
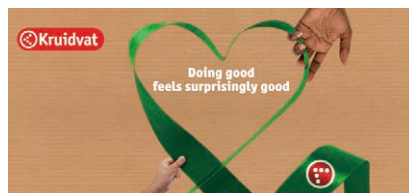
A smile is the universal language of love that has no boundaries across cultures and races. It brings people together, making them feel confident and hopeful.

For 180 Years, the Retail division, A.S. Watson Group ("ASW"), has upheld a clear purpose –

**To put a smile on our customers' faces.**

This goes far beyond delighting customers with excellence in customer service and product delivery, to building a better environment and thriving communities in which they, as well as other stakeholders, live.

With this purpose serving as the guiding North Star, the ASW brands have worked over the years to each develop their own social purpose that is unique and distinct to every brand. Explore each of their purposes [here](#) .



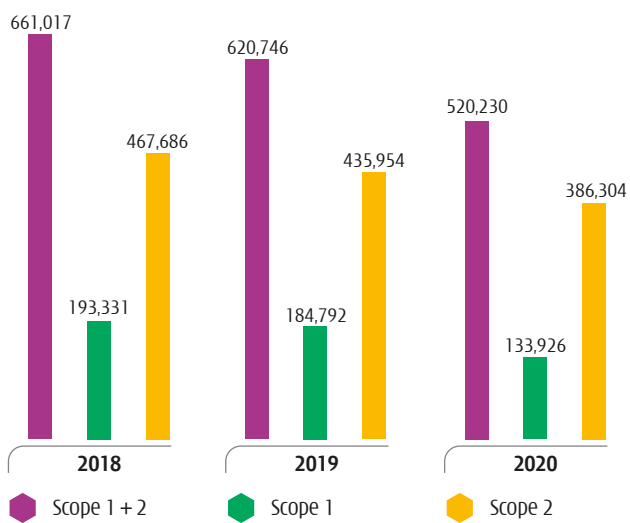
## Material topics, goals and progress

The following table highlights the material topics identified for ASW, as well as the relevant UN Sustainable Development Goals ("SDG"), division goals and progress made.

Material topics & SDGs	Goals	Highlights
<b>Taking action on climate change</b>  	<ul style="list-style-type: none"> <li>40% reduction in GHG emissions (scope 1 and 2) by 2030 versus a 2015 baseline.</li> <li>30% reduction in electricity intensity (kWh per square meter) for retail stores and own manufacturing by 2030 versus a 2015 baseline.</li> <li>75% of stores to be fitted with LED lighting by 2025.</li> <li>100% renewable electricity in ASW's European portfolio by 2030.</li> </ul>	<ul style="list-style-type: none"> <li>46% reduction in GHG emissions during 2015-2020. However, this was influenced by store closures during the pandemic and the goal will be revised in 2021.</li> <li>27% reduction in electricity intensity during 2015-2020. However, again this goal will be revised in light of the pandemic.</li> <li>55% of stores fitted with LED lighting (new stores and major refit).</li> <li>85% of ASW's European portfolio is powered by renewable electricity.</li> </ul>
<b>Creating a great place to work</b>     	<ul style="list-style-type: none"> <li>Support employees through the pandemic.</li> <li>Ensure equal opportunities and competitiveness in staff remuneration and recognition.</li> <li>Promote inclusivity of all cultures, truly reflecting the communities ASW serves.</li> <li>Be an employer of choice that attracts a diverse workforce.</li> <li>Provide ample opportunities to enhance employee skill-sets, through on-the-job training and clearly defined progression pathways.</li> </ul>	<ul style="list-style-type: none"> <li>Launched an employee support fund in the UK to help employees during the pandemic. Implemented targeted and localised programmes to support health and mental wellbeing.</li> <li>Launched Storytelling learning and development programme.</li> <li>Ongoing ASW Agile Leadership Series, Aspire Leadership Programmes, Ignite Leadership Programme, Retail Academy, and Reverse Mentoring.</li> <li>Established the ASW Digital Learning Faculty.</li> <li>Focused on Upskilling Programmes in the face of digital transformation.</li> <li>Award-winning inclusion and diversity programme at Superdrug and Savers.</li> </ul>
<b>Promoting a circular economy</b>  	<ul style="list-style-type: none"> <li>Take action to eliminate problematic or unnecessary plastic packaging by 2025.</li> <li>Take action to move from single-use towards reuse models where relevant by 2025.</li> <li>100% of plastic packaging to be reusable, recyclable, or compostable by 2025 (including Own Brand product packaging, eCommerce parcels and in-store carrier bags).</li> <li>Include an average of 20% recycled plastic content across all Own Brand packaging by 2025.</li> <li>Help customers recycle more.</li> <li>Donate surplus edible food to local food banks.</li> </ul>	<ul style="list-style-type: none"> <li>Signed-up to the New Plastics Economy ("NPE") Global Commitment.</li> <li>Achieved 7% recycled plastic content across all Own Brand packaging.</li> <li>Watsons Water bottles sold in Hong Kong are made with 100% recycled plastic.</li> <li>Trialling in-store refill models (Health &amp; Beauty and Food retail).</li> <li>Installed 84 reverse vending machines around Hong Kong and collected over 750,000 plastic bottles.</li> <li>Refreshing "Plastic Reborn" programme with P&amp;G and implemented a cosmetics recycling programme with Terracycle and Maybelline at Superdrug.</li> <li>Donated 3,100 tonnes of surplus edible food to Food Angel since 2012.</li> </ul>

Material topics & SDGs	Goals	Highlights
<b>Ensuring a responsible supply chain</b> <div>        </div>	<ul style="list-style-type: none"> <li>By 2030, ensure that 100% of Own Brand purchase value from high-risk countries (identified by amfori BSCI) will be assessed for:             <ul style="list-style-type: none"> <li>Social compliance through amfori's Business Social Compliance Initiative audits (or others endorsed by ASW); and</li> <li>Environmental compliance through amfori BSCI's Business Environmental Protection (or others endorsed by ASW.)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Social compliance assessed for over 90% of Own Brand purchase value from high-risk countries (direct sourcing).</li> <li>Environmental compliance assessed for over 60% of Own Brand purchase value from high-risk countries (direct sourcing).</li> <li>441 factories audited in 2020 under ASW sustainable supply chain programme.</li> </ul>
<b>Offering sustainable products and services</b> <div>    </div>	<ul style="list-style-type: none"> <li>Increasingly source more sustainable raw materials for Own Brand products.</li> <li>Engage customers on topics that matter to them.</li> <li>Raise awareness on sustainable products choices offered in retail.</li> <li>Ensure the safety, transparency and quality of ASW Own Brand products.</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability product lines and brand engagement programmes in place across the Retail division.</li> <li>Over 5 million customer voices heard and acted upon through the ASW Customer Love Score assessment process in 2020.</li> <li>Rigorous internal testing and external assessment in place; Own Brand products tested against a restricted substances list; tracking software implemented for traceability monitoring.</li> </ul>
<b>Investing in developing thriving and resilient communities</b> <div>  </div>	<ul style="list-style-type: none"> <li>Develop programmes that are mutually beneficial to business and the community.</li> <li>Maintain long-term partnerships and support local communities and charities via donations, sponsorships and employee volunteering.</li> <li>Through Operation Smile, enable 10,000 free surgeries for children with cleft lips and palates by 2030.</li> </ul>	<ul style="list-style-type: none"> <li>In 2020, donated HK\$71.8 million to local community organisations.</li> <li>Over 10,000 ASW volunteers contributed 70,000 hours to serve over 240,000 community members.</li> <li>Enabled 4,000 surgeries through Operation Smile since 2018.</li> </ul>
	SDG 17, "Partnerships for the goals", underpins action on all material topics and enables the best possible impacts through collaboration and working with relevant partners.	



