



AS Watson



185
Years
Since 1841
Grow as One

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



Sustainability Report 2025



A member of CK Hutchison Holdings

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MESSAGE FROM OUR GROUP CEO

Building Momentum Together for a More Resilient Future

2025 has been a year of focus and execution for AS Watson Group. As we continue to serve our customers and communities across diverse markets, we remain guided by a clear purpose: caring for people, operating responsibly, and creating long-term value through sustainable growth. In a rapidly evolving regulatory and operating environment, sustainability is not only enduring, but increasingly integral to how we operate.

Guided by our three sustainability pillars – Planet, People and Products – we continued to move forward with clarity and discipline.

Planet

We advanced our climate transition journey by increasing the use of renewable electricity and strengthening energy efficiency initiatives across our stores and distribution centres. Supplier engagement deepened, with a growing share of Scope 3 emissions covered by science-based targets, supporting decarbonisation beyond our operations. We also progressed circular economy efforts by reducing virgin plastics, improving packaging design, and expanding reuse and refill solutions for customers.

People

Our people remain at the heart of AS Watson Group. We strengthened our position as an employer of choice through continued investment in skills development, wellbeing and inclusive workplace practices. Sustainability and climate performance were further integrated into leadership incentives, reinforcing accountability. We also sustained our commitment to communities through programmes focused on health, education and youth development, while encouraging employee participation through volunteering and engagement initiatives.

Products

Empowering customers to make informed choices remains a key priority. Our Sustainable Choices campaigns expanded across markets, enhancing the visibility of products with improved environmental and social attributes both in-store and online. We continued to strengthen product governance for Exclusive Brands ranges, focusing on responsible sourcing, product safety, quality and regulatory compliance, to build trust, transparency and value for customers.

Strengthening Governance and Readiness

Following our double materiality assessment, we enhanced internal structures, processes and controls to support high-quality sustainability disclosures and future regulatory requirements. Investments in digitalisation and data governance are improving consistency, traceability and confidence in reported information, while enabling better insights across the Group.

Looking Ahead with Confidence

As we look to the future, we remain mindful of ongoing challenges, yet we move forward with confidence, supported by the resilience of our business, the dedication of our people and the strength of our partnerships. As we mark AS Watson Group's 185th anniversary, we are reminded of the values, adaptability and long-term thinking that have sustained our business.

With over 130,000 colleagues worldwide, we will continue to build a more sustainable, inclusive and resilient AS Watson Group for generations to come.

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 2025. 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 identified through a robust Double Materiality Assessment (DMA) are covered in the Report.

The scope of this Report covers the Group's operations under its direct operational control across its health, beauty, and lifestyle Brands.



SUSTAINABILITY AT AS WATSON GROUP

Our 2030 Sustainability Vision

At AS Watson Group, we are committed to building a better world. Our 2030 Sustainability Vision outlines our commitment to social and environmental sustainability for the decades 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. Our Vision is articulated around three key pillars: Planet, People, and Products.

To guide our sustainability efforts, we have established specific 2030 targets across these three pillars, such as our commitment to reduction of greenhouse gas (GHG) emissions, support children with cleft lips and palate, and the reduction of virgin plastic in our Exclusive Brands packaging.



PLANET

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



PEOPLE

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



PRODUCTS

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



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

REPORTING FRAMEWORK

Hong Kong Stock Exchange

We have prepared our Sustainability Report primarily in accordance with Hong Kong Exchanges and Clearing Limited (HKEX) ESG reporting requirements, Appendix C2.

However, the climate resilience scenario analysis disclosure under *Part D: Climate-related Disclosures* is currently being developed with the support of an external consultant and is targeted for inclusion in the FY2026 report.

We have aligned our data with that presented in our parent company, CK Hutchison Holdings Limited's 2025 Sustainability Report.

Corporate Sustainability Reporting Directive

In 2024, AS Watson Group began preparing for compliance with the EU Corporate Sustainability Reporting Directive (CSRD). With the support of an external consultant, we conducted an extensive Double Materiality Assessment (DMA), engaging internal and external stakeholders through surveys and in-depth interviews to gather meaningful insights to guide our sustainability journey.

DMA Process Overview

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



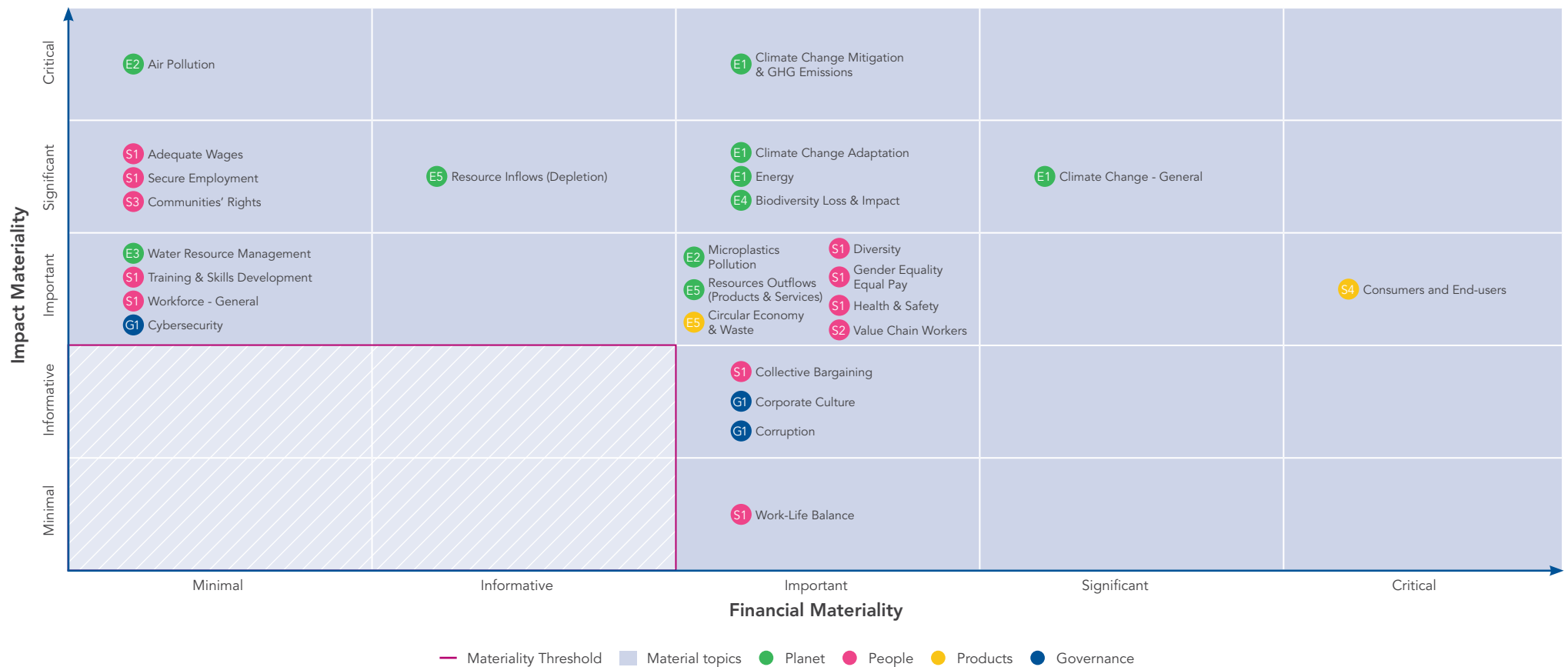
This process helped identify IROs that meet the reporting threshold and align with relevant European Sustainability Reporting Standards (ESRS) subtopics.

REPORTING FRAMEWORK

Materiality Matrix

The adoption of the double materiality principle highlights the significance of both impact materiality and financial materiality for our Group. This 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.



At this stage, the Report is not yet fully compliant with CSRD requirements, as the revised ESRS standards and associated metrics are pending official endorsement by the European Commission. We will continue to enhance and align our disclosures accordingly once the final requirements are confirmed.

PLANET



Our Planet pillar focuses on:



Fighting the Climate Crisis through the Reduction of our GHG Emissions



Building Greener Stores



Achieving Zero Waste to Landfill

Fighting the Climate Crisis

Climate change is a material sustainability matter for AS Watson Group due to its actual and potential impacts on the environment and society, as well as associated transition and physical risks and opportunities for the business. More than 90% of the Group's GHG emissions arise from Scope 3 activities, primarily product manufacturing (purchased goods and services), upstream transportation and distribution, and the use of sold products.

Our response is guided by science-based targets approved by the Science Based Targets initiative (SBTi) in 2022 and delivered through a group-wide Climate Transition Plan covering Scopes 1, 2 and 3.

Climate Transition Plan

The Climate Transition Plan sets out AS Watson Group's medium to long-term pathway to decarbonisation in line with global climate goals. It defines the key actions, levers and milestones required to reduce GHG emissions across our own operations and value chain, while supporting business resilience and value creation.

Reducing operational emissions (Scope 1)

Actions

- Fleet efficiency optimisation through strengthened efficiency measures and the transition to lower-emission vehicles, such as plug-in hybrid electric vehicles (PHEVs) and battery electric vehicles (BEVs)
- Use of greener refrigerant

Dependencies

- Technology availability and cost impact
- Third-party logistics companies' cooperation
- Legislation

Reducing operational emissions (Scope 2)

Actions

- Energy-efficiency improvements
- Scaling renewable electricity procurement and on-site generation (where possible) to achieve 100% renewable electricity for own operations by 2030

Dependencies

- Landlords' cooperation
- Cost fluctuation of renewable energy
- Legislation

Decarbonising the value chain (Scope 3)

Actions

- Suppliers' engagement to set their own SBTs
- Sourcing more sustainable raw materials for Exclusive Brands' products and packaging, as well as for the operations (for example, tertiary packaging, sustainable point of sale materials)
- Calculation of life cycle assessment (LCA) for all Exclusive Brands
- Increasing the amount of operational waste diverted from landfills

Dependencies

- Suppliers' cooperation
- Availability and cost of recycled materials feedstock
- Availability of innovative packaging solutions
- Customers' habits and trust
- Availability of suitable recycling infrastructure
- Availability of reliable primary data for LCA
- Legislation

Climate Transition Plan - Actions and dependencies

PLANET

The Climate Transition Plan is reviewed and refined on an ongoing basis to reflect business growth, evolving regulatory expectations, data availability and technological developments.

At the time of preparing this Report, we are working on a climate resilience scenario analysis with an external consultant to complete our existing Climate Transition Plan to better inform AS Watson Group's climate resilience strategy and support regulatory disclosures HKEX, CSRD, ISSB. Key methodological requirements will include:

- Two distinct scenarios: Low-warming scenario (1.5°C aligned), High-warming scenario (4°C "Current Policies")
- Transition risk data modelled against dataset from Network for Greening the Financial System (NGFS)
- Physical risks modelled against dataset from Phase 6 of the Climate Model Intercomparison Project (CMIP6)
- Three time-horizons: Short-term (~ 1year), Medium-term (up to 5 years) and Long-term (up to 2050)
- Evaluation of each identified risk on both a gross (inherent) basis and a net (residual) basis, after accounting for any existing risk management or controls

Science-Based Targets

- Scopes 1 and 2: Reduce absolute GHG emissions by 50.4% by 2030 compared with a 2018 baseline; 79% reduction was achieved by 2025
- Scope 3 (Categories 1, 4 and 11): Reduce emissions intensity by 58% per HKD value added by 2030 versus 2018; intensity remains above the 2018 baseline in 2025, reflecting expanded boundary coverage, business growth and improved data maturity
- Supplier engagement: At least 33% of suppliers by Scope 3 emissions to have science-based targets by 2027; 65% achieved by 2025

Emissions reduction actions in 2025 focused on fleet optimisation and electrification, energy-efficiency measures across stores and warehouses, renewable electricity procurement (Energy Attribute Certificates) and on-site generation, and value-chain decarbonisation through supplier engagement and sustainable product initiatives.

Scopes 1 and 2 emissions	2018	2019	2020	2021	2022	2023	2024	2025	Var % vs. 2018
Scopes 1 and 2 (market-based) (Tonne CO ₂ e)	622,104	620,746	550,199	546,344	509,229	484,837	137,581*	133,644	-79%
% YoY	n/a	-0.2%	-11%	-0.7%	-7%	-5%	-72%*	-3%	n/a
Scopes 1 and 2 (location-based) (Tonne CO ₂ e)	622,104	620,746	564,372	588,081	535,247	599,161	550,159	522,546	-16%
% YoY	n/a	-0.2%	-9%	4%	-9%	12%	-8%	-5%	n/a

GHG Scopes 1 and 2 emissions with % YoY in 2018-2025

* Significant progress was made in reducing Scopes 1 and 2 emissions between 2018 and 2025. The sharper decline in market-based emissions in 2024 compared with 2023 was primarily driven by increased procurement of renewable energy attribute certificates in key Asian markets.

PLANET

Scope 3 Emissions

	2025 result	Var % vs. 2018
Scope 3 intensity (Tonne CO ₂ e / million HKD EBITDA)	653	+106%
Scope 3 Supplier engagement (% suppliers with SBTs)	65%	n/a

GHG Scope 3 emissions in 2025

The increase in Scope 3 emissions intensity is mainly driven by the increase in emissions from purchased goods and services; it does not indicate a structural deterioration in performance but reflects improved emissions boundary coverage and more conservative methodologies. Improving Scope 3 data quality and completeness remains a priority, supported by supplier primary data collection and product-level life-cycle assessment.



Scope 1

Reduction in Scope 1 Emissions in 2025, versus 2018



48%

Target:

-50.4%
by 2030



Scope 2

Reduction in Scope 2 Emissions in 2025, versus 2018



92%

Target:

-50.4%
by 2030

Scope 3 Intensity Tracking

100%
(Baseline)



Energy Efficiency and Clean Energy Transition

We implement energy-efficiency initiatives across key markets, including LED retrofits, energy-efficient HVAC systems, smart energy monitoring, and behaviour-based energy-saving programmes.

AS Watson Group has committed to achieving 100% renewable electricity for its own operations by 2030.

2025 Achievements

- Approximately **758 Gigawatt hour** of renewable electricity was procured through Energy Attribute Certificates, with operations in the UK, Benelux, Chinese Mainland, Hong Kong, Indonesia, Malaysia, the Philippines, Thailand and Türkiye achieving close to full renewable electricity coverage.
- Additionally, **5 Gigawatt hour** of renewable electricity were produced on-site through installation of solar panels.
- Renewable electricity **covered 92%** of the electricity consumed.