Scope 1 and 2 emissions performance (tonne CO<sub>2</sub>e)

## Taking action on climate change

Climate change affects every one of ASW's stakeholders, from every customer to every worker in its global supply chain. While there is a lot more to achieve in this area, it is an issue ASW takes very seriously and is making significant progress towards its emissions reductions targets.

## GHG commitment

ASW's GHG emissions reduction target is to reduce scope 1 and 2 emissions by 40% by 2030 versus a 2015 baseline.

Recognising the importance of setting targets that align with the 2015 Paris Agreement, this target has been developed using the Science-based Target Initiative methodology (although not validated by the Initiative itself). ASW remains committed to monitoring its level of ambition and progress to ensure it is taking significant steps in line with the climate science. Recognising that supply chain emissions make up the majority of ASW's total carbon footprint, scope 3 emissions tracking and reporting remain a priority for future disclosure and is currently work-in-progress.



In 2020, ASW reduced GHG emissions by 46% versus 2015. However, 2020 led to a year of stores closed for many markets and therefore this achievement does not realistically reflect the permanent progress that has been made in this area. Instead ASW will be reviewing this goal to understand the next step in increasing its ambitions given that 2020 is an outlier year and that work is underway to include scope 3 emissions in target setting. ASW has nevertheless made significant achievements in emissions reduction. Between 2015-2019, and prior to the pandemic, ASW reduced scope 1 and 2 emissions by 35% versus 2015 which reflects an ongoing and significant effort towards absolute emissions reductions.

### Energy efficiency

With 74% of ASW's emissions globally attributable to electricity consumption in 2020, creating efficiencies on the consumption of grid electricity is a top priority. ASW has set a goal to reduce electricity intensity (kWh per square meter) by 30% for retail stores and own manufacturing by 2030 versus a 2015 baseline. As per the case with GHG emissions, the lockdowns resulting from the pandemic have skewed progress tracking which requires ASW to again revisit this target to continue stretching ambitions.

A more realistic measure of progress made is to look at 2015-2019 progress, which shows that ASW has reduced energy intensity by 19% thanks to energy efficiencies in stores, distribution, manufacturing and offices.

ASW's global energy management programme is led by the Energy sub-committee, headed by the UK Health & Beauty Retail Property Director, and supported worldwide by 37 energy champions embedded within the business who are responsible for monitoring local energy savings initiatives.

Ongoing energy savings programmes in 2020 were focused on highest impact areas such as lighting replacement, HVAC optimisation and behaviour change.

LED lighting can save up to 80% in energy consumption versus inefficient incandescent alternatives. ASW is therefore undergoing a large scale rollout of LED lighting for new stores and major stores refits. At the end of last year, 55% of stores were fitted out with LED lighting and ASW targets a figure of 75% by 2025.

ASW also has supply chain standards in place to favour the procurement of fixtures, fittings and equipment that meet best practice energy efficiency standards, as well as ensure store retrofits and construction are as energy efficient as possible.

Since 2018, ASW has leveraged Schneider Electric's data management system, Resources Advisor, which allows ASW to actively monitor energy consumption globally (among many other sustainability KPIs). Metering is another tool that has helped ASW, particularly at the store level in Europe, to track energy consumption in a granular manner.

Simple behaviour changes can also materially reduce energy consumption. ASW therefore has worked on implementing control measures for employees as part of standard operating procedures as well as engaging employees in campaigns and educational initiatives for them to understand their impact and role they can play.

### Greener fleet

The use of diesel to power the ASW fleet accounts for nearly half of its scope 1 emissions and therefore is an area ASW prioritises. Driver training, route planning and load optimisation are fundamental parts of ASW's fleet management, with particular success at Superdrug, in order to get products to and from store in the most efficient way and with the lowest possible fuel consumption.

As a result of the COVID-19 pandemic, the volume of sales via eCommerce channels has grown significantly presenting new challenges in balancing these new customer needs for increased home delivery versus the environmental impacts created as a result.





Focused efforts to offer customers the additional option to move from the traditional “Click & Deliver” model towards a more customer centric “Click & Collect from Store” model has shown success in a number of markets. These customer orders fulfilled from warehouses means that transportation to the point of customer pick-up takes advantage of the existing store transportation network thus negating the need for an additional shipping channel.

For customers preferring home delivery, widespread implementation of the eCommerce “Home Delivery from Store” service gives ASW the capability to leverage its brick and mortar estate. Customer orders are picked up at stores located at the nearby required delivery points. This greatly reduces travel distances from the point of pick-up to the point of customer delivery when compared with a centralised eCommerce warehouse facility. It also provides customers with a shorter order to delivery time frame.

Both of these customer service options contribute to reducing fuel usage, and the associated GHG emissions, through fewer on-road hours for vehicles.

With the same intention, to maximise the loads and avoid empty vehicles travelling back to the distribution centres, ASW backhauls store waste to recycling centres in Europe. This avoids the need for third party waste management companies going to every store and therefore avoids additional emissions from those journeys.

ASW encourages all business units to favour fuel efficient delivery vehicles. Since 2016, Superdrug has replaced all delivery vehicles with Euro 6 engines, the highest emissions standard for vehicles, and has installed particulate filters to further reduce impacts on air quality.

In 2021, the ASW Supply Chain sustainability tool kit will be supplemented with compliance tables to enable business units to measure their fleet performance versus Euro standards and the use of lower impact fuel types with scheduled formal reporting to monitor progress. Further, the future tendering of fleet and transportation services will include sustainability criteria under the pre-qualification questionnaire for vendors.

Green fleet at Kruidvat





## The Energy Logistics Challenge- Crowdsourcing innovation

In 2020, the Benelux team held the inaugural Logistics Energy Challenge with the aim of crowdsourcing innovations to reduce emissions across warehouses and also share these solutions with other companies in the region. The Challenge called upon start-ups, freelancers, students and others to participate in the Challenge to present solutions in three categories: buildings, processes and transportation.

Ten teams were put together across the entrants and tasked with solving energy challenges. The teams then virtually presented to local senior management. The winner of the



Experience the Energy Logistics Challenge in action.

Challenge, Sprinkler Energy, proposed the implementation of a heat pump that uses the energy generated in the sprinkler tank for warehouse heating which would lead to an impressive 60% reduction in gas consumption. ASW is now working with the company to install the technology.

Beyond this innovation contest, ASW warehouses have been working on energy savings and renewables uptake for many years. At the logistic centre in Heteren, Netherlands, the team has installed a solar array with 1,600 solar panels. Annually this generates approximately 490,000 kWh of energy every year (95% of the energy needs of the warehouse), and avoids 290 tonnes of CO<sub>2</sub> emissions.

## Renewable energy

ASW has achieved 100% renewable energy in three major European markets (the UK, Belgium and Netherlands) meaning that Superdrug, Savers, The Perfume Shop, Kruidvat, Trepleister and ICI Paris XL are all powered entirely by green electricity.