PLANET

Market	Warehouses	Stores	Manufacturing sites
Belgium	1	0	0
Chinese Mainland	4	0	1
Indonesia	0	6	0
The Netherlands	2	0	0
The Philippines	3	128	0
Thailand	1	2	0
United Kingdom	0	1	0
TOTAL	11	137	1

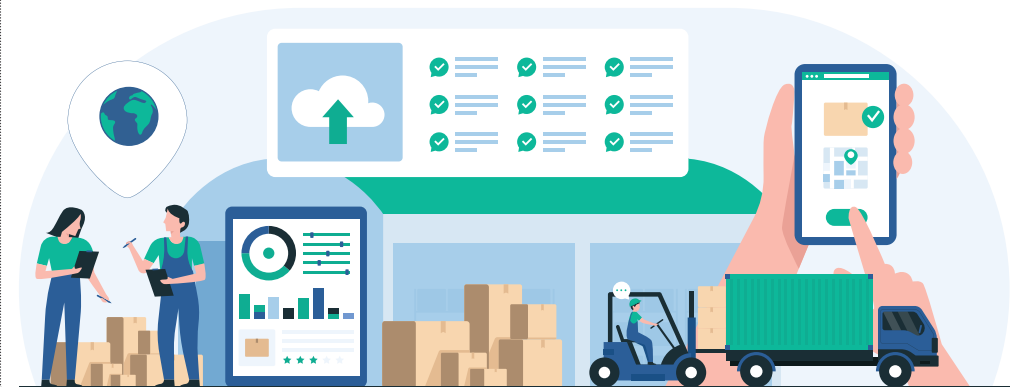
Operations with on-site solar panels installed



Supplier Engagement and Value Chain Decarbonisation

As the majority of AS Watson Group's GHG emissions arise from our value chain, supplier engagement is a cornerstone of our Climate Transition Plan. Our Scope 3 GHG Engagement Project focuses on collaborating with key partners to strengthen primary data collection, improve data quality, identify emissions hotspots and implement joint reduction initiatives to support our group-wide climate targets. In 2025, 210 suppliers were engaged in GHG accounting, climate data quality and target setting.

AS Watson Group is an active member of The Consumer Goods Forum (CGF) and participates in the CGF Climate Transition Coalition, which aims to accelerate emissions reductions across global supply chains through aligned targets, supplier capability building and the use of common climate data frameworks. Through this collaboration, we contribute to the sector-wide efforts to improve the consistency, comparability and credibility of supplier climate data and decarbonisation approaches.



PLANET

Scope 3 from Spend-Based Estimates to LCA-Informed Insights

Companies typically start measuring Scope 3 emissions using spend-based estimates, which apply industry-average emission factors to procurement spend to create an initial emissions baseline. As data availability and maturity improve, this approach progressively evolves toward supplier-specific and product LCA methodologies, which provide more granular and decision-useful insights across the full value chain.



Spend-based Baseline

Used as a practical starting point when data is limited, enabling companies to map emissions hotspots quickly, albeit with lower precision due to reliance on averages



Hybrid Approach

Combines spend-based data with increasing levels of supplier-specific and activity data to improve precision over time



LCA- and Product-level Accounting

Represents a mature stage of Scope 3 management, measuring emissions across the full product life cycle (materials, manufacturing, transport, use and end-of-life), supporting targeted decarbonisation and eco-design

To support this evolution, AS Watson Group leverages the SWEEP platform to model its supply chain, identify hotspots, and engage priority suppliers through structured data collection, and progressively shift from spend-based estimates toward supplier data and LCA-based insights - enabling more accurate Scope 3 reporting, stronger supplier engagement, and data-driven reduction strategies aligned with CSRD, ISSB and science-based targets. Additional LCA-based software might be used, based on specific business units' needs. For example, Health & Beauty Benelux introduced the Nature Impact Score in 2026, a new and uniform way to

make the environmental impact of products more transparent and easier for customers to understand. The score is currently applied to approximately 1,000 Exclusive Brands products, supporting customers in making more informed and sustainable choices.



Integrating Sustainability Into Procurement Practices

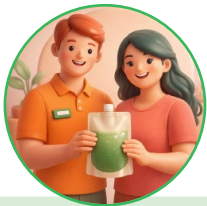
Sustainability considerations are embedded into our procurement processes through clear supplier expectations and governance frameworks. Suppliers are expected to align with the Group's sustainability related policies and guidelines, including the Sustainable Choices Guideline, Tertiary Packaging Guideline and Supplier Code of Conduct. These frameworks set out requirements and guidance on environmentally preferable materials, responsible sourcing practices and environmental performance, including expectations related to the use of materials such as FSC-certified paper and recycled plastics.

Together, these measures support suppliers in improving environmental practices while contributing to the longer-term decarbonisation, resilience and transparency of our value chain.

PLANET

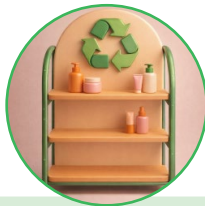
Greener Stores and Operational Environmental Performance

Guided by the principle “Build Green. Operate Green. Inspire Change.”, the Greener Stores Global Framework embeds sustainability considerations into store design, construction and daily operations, focusing on staff and customer engagement, waste reduction, responsible material use, and energy efficiency.



Sustainability Engagement

Empower teams and customers to adopt sustainable habits and make informed choices that support responsible living



Materials and Waste Diversion

Use responsibly sourced material, reduce waste, focus on recycling and reusing store equipment



Energy

Invest in renewable energy to reduce emissions and optimise energy use with smart solutions and innovative practices

By the end of 2025, AS Watson Group operated more than 4,000 Greener Stores across Asia and Europe.



Towards Zero Waste to Landfill

AS Watson Group is committed to reducing operational waste and minimising the environmental impacts associated with waste disposal. Our long-term ambition is to move towards circular waste management practices, prioritising waste prevention, reuse and recycling, and reducing reliance on landfills.

In 2025, **96% of operational waste generated** across our stores, warehouses and offices was **diverted from landfills.**



This performance reflects the continued rollout of waste segregation practices, recycling partnerships and alternative treatment solutions across markets.

Food waste management remains a focus area, particularly in markets with distribution and food-related operations. Non-edible food waste is increasingly diverted to composting or animal feed, while surplus of edible food is redistributed through food donation partnerships mainly with Food Angel.

We continue to work with business units to improve waste data quality and expand coverage of waste diversion initiatives as part of our broader environmental data governance programme.

Non-edible food waste



Edible food waste



PLANET

Water Stewardship

Water management actions across AS Watson Group focus on efficiency, reuse and responsible consumption, taking into account the differing water-risk profiles of operations.

Driving Efficiency in Manufacturing

The Beverage Division, operating in Hong Kong and Chinese Mainland, represents the Group's most water-intensive activities. To address this, the division has implemented rigorous process-level water reuse and recovery measures, including:



Reverse-osmosis (RO) reject water reuse and greywater recycling.



Backwash water recovery systems.



On-site non-potable reuse for facilities management, such as toilet flushing and vehicle cleaning.

These measures significantly reduce freshwater abstraction. Furthermore, process optimisation initiatives launched during 2024/2025 - such as lowering rinsing pressure and modifying bottle washer operations - have collectively delivered savings of over 70 tonnes of water per operational day.



Effective Water-Saving Actions

In AS Watson Industries offices, retail stores, and distribution centres, water-saving actions include:



Installation of water-efficient fixtures and sensor-based fittings.