Renewable energy therefore makes up 85% of ASW's European portfolio and 21% of ASW's total electricity consumption globally. Always striving for 100%, ASW will be adopting green electricity as options become available, but challenges remain in Asian markets where renewable energy infrastructure is less available.



### Supply chain engagement

Reducing direct emissions is only part of the story. Since 2019, ASW has been engaging Own Brand suppliers to assess their scope 1 and 2 emissions (equivalent to scope 3 emissions for ASW) for performance improvement through an online questionnaire developed by amfori BSCI under its Business Environmental Protection Initiative and over 100 factories have already completed their first assessment. Throughout 2021, ASW will be engaging with suppliers to further deepen its understanding of scope 3 emissions.

### Creating a great place to work

ASW employs approximately 127,800 full-time and part-time employees. Their talent and commitment to customers and pride in the work they do are fundamental to ASW's long-term growth and success. ASW is therefore committed to being a place where people can develop, thrive and receive equal opportunity.

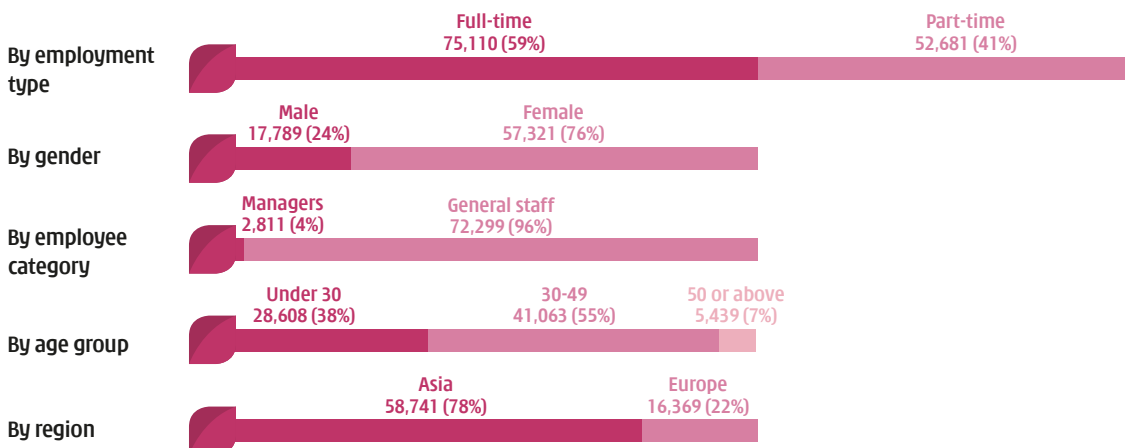
### Talent attraction and retention

The ASW team is its most important asset and the division is therefore continuously working on ways to attract and retain talent. ASW offers competitive benefits and pay in all stores, distribution centres and corporate offices. It offers all employees a broad range of non-statutory benefits such as staff discounts, long service awards and medical coverage above the statutory requirement.

To support employees through the COVID-19 pandemic, ASW launched an employee support package in the UK to cover employee pay while stores were closed as well as also offer additional company sick leave for those self-isolating. ASW also focused on ensuring employee health and wellbeing by helping its people feel connected and supported.

Listening to employees is important to ASW and it gathers feedback through employee engagement surveys which are carried out at least bi-annually, and more frequently depending on the business unit. The division supplements these surveys with ad hoc surveys to address discrete events and trends, for example understanding employee health and wellbeing during the pandemic. ASW celebrates good outcomes and implements improvement plans to strengthen outcomes that need attention.

### Employee profile as at 31 December 2020



## Supporting employee wellbeing during the pandemic

ASW recognises the pandemic has put exceptional stress on society, including its employees. To support teams, and let them know management is listening and cares for their wellbeing, ASW Benelux launched #StayConnected for office employees and #healthytogether for store employees, to encourage team cohesion, show appreciation for each other, and to ensure employees feel healthy in the workplace.

Highlight initiatives from these programmes, many of which were inspired by employee ideas, included:

- **The eBarista café:** Every Monday the participants of the eBarista café were randomly matched up for a chance to have a virtual coffee with a new or old friend.
- **eCards:** eCards enabled colleagues to share with each other words of appreciation or simply to say to a colleague that they are missed.
- **Inspiration Thursday:** External speakers were arranged with webinars held for employees to learn about a variety of topics, including wellbeing and the psychological effects at play while working from home for long stretches. The team also arranged sessions for internal senior management to share advice on how to stay well, alongside sharing links to inspiring podcasts, TED talks and articles.
- **Support hotline:** A hotline was launched to allow employees to seek extra emotional support. The most important message relayed was: "it's OK to not be OK, and that we're here to listen and support our colleagues".

- **Fitness challenges:** To encourage keeping active, the app "Ommetje", or "walk around the block", was introduced to challenge employees to earn the most points by ensuring they take walks every day. To further inject some fun into the working day, the team also got employees involved in the popular Jerusalema Dance Challenge, the viral global dance phenomenon.
- Fruit baskets and vitamins were also shared with retail employees to encourage healthy eating and boosting immunity.



## Learning and development

Storytelling gives an excellent opportunity to truly connect with customers and helps create personal interaction and experiences that they remember. In 2020, ASW delivered Storytelling sessions to all of its business units, providing them with the tools to help identify and create valuable stories about their customers, their teams and their products to better influence, engage and inspire others.

Training programmes are continuously refreshed to respond to the changing needs of the customer, to encourage innovation and to support digital transformation.

The ASW Agile Leadership Series is designed to develop a pool of high-performing senior executives with the strategic leadership

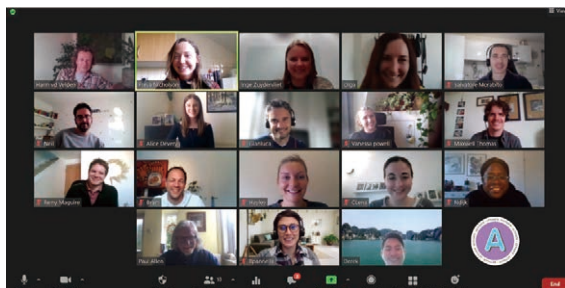
skills needed to move into a more senior leadership role within the business. All modules are designed around the ASW Leadership Capabilities and key strategic drivers are updated every year to reflect key business trends. The 2021 programme will include modules on: Agile Leadership 2.0 & the Future of Work, Digitalisation & Analytics Driven Business Acumen and Driving Customer-Focused Results. The programme is delivered by the Richard Ivey School of Business using a hybrid delivery approach.

ASW also offers structured development programmes for managers with potential to move into a senior management role under the Aspire Leadership Programme which covers critical business skills. The Ignite Leadership Programme for first line managers focuses specifically on soft skills development.



## A focus on upskilling

In 2020, the World Economic Forum sounded the alarm by announcing that the world is facing an upskilling emergency with a need to upskill more than one billion people by 2030 as jobs become transformed by technology. Recognising the rapid rate at which the world is being changed by technology, ASW is committed to ensuring its people are not left behind.



Building careers in today's highly digital, data-driven world requires adaptability, flexibility, and a commitment to lifelong learning. Group People Asia have developed a series of Upskilling Programmes in critical functions including: Sales Operations, Supply Chain and Trading.

These blended learning programmes combine planned Experiences, Exposure and Education targeting key managers. They leverage world class eLearning including Coveys All Access Pass and Supply Chain Academy.

ASW's goal is to build a future-ready workforce and provide its people with ways to keep their skills relevant in line with what the future holds.

As part of the Digital Fitness Programme, ASW recently established the ASW Digital Learning Faculty, a multi-functional team of digital enthusiasts from its eLab, DataLab, Big Data, eCommerce, Marketing, People, Sales Operations and Trading teams to coordinate, deliver, manage, measure and refresh the Digital Upskilling content. Supported through senior management mentorship, the Faculty's role is to ensure content is fit for purpose, supports the division's long-term digital transformation, and ultimately adds value to the customer experience.

ASW offers a Reverse Mentoring Programme leveraging digital native team members to give senior executives an opportunity to stay up-to-date with the latest business technologies, workplace

trends and what drives and motivates younger talent. This also serves to help these junior mentors see the bigger picture and give them a glimpse of macro-level management issues.

### Inclusion and diversity

ASW's aim is for all employees to reflect the diversity of the communities in which it operates. This means having an organisational culture which promotes inclusion, diversity and respect.

The division aims to be an employer of choice that attracts a diverse workforce, harnessing people's unique backgrounds and talents for the benefit of individuals and customers.

Motivating young talent



## The ASW Retail Academy

ASW is proud to be the first retail group in Hong Kong to offer 14 Qualification Framework-recognised programmes for the acquisition of retail skills, knowledge and best practice. The aim of the ASW Retail Academy is to provide a platform of continuous learning for retail professionals and develop a pipeline of retail talent equipped with the necessary skills and knowledge while also enhancing their engagement at work.

The accreditation process ensures that training programmes meet the required standards and stringent quality assurance processes developed by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications.

The Qualification Framework extends across all retail business units in Hong Kong and consists of a range of topics from Certificate programmes through to Advanced Diploma levels.



## Developing sustainability intrapreneurs

Making sustainability part of the ASW DNA is something the division aspires to. ASW has prioritised integrating sustainability into core business functions rather than the responsibility lying only in a standalone sustainability department. Across the business, ASW has 300 Ambassadors worldwide who have sustainability as part of their role. To upskill colleagues who are critical to leading on internal sustainability programmes, ASW sponsored 96 employees during 2019 and 2020 to go through the "Sustainability Essentials for Business" training course delivered by Cambridge Institute of Sustainability Leadership.

Developing the next generation of sustainability leaders, while also keeping a pulse on what the younger generation is looking for from the industry with respect to sustainability, ASW developed the Millennials Committee that includes 13 millennials chosen from across 11 markets in Asia and Europe. This passionate Committee is an important part of the division's sustainability strategy development, providing

direct input and spearheading projects in priority areas such as making the store environment more sustainable and improving the inclusivity and diversity of its workforce. The Millennial Committee is also provided with mentorship and support from senior management team to ensure they are being developed and empowered.





## Everyone Matters

To accelerate efforts to be as inclusive as possible, Superdrug and Savers created Everyone Matters, its Inclusion & Diversity strategy and made it a key part of its People plan.



Everyone Matters focuses on six pillars. These pillars and programme highlights include:



### 1. Access All Areas (relating to Social Mobility)

- Developed an award-winning apprenticeship programme focusing on UK "coldspots" as identified by the UK Government's Social Mobility Index;
- Have offered apprenticeships for over a decade and have facilitated over 1,750 people to receive a recognised apprenticeship qualification. Over 80% of those who completed an apprenticeship with Superdrug have received a permanent role within the business; and
- Joined the UK Government's Kickstart Scheme in 2020, an initiative to create new job placements for 16-24 year olds on Universal Credit who are at risk of long-term unemployment. Four hundred Kickstarters joined the business in the early months of the programme with the aim to increase this number to approximately 2,000.



 **STRONGER TOGETHER**  
EVEN WHEN WE'RE APART



### 2. BAEM (Black, Asian and Ethnic Minority)

- Developed an Ethnicity Strategy in 2019 focusing on how to improve the representation of those from minority backgrounds, particularly at a senior level. To date this has included:
  - De-biasing recruitment work and introducing balanced shortlists for senior roles;
  - Conducting Listening Groups and 1-1 meetings with BAEM employees;
  - Producing a set of BAEM Commitments senior leadership have signed up to;
  - Rolling out a programme of events focusing on religious festivals and key dates of celebration such as Black History Month;
  - Communicating positive career stories of BAEM employees; and
  - Collating ethnicity data to monitor progression.



### 3. Gender Equality

- Offers workshops, speaker events, traditional mentoring opportunities for young women and celebrates International Women's Day and International Men's Day;
- Signed up to the Tech Talent Charter in 2019 committing to improving inclusion through recruitment and retention practices; and
- Launched a partnership with Hestia in 2020, a charity supporting those experiencing domestic abuse. Superdrug has provided training, updated policies, shared resources and encouraged dialogue about an often difficult, taboo subject.



#### 4. LGBTQ+

- The LGBTQ+ network provides a visible, supportive, engaging network that celebrates gender expression and sexual identity so that colleagues can confidently be 100% themselves while at work.
- The network enables space for LGBTQ+ colleagues to share experiences and challenges as well as find role models that show them that they don't need to hide any aspect of who they are.



#### 5. Make Work Work (Flexibility at Work)

- Partnered with Working Families to enhance the job design process to further efforts to make flexible working accessible in all roles, in particular management roles;
- Colleagues also working as carers and focused on maternal mental health were celebrated as role models; and
- In 2021, next steps include launching a dedicated maternity returners programmes as well as reviewing all family friendly policies to make further progress.



#### 6. Disability

- Aims for the Disability programme include:
  - Build awareness of both visible disability and non-visible disability across the business;
  - Support colleagues that live with these disabilities or long-term health conditions;
  - Break down stigmas and remove the labels attached to disability overall; and
  - Work to ensure that Superdrug and Savers are inclusive and accessible workplaces to all.
- Superdrug and Savers are signatories on The Valuable 500, a global community revolutionising disability inclusion through business leadership and opportunity.

Each pillar has an employee network and a steering group, an actively involved executive sponsor, a lead from the People team, and is represented at the overarching Everyone Matters Steering Group, including Superdrug's CEO, Peter Macnab and Savers' Managing Director, Doug Winchester.

Senior leaders and recruitment teams have attended Inclusive Leadership training, and Inclusion is now part of every new employees' induction.





## Employer of choice recognition in 2020

- **ASW Asia:** Named as one of HR Asia's Best Companies to Work For.
- **Watsons China:** 100 Excellent Employer of China.
- **Watsons Philippines:** Investor in People – Employer of Year Silver.
- **Watsons Taiwan:** Top 100 Most Admired Companies for Graduates.
- **Savers:** Ranked as 13 in the top 25 large best companies' category in the Sunday Times Best Companies award.
- **Superdrug:** Recognised in the Financial Times Leader in Diversity report 2020.
- **Superdrug & Savers:** Placed in the Social Mobility Employer Index in 2020 identifying UK employers dedicated to social mobility.
- **ASW Benelux:** achieved certification under the Top Employers Institute for the fifth year. In the Netherlands, ASW Benelux is among the top 10 as the first and only retailer.
- **The Perfume Shop:** Top-Rated Workplace by Indeed, Number 7, in the Best in Retail Sector in both 2019 and 2020.

## Promoting a circular economy

Building a circular economy means moving away from the traditional take-make-waste extractive industrial model, to keeping perfectly good resources within the manufacturing loop for as long as possible. In a circular economy, waste is no longer considered waste, but instead a resource.