Rainwater harvesting where feasible and proactive leak detection.



Staff awareness initiatives and optimised cleaning practices that maintain hygiene while minimising waste.

In locations where water is centrally managed by landlords, the division continues to work on enhancing data traceability to support more granular future reporting.

Water Risk Assessment and Governance

To evaluate water risk systemically, the Beverage Division developed a comprehensive risk assessment framework. This framework aligns with Task Force on Climate-related Financial Disclosures (TCFD) framework and enterprise risk management (ERM) principles, evaluating the likelihood and impact of physical, regulatory, and reputational risks.



PLANET

Academic and Strategic Collaboration

AS Watson Industries conducted a water risk screening of its manufacturing sites in Hong Kong using international tools such as WRI Aqueduct and the WWF Water Risk Filter. This was complemented by:

- A Capstone Project with The Hong Kong University of Science and Technology: Collaborating with final-year students from the Environmental Management and Technology (EVMt) programme to examine operational risks and regulatory compliance.
- Infrastructure Upgrades: Following these assessments, the Tai Po site in Hong Kong underwent enhancements to its water reuse system and infrastructure to increase resilience against flood risks.



Performance and Targets

AS Watson Industries has set an ambitious water-efficiency target for 2030 of 0.44¹. In 2025, the division achieved a water efficiency ratio of 0.34. This performance was primarily influenced by the migration of a production line from Huangpu to Foshan. To maintain progress, the division utilises data-driven monitoring, including smart meters and digital tools, to gain real-time visibility into water-use patterns.

Community Engagement and Recognition

AS Watson Industries extends its stewardship beyond internal operations through external collaboration:

- Enterprises Cherish Water Campaign: Since 2021, AS Watson Industries has participated in the programme as an "ECH2O Manager", engaging in water-efficiency benchmarking. In 2025, the division received the ECH2O Award in recognition of its leadership in responsible water management.
- Water-Smart Taskforce: Co-organised by the Water Supplies Department (WSD) and the University of Hong Kong (HKU) Water Centre, this programme leverages AI analytics and smart-meter data to provide personalised water-saving advice.

Insights from academic partnerships and internal reviews have strengthened the division's structured approach to water governance. The division will conduct annual reviews to ensure the assessment results remain current, ensuring long-term resilience against potential water risks for the Group.

Looking ahead, AS Watson Group will continue to strengthen its Climate Transition Plan and broader environmental management in line with ESRS requirements. Key priorities include improving Scope 3 data quality, expanding supplier engagement and primary data collection, scaling renewable energy and energy-efficiency initiatives, further improving waste diversion performance, and integrating biodiversity and water considerations into business decision-making.

¹ Water Efficiency: Ratio of total product manufactured (litres) to total water usage (litres).

PEOPLE



Our People pillar focuses on:



Respecting Human Rights



Caring for Our People



Supporting Our Communities

Our People pillar focuses on Respecting Human Rights, Caring for Our People, and Supporting Our Communities. These priorities guide our approach to managing impacts on people across our value chain.

Respecting Human Rights

Human rights considerations apply to AS Watson Group's own workforce as well as suppliers in its value chain. The Group is committed to providing fair working conditions, equal opportunity, non-discrimination, safe workplaces and respect for freedom of association across all markets, in line with international human rights standards and applicable local laws.

Management and Oversight

Oversight of human rights matters is embedded within AS Watson Group's governance structure. In cooperation with Group Legal, the responsibility for the implementation and monitoring rests with Group People for the Group's own workforce, and with Group Sustainability and Group Quality Assurance for suppliers.

Based on its double materiality assessment, the Group has identified material human rights-related impacts and risks primarily linked to working hours, the prevention of child labour, forced labour and human trafficking, with heightened relevance in parts of the value chain operating in medium- and high-risk geographies.

The Group respects and upholds internationally recognised human rights through its Human Rights Policy, Group People Policy, People Code of Conduct, Supplier Code of Conduct and associated due diligence processes. These frameworks reflect the Group's commitment to preventing, identifying and addressing actual and potential adverse human rights impacts arising from our own operations and across our value chain.

The Group's Supplier Code of Conduct endorses amfori's Business Social Compliance Initiative (BSCI) responsible employment practices²:



Social Management System and Cascade Effect



The Rights of Freedom of Association and Collective Bargaining



Fair Remuneration



Occupational Health and Safety



Special Protection for Young Workers



No Bonded, Forced Labour or Human Trafficking



Ethical Business Behaviour



Workers Involvement and Protection



No Discrimination, Violence or Harassment



Decent Working Hours



No Child Labour



No Precarious Employment



Protection of the Environment³

² A copy of the BSCI CoC can be found here:



Click and see more **Our BSCI CoC**

³ Supplemented by amfori's BEPI CoC:



Click and see more **Our BEPI CoC**

PEOPLE

The Group's Human rights due diligence is complying with the OECD Guidelines for Multinational Enterprises and is embedded into supplier onboarding, sourcing decisions and ongoing monitoring.

Key human rights risks, audit outcomes and significant incidents are escalated through management reporting channels, with material issues reviewed at Group level as part of sustainability governance and risk management processes.

Suppliers' Standard Screening

AS Watson Group adopts a risk-based approach to identify and manage environmental and social risks across its supply chain.

All suppliers are initially screened via LSEG Data & Analytics tool, to identify publicly available ESG risks. The comprehensive screening process enables our Group to identify high-risk suppliers, prioritise engagement, and drive improvements in supply chain sustainability. By maintaining high coverage of sustainability assessments, the company demonstrates its commitment to responsible sourcing and continuous improvement in supplier performance.

For suppliers manufacturing Exclusive Brands products, additional social and environmental assessments are required where manufacturing takes place in high risk countries, as defined by the Worldwide Governance Indicators. These assessments are conducted against recognised frameworks, including amfori's BSCI and Business Environmental Performance Initiative (BEPI), and may also recognise equivalent standards such as SA8000, the Initiative for Compliance and Sustainability, Sedex Members Ethical Trade Audit (SMETA), and ISO 14001 environmental management systems.

Exclusive Brands Suppliers' Social Audits

Exclusive Brands Suppliers located in medium- and high-risk countries (targeted factories), as defined by the Worldwide Governance Indicators, are subject to social assessments. In 2025, the Group's Exclusive Brands suppliers came from these regions:

Regions	% of Total Exclusive Brands Suppliers	% of Total Targeted Suppliers	Top 3 Sourcing Countries
East Asia	67%	80%	Chinese Mainland, Taiwan, South Korea
Europe	17%	0%	Germany, Italy, United Kingdom
Southeast Asia	10%	14%	Thailand, Malaysia, Vietnam
Others ⁴	6%	6%	Türkiye, India, USA

Exclusive Brands main sourcing regions

In 2025, social audits covered 60% of targeted factories the remainder covered by self-assessments or scheduled for re-assessment through 2026–2027, depending on purchase plans this year.

71% of the social audits were based on amfori's BSCI framework, 28% on SMETA framework and 1% on SA8000 framework.

Where adverse human rights impacts are identified, the Group works with suppliers to ensure appropriate remediation for affected workers, in line with the severity and nature of the impact. This may include corrective actions, restitution, compensation, or improvements to working conditions, depending on the circumstances. The Group monitors remediation progress and verifies closure through follow-up assessments. In 2025, no adverse human rights impacts were identified through audits or reported.