The benefits of, and means to achieve, a circular economy are wide-ranging but notably it means less extraction of already scarce natural resources, less pollution to land, air and water and significant reductions in GHG emissions. In practice this means **reducing** waste to an absolute minimum, **replacing** higher impact materials with lower impact alternatives, **reusing** wherever possible and then finally **recycling** waste where the other options are exhausted. ASW adopts these "4R's" as an operational mindset in its aims to contribute to a circular economy.

In 2020, ASW generated 77,528 tonnes of non-hazardous waste relating to operational waste generated in stores, distribution centres and manufacturing sites. More than 90% of this waste generated related to packaging waste and food waste.

### Packaging waste

When it comes to waste reduction and building a circular economy, it is fundamental to look at the whole system, beyond the operational waste created on-site to the products and packaging customers are sent home with, or delivered to them, and therefore what eventually ends up in their bins.

Packaging plays a fundamental role in protecting products and where relevant to ASW's food retail operations, preventing food waste. There is however a cost to the environment if it is not

properly collected and recycled, and will end up polluting land and waterways.

### Packaging commitments

Over 80% of ASW's packaging relates to plastics and paper. It has therefore focused packaging efforts and goals on these two materials.

In 2020, ASW took an important step by signing up to the NPE Global Commitment, led by the Ellen MacArthur Foundation, an organisation widely considered as the foremost thought leader in building a circular economy. At the heart of the NPE Global Commitment is a vision of a circular economy for plastic in which it never becomes waste.



ASW signs up to the NPE Global Commitment

As part of this, ASW is committed to the following targets as set out by the NPE Global Commitment:

- Take action to eliminate problematic or unnecessary plastic packaging by 2025 through actions such as reducing plastic packaging weight, replacing plastic packaging with more sustainable materials where possible, and banning polyvinyl chloride ("PVC");
- Take action to move from single-use towards reuse models by 2025 by providing customers with options of refill at home and refill in-store, where relevant and possible;
- 100% of plastic packaging to be reusable, recyclable, or compostable by 2025 (including Own Brand product packaging, eCommerce parcels and in-store carrier bags); and
- Set an ambitious 2025 recycled content target across all plastic packaging used. ASW has set a division-wide average target of 20% recycled plastic content in Own Brand packaging.

Regarding paper packaging, the division aims for its Own Brand paper packaging to be made exclusively from sustainable sources by 2030. A "sustainable source" for paper material is defined as being either certified by the Forest Stewardship Council ("FSC") or the Programme for the Endorsement of Forest Certification ("PEFC"), or being made with 100% recycled paper content.

### Progress made in developing circular packaging

ASW monitors waste generated by Own Brand products through continuous monitoring of waste quantity and types. The division has developed an Own Brand Sustainable Packaging Guideline and Policy to support internal Own Brand development teams and suppliers in reducing the amount of packaging used in Own Brand products, wherever possible, without compromising technical performance, product safety, quality and overall regulatory compliance.

Key achievements and plans in applying the 4Rs to packaging include:

- 42% of Own Brand paper packaging is made exclusively from sustainable sources (either FSC, PEFC or recycled content);
- Watsons is relaunching its retail Own Brand range of beauty/bath accessories initially packaged in plastic, now only in FSC certified paper packaging, which will help save over 60 tonnes of plastic per year;
- In the Health & Beauty business, since 2019 ASW has been gradually replacing the plastic shaft of Own Brand cotton buds with paper;
- Since 2018, Superdrug has moved to 100% recycled cardboard boxes and 100% recycled and recyclable paper for online deliveries, saving approximately 300 tonnes virgin cardboard annually;
- In 2018, Superdrug moved from a single use carrier bag to a reusable carrier bag. In 2020, Superdrug launched its first reusable tote bag made from recycled plastic bottles;

- Watsons partnered with World Wide Fund for Nature ("WWF") in Singapore to implement the Plastic ACTION ("PACT") Retail Bag Charge initiative which aims to incentivise reduced consumption of plastic bags by opting for reusable alternatives;
- ASW food retail outlets in Hong Kong became the first retailer in 2019 in the city to stop the sales of single-use plastic straws, and to offer alternatives made with metal or bamboo. The division is also already selling a growing range of sustainable alternatives to single use plastic cutlery, plates and cups;
- To reduce the use of plastic containers, PARKNSHOP has been offering a discount of HK\$2 for customers that brings their own box in 20 food counters in Hong Kong;
- In 2020, Watsons Asia markets launched a filter on the eCommerce platform to highlight refill packs to customers;
- To encourage the public uptake of reusable water bottles, Watson's Water has installed 17 public water refill stations, with the plan to install 100 by 2025; and
- Watsons water was the first brand to incorporate 100% recycled polyethylene terephthalate ("rPET") in its water bottle packaging sold in Hong Kong (since 2016). It is now working on introducing rPET bottles for other Own Brand drinks.

### Food waste

According to the Food and Agriculture Organization of the United Nations, [one third](#) <sup>(1)</sup> of food produced for human consumption is lost or wasted globally, which equates to 1.3 billion tonnes per year. Total food waste amounted to 206 tonnes in 2020, including edible waste donated and non-edible waste sent for compost, animal feed or to landfill as a last resort. ASW aims to take every available step to ensure that no food fit for human consumption should go to waste.

ASW's priority is to reduce food waste at source. Ways in which ASW does this include: better food forecasting by analysing customer preferences, minimising unnecessary stock movement between stores, implementing detailed food handling guidelines for stores to avoid waste and marking down prices of food approaching "best before" or expiry dates.

Surplus edible food is donated to food banks with the help of appointed ASW Food Rescue Ambassadors at each of the 150 participating stores around Hong Kong. Food waste classified as non-edible food waste is then transferred to local farms or composting facilities, and as a last priority is sent to landfill.

Note 1: "Food Loss and Waste Database", available at [www.fao.org](http://www.fao.org)



## Helping the public recycle more

### Reverse vending machines

In 2019, ASW was the first beverage bottler in Hong Kong to launch a scaled plastic bottle container collection programme with the use of reverse vending machines ("RVMS"). To help encourage Hong Kong to recycle more, ASW has installed 84 RVMS around the city offering customers incentives such as cash rebates, shopping coupons and loyalty points for bringing their plastic bottles to the RVMS. As part of this programme, ASW is collaborating with the Hong Kong government's Environmental Protection Department's RVM Pilot Scheme.

ASW aims to install 400 RVMS in Hong Kong by 2025 to facilitate its goal of collecting an equivalent of 100% of water bottles sold in Hong Kong by Watsons Water by 2030.

To ensure ASW has placed the RVMS in the right locations, a public survey was carried out to understand the user-friendliest locations, with shopping malls and retail outlets being identified as the top locations. Understanding user motivation was also part of the survey to ensure incentive structures and promotional activities were best positioned. Since starting the initiative, ASW has collected over 750,000 bottles in Hong Kong.



Experience the Plastics Reborn launch.

### Plastic Reborn Partnership

Watsons Hong Kong is refreshing its plastic container recycling campaign "Plastic Reborn". In partnership with P&G, Watsons will provide convenient collection points across the city and work with Hong Kong-based circular economy service, The Loops, to send plastic personal care containers to a local recycling facility in Tuen Mun. ASW targets collecting and recycling 110,000 plastic personal care containers in 2021, and 210,000 by 2023.

### Recycling tough-to-recycle packaging

In the UK, 146 million makeup products are produced every year, with little opportunity to recycle them due to the mixed material components of makeup containers. To tackle this issue, Superdrug teamed up with Maybelline and specialist recycler, Terracycle, to place recycling stations in Superdrug stores to help customers dispose of old or unused products from any brand of makeup which will then be recycled through a bespoke recycling process.

With Terracycle's help, Superdrug also became the first UK retailer to provide customers with a solution to recycle empty medicine blister packs in store. With a trial taking place in 10 Superdrug pharmacies during 2020, the initiative will be rolled out across all 200 pharmacies in the UK by January 2021.





### Donating food with Food Angel

Since 2012, Food Angel has been an important food donation partner to PARKnSHOP Hong Kong, enabling PARKnSHOP to donate 3,100 tonnes of food and delivering 12 million hot meal boxes and food packs to those in need.

In 2013, PARKnSHOP also launched the City Food Drive Campaign to enable customers to purchase and donate grocery items to Food Angel. Through the generosity of

customers, the campaign has collected more than 380,000 food items to help Food Angel.

ASW employees also volunteer at Food Angel's central kitchen and community centre, giving employees a chance to see first-hand how thoughtful handling of food surplus items can go a long way to creating meaningful impact in the community.

### Ensuring a responsible supply chain

Customers of today have high expectations of the products they buy, expecting not only high quality at affordable prices, but also for products to be sustainably sourced. To meet these expectations and ASW's own internal drive to be a responsible organisation, ASW's Supply Chain team sources with sustainability in mind through rigorous practices to ensure supply chain accountability.

#### Responsible sourcing approach

ASW is committed to working closely with suppliers to ensure they respect human rights, promote decent working conditions and implement environmentally sustainable practices.

A cornerstone programme of ASW's supplier engagement assessment programme is its membership to amfori BSCI, an organisation dedicated to improving working conditions and environmental management in global supply chains. An important feature of this membership is that it allows members with common suppliers to share audit results thereby avoiding duplication in effort and cost.

ASW has adopted amfori BSCI's Code of Conduct which refers to international conventions such as the Universal Declaration of Human Rights, the Children's Rights and Business Principles, the UN Guiding Principles for Business and Human Rights, the Organisation for Economic Co-operation and Development Guidelines, the UN Global Compact and the International Labour Organization Conventions and Recommendations. All suppliers must endorse the amfori BSCI Code of Conduct as part of the supplier contracting process.

ASW requires all Own Brand suppliers located in identified high-risk countries identified by amfori BSCI to be audited against amfori BSCI's requirements. It also accepts audit results from a small number of other leading practice audit frameworks such as Sedex Members Ethical Trade Audits and the Initiative for Compliance and Sustainability.

Specifically relating to engaging suppliers in environmental protection, ASW takes part in amfori BSCI's Business Environmental Protection Initiative to drive environmental improvements in its supply chain. Suppliers identified as high-risk must complete a self-assessment covering 11 environmental performance areas. Following the assessment, suppliers are informed of their assessed risks and notified of the appropriate training to attend, delivered either by amfori BSCI or by other appointed training companies. Their progress is further monitored for progress tracking.

ASW's responsible sourcing goal is: By 2030, ensure that 100% of Own Brand purchase value from high-risk countries (identified by amfori BSCI) will be assessed for:

- Social compliance through amfori's Business Social Compliance Initiative audits (or others endorsed by ASW); and
- Environmental compliance through amfori BSCI's Business Environmental Protection ("BEP") (or others endorsed by ASW)

During 2020, audit of 441 factories were conducted under ASW's sustainable supply chain programme with the following scores:

Types	Scores	No. of factories	
		2019	2020
BSCI audits	A	5	3
	B	8	14
	C	298	319
	D	31	21
	E	6	3
	ZT	0	0
Other accepted social audits		69	81
Total		417	441

Key:

- A, B Very good practices exhibiting continuous improvement. Audit valid for two years' maximum.
- C Acceptable level of performance. A remediation plan must be provided within two months of the audit date and a follow-up audit within 12 months of the audit date.
- D, E Poor levels of performance. A remediation plan must be provided within two months of the audit date and a follow-up audit within six months of the audit date.
- ZT Human rights violations and business behaviour that may endanger the independence of the audit may qualify as possible zero tolerance (ZT) cases. Examples include child labour, bonded labour, and unethical behaviour. Upon discovery of ZT issues, the auditor would inform first amfori BSCI, which will coordinate an expedited remediation plan and require immediate improvements.

ASW's approach with factories identified with non-compliances is not to terminate the business relationship as soon as the findings are available as this would not be a responsible reaction and would not help solve the problems identified. Instead, following the amfori BSCI System manual, ASW would request the factories to prepare and submit a remediation plan and be re-audited within 2-12 months of the last audit depending on their audit score. Based on the factory competency, additional training is offered face-to-face or online through external independent third parties.

Termination of business would occur if a factory has not shown any improvements through independent re-audit or if its management refuses to cooperate.

### Modern slavery

According to the International Labour Organisation, approximately 40.3 million people are in modern slavery today with an estimated 16 million people exploited within the private sector<sup>(1)</sup>. With supply chains becoming more global and complex, modern slavery can be hidden from plain sight by unscrupulous employers and therefore may be unwittingly part of products that many of us enjoy today.

ASW has therefore been proactively taking steps to develop and deepen its understanding of the risk of modern slavery to prevent exploitation from taking place within its global supply chains.



Since 2016, ASW has been a member of The Mekong Club ("TMC"), an organisation that helps its member companies to prevent modern slavery within business operations. ASW was the first company to sign up to TMC's Business Pledge against Modern Slavery and with TMC's help, ASW developed and rolled out a toolkit for all supply chain teams to understand the risks and how to identify flags for potential modern slavery. Key departments involved in supplier contract negotiations and quality assurance auditing have been trained with TMC online toolkit. Employee workshops have also been carried out in Mainland China, Hong Kong, Singapore, the UK and France. In the UK, The Perfume Shop, Savers and Superdrug have also published statements on modern slavery and human trafficking as required by the UK Modern Slavery Act.

Note 1: "Forced labour, modern slavery and human trafficking", available at [www.ilo.org](http://www.ilo.org)



## Offering sustainable products and services

Consumers are increasingly looking for products and brands that align with their personal values. ASW recognises this ever-evolving trend as a high priority in seeking to offer product that is more environmentally and socially sustainable, while also ensuring high levels of safety, transparency and quality.

### Sustainable raw materials

ASW is progressively taking steps to improve the environmental and social impacts of key raw materials.

Wood pulp can be found in a number of ASW Own Brand products such as tissues, toilet rolls, sanitary products, nappies and wet wipes, as well as across packaging. ASW targets that by 2030, all of Own Brand paper products are made with pulp and paper from sustainable sources. Watsons Health & Beauty Retail has already reached this goal, PARKnSHOP, Superdrug and Kruidvat aim to reach it by 2025.

In 2020, ASW also became a member of the Roundtable on Sustainable Palm Oil ("RSPO"), a leading organisation promoting social and environmental compliance in the palm oil industry. Sustainable palm oil has been introduced in various Own Brand products such as Kruidvat and Superdrug Brands. As a part of its strategy, ASW is expanding the selection of Own Brand products to be produced with RSPO-certified palm oil, offering more sustainable choices to customers.