The effectiveness of the Group's human rights due diligence is monitored through audit results, closure rates of corrective action plans, follow-up assessments and supplier engagement outcomes. Suppliers demonstrating repeated or unresolved non-compliance are subject to enhanced monitoring or disengagement as a last resort.

⁴ Africa, Americas, Middle East, Oceania, South Asia, and Western Asia.

PEOPLE

Supplier Engagement and Grievance Management

The Group engages suppliers through a structured and multi-layered approach to promote responsible business practices and alignment with the Group's sustainability expectations. Supplier requirements are embedded contractually through ESG clauses in the Supplier Code of Conduct, which incorporates the amfori Business Social Compliance Initiative (BSCI) Code of Conduct.

In 2025, all supplier contracts included ESG clauses and adherence to the Supplier Code of Conduct. During the year, the Group reported zero instances of child or forced labour within its supply chain. Supplier awareness, capacity building and continuous improvement are supported through engagement activities, including conferences and knowledge-sharing initiatives.

Whenever non-compliances are identified during audits, suppliers must provide a corrective action plan and be re-assessed through either desktop or on-site review. Additionally, selected suppliers are required to take capacity training with amfori to help them set appropriate mitigation plans. In 2025, over 500 suppliers took a total of 19 courses either through amfori's eLearning platform or during face-to-face trainings.

The Group engages with workers and their representatives indirectly through social audits, grievance mechanisms and capacity-building programmes, and, where relevant, through collaboration with industry initiatives, such as The Mekong Club, and multi-stakeholder platforms, such as amfori, to better understand risks and worker perspectives.

In addition, Group-level whistleblowing channels are available to suppliers and value-chain workers to report suspected non-compliance with the Supplier Code of Conduct.

All grievances are handled confidentially, with protection against retaliation, and are monitored by the Group's Quality Assurance, Legal and Sustainability functions. Serious or repeated non-compliance may result in enhanced remediation actions or supplier disengagement as a last resort.

Looking ahead, AS Watson Group will continue to enhance its human rights due diligence by expanding audit coverage, strengthening remediation processes, and increasing training for suppliers and internal teams, with the objective of reducing human rights risks across its value chain over time.

Caring for Our People

AS Watson Group places people at the heart of its business, focusing on creating a supportive, inclusive and empowering workplace where colleagues can thrive. Guided by five key priorities, Health & Wellbeing, Diversity, Equity & Inclusion (DEI), Attracting and Engaging Talent, Inspiring Leaders and Good Jobs, and Youth Careers Development, we continue to invest in our people and strengthen a culture of care, growth and opportunity across all markets.

Health & Wellbeing

We are committed to supporting the physical, mental and emotional wellbeing of our colleagues by fostering a safe, healthy and supportive working environment.

In 2025, the Group strengthened its wellbeing approach through a range of initiatives **promoting preventive care, mental resilience and social wellbeing**. These programmes are designed to support colleagues holistically, recognising the strong link between wellbeing, engagement and performance.



PEOPLE

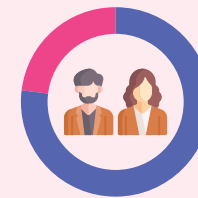
Across Asia and Europe, business units implemented tailored initiatives to promote healthier lifestyles and work-life balance. For example, wellness campaigns and employee engagement activities across markets encouraged self-care, stress management and stronger social connection. These initiatives helped create a workplace where colleagues feel supported, energised and empowered to perform at their best. The “Employee Assistance Programme”, organised in partnership with the Hong Kong Family Welfare Society, offers confidential counselling and a 24-hour care hotline, ensuring round-the-clock emotional support for employees and their families. Superdrug and Savers also run regular wellbeing pulses, including the “Happy Score”, to track sentiment and trigger action.



Diversity, Equity & Inclusion (DEI)

AS Watson Group is committed to fostering an inclusive culture where colleagues feel respected, valued and able to be themselves. We promote diversity across gender, age, ethnicity, ability, sexual orientation and background, while actively working to remove barriers and ensure equal opportunities for all.

Our Employees by Gender and Age Group (Full Time)



77%
of our employees
are female

9%
50 years old
or above



35%
Under 30
years old

56%
30-49
years old

In 2025, we advanced our DEI agenda through inclusive leadership programmes, awareness campaigns and targeted training initiatives. As a signatory to the UN Women’s Empowerment Principles, the Group reinforced its commitment to advancing gender equality and inclusive workplaces.

Embedding accountability into leadership remains a priority, with sustainability KPIs integrated into leadership performance evaluations, strengthening responsible decision-making and aligning business growth with ESG commitments.

PEOPLE

AS Watson Group introduced a new wellbeing survey demonstrating our commitment to colleague wellbeing and creating a consistent Group-wide measure using four standard questions. The results help identify priority areas and inform targeted wellbeing initiatives, ensuring we focus on what matters most to our people.

Across markets, business units continued to promote inclusive recruitment and workplace practices. AS Watson Industries has long implemented inclusive hiring practices to support candidates with disabilities, including individuals with intellectual and physical disabilities, creating more accessible employment opportunities. In addition, Watsons Türkiye introduced targeted initiatives to attract older workers returning to the workforce, supporting age diversity. In the UK, Superdrug and Savers collaborated with the Centre for Ageing Better to promote inclusive hiring practices and are recognised as Disability Confident Level 2 Employers, reflecting their commitment to accessible recruitment and workplace support.



Beyond recruitment, business units also foster inclusivity through employee engagement and awareness initiatives. Watsons Ukraine hosted a series of DEI-related events to support women at different career stages, providing platforms for sharing experiences, building confidence and strengthening career development.

Attracting and Engaging Talent

Attracting and retaining talent is essential to sustaining long-term business success. AS Watson Group continues to strengthen its employer value proposition by creating a dynamic and engaging workplace that appeals to current and future talent.

In 2025, the Group enhanced its talent attraction and engagement strategies through employer branding initiatives, digital recruitment platforms and employee engagement programmes, ensuring a positive and transparent experience for candidates and employees alike. A key development during the year was the continued rollout of the Global Employee Listening Toolkit, which enables business units to gather regular, structured feedback from colleagues. The toolkit provides consistent methodologies and actionable insights, empowering management teams to better understand employee needs, strengthen engagement and drive continuous improvement across markets.



Across Asia and Europe, business units implemented localised initiatives to attract diverse talent pools and strengthen engagement. For example, targeted recruitment campaigns and employer branding initiatives were deployed across markets to connect with candidates and enhance workforce diversity. At the same time, insights generated from employee listening initiatives supported more responsive and data-driven people strategies, helping to improve the overall employee experience.

These efforts contribute to building a resilient and future-ready workforce that supports the Group's long-term growth.

PEOPLE

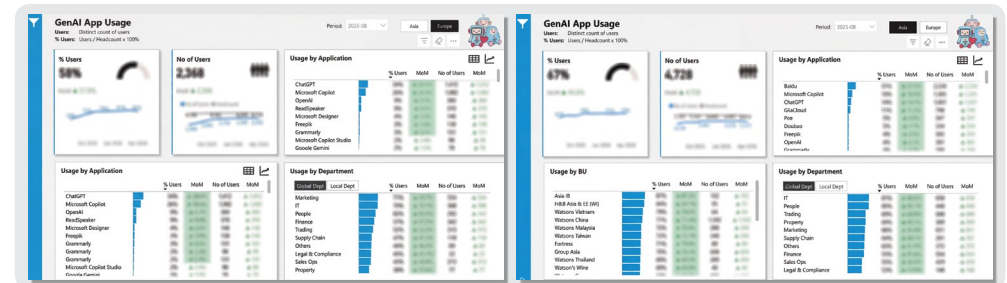
Inspiring Leaders and Good Jobs

AS Watson Group is committed to developing strong leaders and creating meaningful job opportunities that support long-term career development and organisational success.