### Connecting with consumer values

Consumers are becoming more and more health conscious and aware of their personal impacts on the environment and society and looking to reflect their values in their purchase decision making. To respond to these trends and communicate the positive sustainability impacts of its products, ASW has developed a number of product lines and platforms that enable customers to shop according to their sustainability values and preferences.



Offering more sustainable options



## Sustainable Choices at Watsons

In the fourth quarter of 2020, Watsons launched Sustainable Choices, a filter and labelling mechanism to allow customers to shop according to four sustainability categories: Clean Beauty; Refill; Better Ingredients and Better Packaging. The programme is now available in all Watsons Asia markets eCommerce platforms, and will be followed in 2021 with in-store activation to raise awareness with customers.



### CLEAN BEAUTY

Clean Beauty relates to products that are mindfully formulated without the use of certain restricted ingredients, and that also have a positive impact on the environment.

### REFILL

Even better than recycling, refillable packaging allows customers to use their packaging again and again.



### BETTER INGREDIENTS

This relates to products containing significant components with sustainable raw materials.

### BETTER PACKAGING

Better packaging identifies packaging made with paper from responsibly-managed forests or with high levels of recycled content.



## Plant-based offerings at PARKnSHOP

Living up to PARKnSHOP's social purpose, "Eat better. Live Better!", ASW has committed to tripling its plant-based meat and dairy options responding to the significant uptick in demand from those following vegan, vegetarian and flexitarian diets. PARKnSHOP has also acted as springboard for plant-based innovations identified by the Group's association with the Li Ka Shing Foundation, such as Impossible Products and Perfect Day ice cream.



## Inclusive products at Superdrug

Superdrug is on a journey to ensure product ranges are inclusive of all customers and works closely with the brands it stocks to encourage them to do the same.

### Inclusive products

Superdrug is proud to have made significant progress with the inclusivity of Own Brand ranges, through its Shades of Beauty campaign first launched in 2016. Superdrug increased its foundation ranges to be more inclusive and were the first on the high street to develop its Own Brand afro hair care.

### LGBTQ+

In 2020, thanks to a partnership with Unilever, Superdrug stocked a number of exclusive, special edition, rainbow-wrapped products across key products in the Lynx, Closeup, Simple and Vaseline ranges. The packaging of each special edition product includes information on promoting Switchboard, an organisation which offers the LGBTQ+ community a safe space to discuss sexuality, gender and identity. In 2020, together with Unilever, Superdrug also donated £50,000 to Switchboard.

### Vegan products

In 2017, Superdrug launched B.Cosmetics, a vegan range of beauty and skincare products. At the time of launch, when vegan products were relatively niche, Superdrug was market-leading in offering a vegan range, at high street prices. This approach has changed since then where it now makes as many products as possible (now at 1,600) suitable for vegans. For the first time, Superdrug had a totally vegan Christmas gifting range in 2020.





## Sustainability at affordable prices

Often sustainable products come at a premium price, excluding many that cannot afford them. In 2020, Kruidvat launched a campaign "Natuurlijk & Voordelig" ("Natural and Affordable") promoting brands with positive sustainability impacts in the areas of positive ingredients, packaging and sustainable manufacturing processes at accessible prices.



## Product and service safety, transparency and quality

With customers' best interests central to everything that ASW does, the division has been working with leading experts and researchers globally to deliver the highest levels of product and service safety, transparency and quality through its wide range of Own Brand products. ASW pays meticulous attention to every stage of the production-to-shelf process and proactively seeks customer feedback to ensure ongoing updates to service quality.

Before suppliers are permitted to manufacture ASW Own Brand products, they must first be assessed by external auditing agencies and/or by ASW itself. When developing a new product, there is a rigorous and intensive internal testing process and external assessment. All items, from raw materials to the final product, are assessed by a European toxicologist to ensure it complies with regulatory requirements in each market. ASW conducts regular assessments of Own Brand products led by external independent laboratories and internal ISO17025 accredited laboratories (food and non-food) to ensure the products sold to customers are up to standard.

ASW's in-house laboratories conduct around 250 tests per week on new products, product deliveries, products associated with customer complaints and samples from the Mystery Shopper programme. For food retail, an additional 1,400 pesticide residue rapid (ELISA based) tests are conducted every week on incoming vegetables as part of the Farm Check programme where ASW has an established network of Quality Assurance ("QA") approved vegetable farms. ASW also has Farm Check systems in place within supplying farms in Mainland China for chilled pork, chilled chicken, chicken eggs and plans to expand the process to farmed fish will continue once COVID restrictions are lifted. The division's QA agricultural scientists include both arable/horticultural and veterinary specialists.

ASW has well-established and tested systems that enable it to remove any concerned product from sale in all stores within three hours including, where appropriate, a barcode blocking system that prevents any concerned item being scanned and sold.

Further, key members of each business unit's management teams take part in regular crisis management workshops to ensure they are thoroughly prepared for any emergency. Each business unit has a detailed crisis manual detailing action procedures and management responsibilities including internal and external actions and communications.







### Chemicals management

The division has stringent requirements for chemicals used in ASW's Own Brand products, as well as quality and safety guidelines going beyond existing regulations in each market. Since 2009, ASW has also implemented a restricted ingredients list for personal care and cosmetics, to further restrict or ban ingredients considered harmful by independent safety experts. This list is reassessed twice per year and is communicated to Own Brand suppliers for immediate implementation in the new product development phase.

In Europe, ASW also monitors the compliance of ingredients to the Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH") regulation and since 2008 the division has co-registered 13 substances with support from appointed third-party representative agency, Ecomundo.

### Traceability

ASW has invested in traceability software, including Coptis Lab software, to keep records of all ingredients used in ASW Own Brand formulated products, and be able to fast track any ingredient back to products and suppliers.

For wood pulp commodities, ASW is using the amfori BEPI Timber Due Diligence Programme to ensure compliance with the European Union Timber Regulation and maintain an effective due diligence system.



For Own Brand products, ASW is using two online technical file management tools to keep records of all technical files and traceability of products for up to 10 years in the tools, before being archived.

### A passion for excellence in customer service

At ASW, being a retailer is more than about providing top-quality products and world-class service. It is also about building a strong relationship with customers – connecting with and truly understanding them in order to be in tune with their changing needs and remaining at the cutting edge of innovative retailing.

Customer insights guide ASW's investment in the latest digital innovations and the development of O+O (Online plus Offline) experiences. With such insights, ASW constantly improves the customer experience and builds even stronger customer connectivity.

To better understand and anticipate the needs of today's customers, ASW has established data and research functions to actively collect and track customers' feedback on how they feel about their purchases and shopping experiences.

Further, ASW is leveraging services from Digimind, a global social media monitoring and competitive intelligence company, for real-time social listening and analytics. Through this service, ASW is able to understand what the public is saying about its brands and competitors; analyse and benchmark the performance of its content; understand emerging topics and trends; and find the right partners, from micro-influencers to key opinion leaders, to drive brand awareness and customer engagement.



Improving customer experience



## Customer Love Score

### A.S. Watson Customer Score

ASW has a duty to its 139 million loyalty members to ensure it provides the quality of service they expect and deserve. The Watson Insights on Shoppers Experience ("WISE") team at ASW is an independent research team focusing solely on customer insights and ensuring it is continuously measuring and improving the customer experience so ASW can better delight and retain them. The WISE team has developed an in-house scoring system, the Customer Love Score, which is generated following the completion of a satisfaction survey sent to loyalty members each time they shop at ASW stores, including both physical and online stores.