In 2025, the Group continued to invest in leadership development through structured programmes and capability-building initiatives designed to equip leaders with the skills to inspire teams and drive responsible growth. In Asia, flagship programmes such as the Leadership Acceleration Programme (LAP) and Aspire 2.0 continued to strengthen leadership pipelines and support high-potential talent in building critical leadership capabilities. In Europe, the Leadership Development Programme (LDP) further enhanced leadership effectiveness by equipping managers with the skills to lead diverse teams and navigate an evolving business landscape.



Aligned with the Group's "Fit for Future" strategy, continuous learning and capability building remain key priorities to ensure the workforce is prepared for future challenges. In this context, the AS Watson Group AI Academy was introduced to enhance digital fluency and equip colleagues with practical knowledge of artificial intelligence, empowering them to leverage emerging technologies to improve productivity, innovation and decision-making across functions. A global GenAI dashboard has been introduced to track adoption and usage across all functions, providing clear visibility of progress and engagement.



The Group also focuses on creating "good jobs" by promoting fair working conditions, career development opportunities and a positive workplace culture. Sustainability KPIs embedded into leadership performance further reinforce accountability and responsible leadership practices across the organisation.

Across markets, leadership initiatives and training programmes continue to enhance effectiveness, while development opportunities support skill building and career progression. Together, these efforts foster a culture of accountability, continuous learning and innovation, enabling sustainable growth and long-term value creation for colleagues.

PEOPLE

Youth Careers Development

Supporting youth development is an important part of AS Watson Group's commitment to nurturing the next generation and building future talent pipelines.



In 2025, the Group continued to expand its flagship youth development initiatives, providing structured opportunities for young people to gain practical experience, develop skills and explore future career pathways. Partnering with Watsons Hong Kong, Fortress and PARKnSHOP, programmes such as O+O Store Immersion and the Ambitious Star Programme offer hands-on exposure to retail operations and business functions, helping participants build real-world capabilities and deepen their understanding of the industry.



The Group also invests in leadership and early career development through initiatives such as The Young Leaders Academy, which supports the growth of future leaders by strengthening core business and leadership skills. In addition, structured graduate and vocational pathways including the DataLab Graduate Trainee Programme and the "Rise Up" apprenticeship programme provide young talent with valuable technical expertise and career progression opportunities, equipping them with the capabilities needed for a fast-evolving business environment.



Across Asia and Europe, these are complemented by partnerships with educational institutions and youth engagement initiatives, helping young people build confidence, enhance employability and prepare for future careers. Together, these efforts strengthen the pipeline of future talent and support inclusive growth.

PEOPLE

Supporting Our Communities

AS Watson Group supports communities through long-term partnerships, targeted social programmes and employee volunteering, guided by our Community Investment Policy. Our community initiatives focus on health, education, inclusion and community care.

In 2025, we delivered a range of programmes across markets, including health initiatives, youth and education support, disaster relief, inclusion projects, and charitable partnerships. Employees are encouraged to contribute through volunteering and skills-based support. During the year, we donated over HK\$72 million in cash and in-kind contributions to charities.

Global Volunteer Day 2025

Colleagues and business partners across AS Watson Group came together for a meaningful cause during Global Volunteer Day 2025. Through collective action, we delivered kindness and care to communities around the world.

Powered by the commitment of over 5,000 volunteers, more than 29,000 service hours were dedicated to supporting communities, reaching and uplifting over 220,000 people.



Lend a Helping Hand - The Tai Po Tragic Fire

On 26 November 2025, a five-alarm fire devastated Wang Fuk Court in Tai Po, Hong Kong, affecting seven residential towers. In response, AS Watson Group mobilised its Hong Kong retail brands, including Watsons Hong Kong, PARKnSHOP Hong Kong, FORTRESS, and Watsons Water to deliver 30,000 essential items, set up 11 Care Service Stations, deploy pharmacists on-site, and donate HK\$1 million worth of home appliances plus 10,000 household goods for families moving into transitional housing.



PEOPLE

Nurturing Youth Sports Talent

AS Watson Group continues to nurture athletic talent and promote youth sports through two flagship initiatives:

Watsons Athletic Club (WAC)

For over three decades, WAC has been a cornerstone in developing local track and field athletes. Its Annual Challenge is one of Hong Kong's premier athletics events, fostering youth participation, talent discovery, and exchange among athletes, many of whom progress to represent Team Hong Kong.

AS Watson Group Hong Kong Outstanding Student Sports Awards (HKSSA)

Launched in 2005, HKSSA is Hong Kong's only award recognising one outstanding sports talent from every local school. To mark its 20th anniversary, HKSSA introduced a Physical Fitness Mobile Truck offering fitness tests and personalised reports, and organised a five-day sports exchange tour in Malaysia, inspiring future sports leaders.

Over 20 years, HKSSA has honoured 17,400 student athletes with the representation of nearly 90% of local schools, and it has set a new record of school participation in 2025, commending in total 993 awardees.



Give a Smile

Since 2018, AS Watson Group has partnered with Operation Smile to provide corrective surgeries for children with cleft conditions worldwide through the "Give a Smile" campaign. These efforts not only improve the physical wellbeing of the children but also enhance their mental health and social integration, giving them the chance to thrive in their communities.

In 2025, AS Watson Group surpassed its target of providing 10,000 free surgeries ahead of schedule. Building on this milestone, AS Watson Group has set a new goal of delivering 15,000 surgeries by 2030, reaffirming its commitment to creating brighter futures for the next generation.



PEOPLE

Digital Inclusion

Digital inclusion is an important dimension of our community and customer engagement. We continue to improve digital accessibility across websites and applications through accessibility audits, assistive technologies and training, supporting inclusive access for customers with disabilities and diverse needs.

Driving Equal Access in the Digital Space

AS Watson Group is committed to creating a barrier free digital experience for all users. Its corporate website earned the Silver Award in the Digital Accessibility Recognition Scheme, a joint initiative by the Hong Kong Office of the Government Chief Information Officer and the Equal Opportunities Commission. This recognition reflects the efforts to design websites that meet the needs of people with disabilities, ensuring inclusive and user-friendly access.

In Europe, eLab Milan has led accessibility initiatives since 2022, with 2025 marking a major step towards full compliance with Web Content Accessibility Guidelines standards. All EU business units have upgraded websites and mobile apps, leveraging advanced assistive technologies such as LevelAccess and UserWay for personalised experiences and automated remediation.



Celebrating International Women's Day Worldwide

AS Watson Group is committed to empowering women to feel more beautiful and confident. We inspire every woman to become her best self by offering the support needed to thrive.

On International Women's Day, AS Watson Group join hands with its business units worldwide to celebrate global women empowerment through a variety of initiatives, fostering inclusivity and motivating women to shine.

In Asia, Watsons Hong Kong highlighted inspiring narratives from diverse women on social media, encouraging others to embrace their beauty and confidence. Meanwhile, Watsons Singapore empowered women to take charge of their health, beauty, and personal goals, creating a platform for authentic stories of strength, self-care, and transformation.

In Europe, Superdrug and Savers organised a Gender Equality Network event that invited speakers to share their experiences for thriving in male-dominated industries, sparking meaningful discussions and fresh ideas. Additionally, ICI PARIS XL invited women to enjoy complimentary makeup services while sharing their empowering stories through video interviews.



PEOPLE

Sustainable Rewards

As the first retail partner of the Environmental Protection Department's GREEN\$ initiative, MoneyBack has launched a points conversion programme encouraging members to convert GREEN\$ into MoneyBack points. The first 10,000 members who convert their GREEN\$ points will receive a bonus of 100 points. This reinforces MoneyBack's commitment to working towards a greener future.



Spread Love Share Food

PARKnSHOP Hong Kong and Food Angel launched the "City Food Drive" campaign, inviting customers to donate groceries. The initiative has collected over 40,000 items, raising over HK\$1 million in food and funds to support Food Angel in providing nutritious meals to those in need. To boost participation, PARKnSHOP introduced a "You Donate 1, We Donate 2" matching scheme with IMPERIAL BANQUET. For every selected product donated, PARKnSHOP adds two more items.



Shop With Purpose

As a proud supporter of Marie Curie, Superdrug is excited to announce the support of the Purchase for Marie Curie Nurses campaign for its third year, coinciding with the annual Doing Good Feels Super month. During this time, proceeds from a selection of products will be donated to support Marie Curie Nurses in providing compassionate care for individuals at the end of their lives. The campaign aims to raise over £200,000, funding more than 8,000 hours of expert nursing care.

Superdrug and Savers have raised over £15 million for Marie Curie since 2013, helping fund over 65,000 hours of expert nursing care for people at the end of life. This milestone reflects the generosity of customers and the dedication of store teams across both brands. The partnership continues to make a meaningful impact in the community.



PRODUCTS



Our Products pillar focuses on:



Maintaining High Product Quality & Safety



Offering More Sustainable Products

Our Products pillar focuses on maintaining high standards of product quality and safety while progressively improving the environmental and social footprint of the products and services we offer. This reflects our commitment to customer trust, regulatory compliance, and the integration of sustainability across product design, sourcing, packaging, distribution and end-of-life considerations.

Maintaining High Product Quality & Safety

We operate a comprehensive product quality and safety management framework with oversight from senior management. Clear governance structures, documented procedures, internal controls and external verification processes are in place to ensure products are safe, compliant and fit for purpose across all markets.

Quality and safety risk assessments are applied throughout our Exclusive Brands product lifecycle, supported by standardised guidelines, supplier assessments, testing protocols and the use of ISO-certified laboratories and third-party quality control companies.

Exclusive Brands Products	Technical Assessment Proof	Also Accepted
Cosmetics	ISO 22716	BRC, IFS HPC, MHRA
Health	GMP	BRC, IFS
Food	BRC, IFS	
General Merchandise	AS Watson Group's technical audit	

Technical assessment requirements

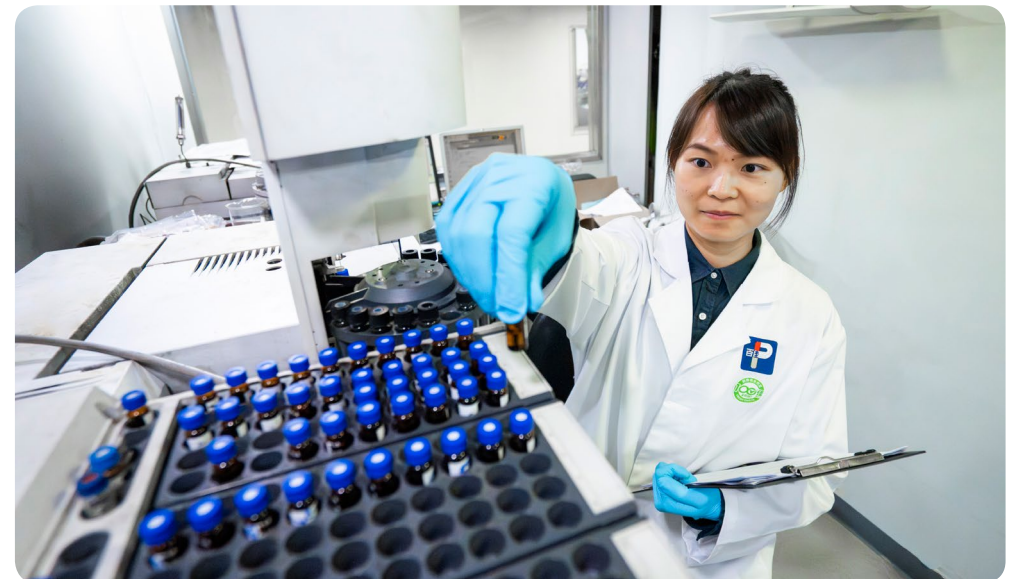
Technical assessments validity typically ranges from one to two years, depending on factory/ product risk level, and must be renewed before expiry.

All our business units have formal product recall procedures enabling rapid corrective action where required. They regularly review customer feedback through dedicated available channels. These mechanisms support the identification and management of potential product related issues.

Food Retail Business

Our food retail operations operate under stringent food safety and traceability requirements aligned with local regulatory standards. Suppliers are subject to regular audits and inspections, and testing is conducted both pre- and post-market.

In 2025, PARKnSHOP continued to leverage its ISO 17025-certified laboratory to conduct extensive chemical safety testing on Exclusive Brands food products, complemented by internal sensory testing to ensure consistent quality and customer satisfaction.



PRODUCTS

Health & Beauty Retail Business

Our health and beauty retail business maintains robust quality assurance and regulatory compliance processes across all Exclusive Brands. Products are tested for safety, performance and stability prior to market launch, with claims, ingredients and labelling reviewed by dedicated regulatory teams.

In 2025, more than 2,500 Exclusive Brands products were subject to testing in post-market surveillance across our markets.

Beverage Division

Manufacturing operations in Hong Kong and Chinese Mainland are managed under structured quality and safety frameworks based on the Define, Measure, Analyze, Improve, Control (DMAIC) Six Sigma model. Standardised procedures, in-process controls, inspections, and internal audits ensure compliance with Group, partner, and regulatory requirements, supporting product quality, traceability, and consumer safety.

Corrective and preventive action (CAPA) and management review processes support risk-based decision-making, continuous improvement, and consistent quality across sites.

Operations comply with relevant food safety regulations and harmonised internal standards. Sites in Tai Po, Huangpu and Foshan are certified to ISO 14001, ISO 45001, and ISO 9001, with all sites maintaining ISO 22000:2018 certification to ensure consistent food safety management.

Selected products are certified under the National Sanitation Foundation International Bottled Waters and Beverages Certification, confirming compliance with quality and safety requirements aligned with relevant FDA standards.