The WISE team then actively screens and monitors this feedback, sending updates to the relevant departments for actions to be undertaken. This feedback then translates into initiatives such as staff training, cashier experience enhancements, store environment and space allocation

changes, and new product offerings. Every store globally receives two key scores on a monthly basis, their Customer Love Score as well as a Net Promoter Score, which informs teams on how likely customers are to recommend that store to their friends and family.

In 2020, over five million customer voices were heard and used to improve and stay close to customer expectations.



## Accessible healthcare products and services

At Superdrug, the well-established Pharmacy and Healthcare team has helped it to build credibility within the healthcare industry, and especially on the high street. Over the years, Superdrug has been able to bring services into its Pharmacies that create accessible healthcare for all.

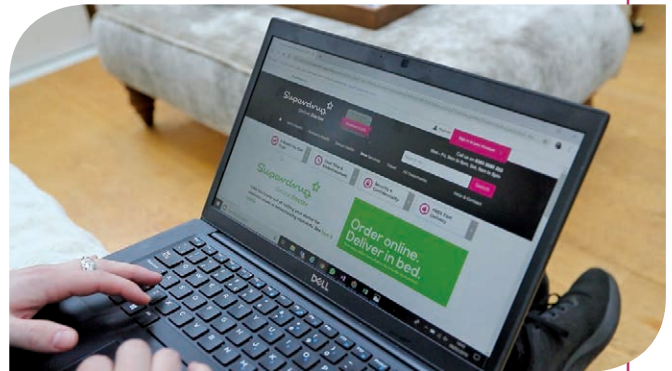
From easymed pouching to aid medicine compliance, to a range of online doctor services, Superdrug is always evolving ways to support customer health and give them convenient alternatives to visiting their local doctors.

In 2018, Superdrug was the first on the high street to offer HIV test kits; in 2019, Superdrug became the first high-street retailer to offer a breast checking consultation service in stores; and this year saw the launch of COVID-19 antibody tests, with the aid of its phlebotomy trained nurses.

The launch of an un-branded Emergency Hormonal Contraceptive pill ("EHC") at half the price of other branded EHC highlighted Superdrug's commitment to accessible medicine for all and influenced how EHCs are now being priced elsewhere across the UK.

Over the last few years, Superdrug has developed its ability to support its customers' mental health and offer a greater choice of tools and signposts to help them explore treatment options. Initiatives for 2020 include:

- Superdrug launched an online therapy service and its own Pharmacy app enabling customers to have their medicine delivered by post, at no additional cost should they not be able to collect in-store.





### Data privacy and cyber security

With millions of customers around the world, ASW has a serious role to play protecting their data.

The Retail division's approach is first and foremost guided by the Group-level privacy and security policies as well as the Group's Cybersecurity Working Group as discussed on page 19 in this report.

ASW regularly updates its Privacy Policy to be transparent about why it collects information, how it uses that information, and the choices customers have about how it gets used. The Privacy Policy and Intra-Group Data Transfer Agreement set out clear terms involving the collection, use, sharing and retention of user data including data transferred to third parties. Parties are notified in case of any policy changes or data breaches as per the Privacy Policy and notification procedures outlined in the Personal Data Crisis Management Guidelines. Data privacy training is provided to all new joiners and existing staff annually and every second year through eModules. Outsourced call centre and IT security team members are also provided with training.

Regarding cyber security, ASW uses the Information Security Forum ("ISF") Standard of Good Practices for Information Security, which is also aligned to ISO 27001, as its information security management Framework. ASW conducts internal security audits, ISF self-assessments, vulnerability assessments and penetration

testing in-place. The division has an annual cyber security training campaign for all ASW employees with metrics to measure the effectiveness of the campaign. In addition, ASW also runs phishing email simulations and provides formal channels for the reporting of malicious emails.

### Investing in developing thriving and resilient communities

Meaningful and impactful community engagement is important to ASW not only because it's the right thing to do and as employees are passionate about it, but also because thriving, vibrant communities are inherently interlinked with ASW's success.

#### Global causes

Globally, the ASW brands contribute in different ways to make their communities better places. ASW has however supported one cornerstone programme, closely linked to its purpose embedded in the act of inspiring, smiles by partnering with Operation Smile. Operation Smile is an international medical charity that provides free surgeries for children and young adults in developing countries who are born with a cleft lip, cleft palate or other facial deformities.

ASW's goal is to finance 10,000 free surgeries for children with cleft lips and palates by 2030. Since 2018, ASW has sponsored 4,000 surgeries.



Donating supplies to the local food bank in the UK



Operation Smile





Coastal cleaning

Employee volunteering is also an area ASW is passionate about. Through the Smile for Good 2020 programme, which called upon every business unit to support corporate volunteering, over 10,000 volunteers have contributed 70,000 hours to serve over 240,000 of those in need in the communities in which it operates. In 2020, total donations amounted to HK\$71.8 million.

### COVID-19 actions

In response to the COVID-19 pandemic, each of ASW's brands sought to address the individual needs of their communities.

Highlight initiatives in 2020 included:

- To respond to the unstable global supply of hygienic face masks, ASW transformed part of its Watson's Water factory in Hong Kong into a safe environment for mask production where staff worked around the clock to help service demand.
- ASW donated over 1.8 million masks to elderly, underprivileged people and school students in Hong Kong.
- Watsons China donated hygiene necessities to medical institutes and frontline healthcare workers in Hubei, PRC.
- Watsons Taiwan collaborated with a supplier to donate 10 mobile isolation cabins to eight hospitals across Taiwan. The cabins provide a protective shield for the medical staff to ensure their safety when they conduct COVID-19 swab tests.
- PARKnSHOP donated cash food coupons, vouchers and food items to over 500,000 vulnerable members of the community in Hong Kong via 27 NGO partners.
- MoneyBack supported the local economy getting back on its feet by allowing local businesses to promote on the platform which serves nearly half of Hong Kong's population. This included offering in-store exclusive benefits from almost 3,000 outlets, from major food and retail chains to small neighbourhood stores. To encourage shopping safely, ASW also donated over 450,000 pieces of WatsMasks to participating consumers and charities in Hong Kong.

Supporting the community during the pandemic







Global Smile Campaign

- As a part of the 180th anniversary celebration of ASW, the division launched the Global Smile Campaign with the theme Smile Inside-out, to raise awareness of mental wellbeing in partnership with NGOs and suppliers. The Group also appointed 13 millennials in the company to be Chief Smile Officers.
- ASW was recognised in the Outstanding Social Capital Partnership Award given by HKSAR Government's Community Inclusion Investment Fund. This award highlighted ASW's partnership with the Hong Kong Young Women's Christian Association to provide support for the elderly who live in remote and rural areas. ASW health experts, including pharmacists, dietitians and traditional Chinese medicine practitioners, offered health support and shared COVID-19 related advice to help them stay safe and healthy during the pandemic.

- Superdrug enabled over 100 professional nurses to volunteer their services to NHS hospitals overwhelmed by caseloads as a result of the pandemic.
- Superdrug also became one of the high-street retailers to take part in the COVID-19 vaccination programme increasing accessibility to the local community during this global vaccination effort.



Superdrug assists in the COVID-19 vaccination