AS Watson Industries Manufacturing Sites	ISO 14001 Environmental Management	ISO 45001 Occupational Health & Safety	ISO 9001 Quality Management	ISO 22000:2018 Food Safety
Huangpu, Chinese Mainland	✓	✓	✓	✓
Foshan, Chinese Mainland	✓	✓	✓	✓
Tai Po, Hong Kong	✓	✓	✓	✓

Management system certificates by site

Customer Engagement and Satisfaction

Customer trust and transparency are essential to product stewardship. We monitor customer perceptions and engagement through multiple mechanisms, including:

- Customer Love Score (CLS): used across business units to monitor customer satisfaction and emotional connection, including feedback related to sustainability attributes of products and services.
- Social Listening: on-going monitoring of digital and social media channels to identify emerging trends, risks and opportunities related to product performance, sustainability and brand reputation.

Insights from these channels inform continuous improvement in product design, communication and service quality.

PRODUCTS

Customer Experience and Sentiment Performance Overview (2025)

In 2025, the CLS assessment covered both physical and online stores across the Group. Physical stores achieved an average CLS score of 91.1, supported by a sample of 4 million+ customer responses, reflecting consistently high in-store customer experience. Online stores recorded an average eCLS score of 88.5, based on 1 million+ responses, demonstrating solid performance across e-commerce platforms. Overall, the CLS and eCLS results indicate positive customer perceptions across both physical and digital channels, underpinned by large and representative sample sizes.

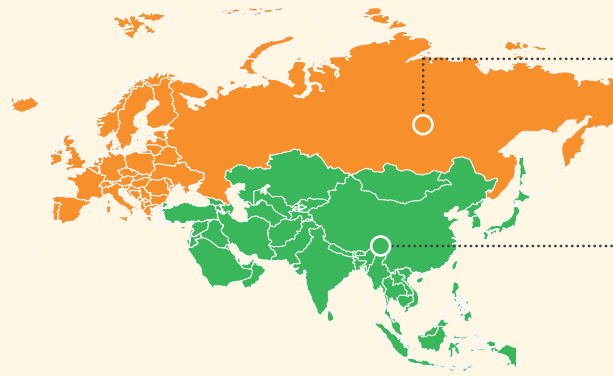


4 million+
physical store
customer responses



91.1
average CLS score

Additionally, social listening was conducted across Asia and Europe to capture customer sentiment and engagement related to products and brand experience. In Asia, the sentiment health score reached 95.5, supported by 4 million+ social media mentions, reflecting predominantly positive and neutral discussions across key markets. In Europe, social listening recorded 28,000+ mentions, with a score of 99.7, indicating consistently strong customer perception across European business units. Overall, the social listening results highlight healthy brand sentiment across regions, underpinned by robust data coverage and active customer engagement.



Europe
Sentiment health score of
99.7
from 28,000+ mentions.

Asia
Sentiment health score of
95.5
from 4 million+ mentions.

All scores on this page are presented on a scale of 0-100.

Offering More Sustainable Products

Customer demand for more sustainable products continues to grow across our markets in Asia and Europe. In response, we systematically integrate sustainability considerations into Exclusive Brands product development, sourcing and assortment decisions.

In 2025, the Group further expanded the range of products meeting defined sustainability criteria through initiatives such as the “Sustainable Choices” campaign in Watsons retail and equivalent programmes across European business units. These products are identified based on attributes including responsible sourcing of commodities/ingredients, reduced or improved packaging, refill solutions and recognised third-party certifications. In Watsons retail, over 12,500 Exclusive Brands and supplier Brands products are already listed under the “Sustainable Choices” campaign.



PRODUCTS

Building Momentum: Watsons' "Sustainable Choices" Campaign

Watsons retail is committed to making sustainable purchase accessible to all. Our Sustainable Choices campaign continues to resonate with our global member community, with 64% of our loyalty card members choosing Sustainable Choices products in 2025. These clear pathways support circularity, plastic reduction, and responsible sourcing.

Empowering the Next Generation

A defining trend of 2025 is the strong engagement of younger consumers: 49% of all Sustainable Choices purchasers are aged 35 or below. This dominant segment underscores the success of our O+O engagement strategies and the close alignment of our sustainability goals with the values of the next generation.

Future-Proofing through Building Affinity

This campaign remains a primary driver for new customer acquisition and long-term brand loyalty. The fact that one in every two new members chooses a Sustainable Choices product highlights the growing expectation for ethical and responsible retail.

Raising Awareness on Products Carbon Footprints

Since launching its carbon compensation initiative with ClimatePartner in 2023, Watsons has progressively expanded efforts to raise customer awareness of product carbon footprints. What began with seven product ranges grew to 30 by 2025, reflecting continued progress in measuring emissions, improving product design, and taking responsible climate action. Selected products have undergone packaging and/or formulation improvements and are supported by calculated carbon footprint data. In line with ClimatePartner's framework,

Watsons prioritises emissions reduction where feasible and supports certified climate projects for emissions that cannot yet be eliminated, while communicating this approach transparently. The initiative has been rolled out both instore and online across Hong Kong, Malaysia, the Philippines, Taiwan, Thailand, Singapore, Vietnam, Indonesia, Türkiye and GCC markets, enabling customers to make more informed purchasing decisions.

To extend impact beyond its value chain, Watsons supports two certified climate projects: forest protection in the Rimba Raya Biodiversity Reserve in Indonesia and afforestation in Dingxi, Chinese Mainland, a region affected by drought and land degradation. Both projects are certified under internationally recognised standards and contribute to climate action, biodiversity protection and community development. Looking ahead, Watsons plans to finance climate projects for the removal of over 6,000 tonnes of CO₂, while continuing to prioritise the reduction of product carbon footprints.



PRODUCTS

In parallel, Kruidvat continued to integrate climate considerations into its Exclusive Brands product portfolio in 2025 by supporting certified climate projects linked to selected products carrying the ClimatePartner certified label. For these products, carbon footprints are calculated, reduction measures are identified and implemented where feasible, and remaining emissions are addressed through certified climate projects, with information disclosed via publicly available Climate ID pages.

Within the Pure & Soft Exclusive Brands range and selected products transitioning from plastic to paper packaging, Kruidvat supports certified climate projects to address product related GHG emissions, recognising that paper packaging does not always result in lower CO₂ emissions. In 2025, most funding supported a reforestation project in Bijie, Guizhou Province, Chinese Mainland. All supported projects are required to meet strict internal criteria, including additionality, long-term carbon storage, transparent monitoring, and certification under recognised standards such as Gold Standard or Verified Carbon Standard (VCS) or Climate, Community & Biodiversity Standards (CCBS).



Examples of ClimatePartner certified products from Watsons and Kruidvat's Exclusive Brands range

Collaboration with Brand Partners

We continue to work closely with global and regional brand partners to improve the sustainability performance of products offered in our stores, including increased use of recycled content, and refill packs. These collaborations support both GHG Scope 3 emissions reduction and circular economy objectives.

Global Take-Back Campaigns for Beauty Packaging

Take-back programmes are available in multiple markets, where customers can return empty beauty packaging in stores, and the collected materials are handled by local recycling or upcycling partners.

AS Watson Group has partnered with key brand partners, including L'Oréal, to roll out empty beauty product container recycling campaigns across various markets, including Watsons in Hong Kong, Malaysia, the Philippines, Singapore, Indonesia, Türkiye, and Vietnam; Droga in Latvia, ICI Paris XL in Belgium and the Netherlands; Savers, Superdrug and The Perfume Shop in the UK. These initiatives aim to ensure the packaging collected is recycled with reputable partners in countries where local recycling infrastructures are not managing specific packaging formats or materials; this initiative also supports our circular economy objectives, while encouraging sustainable consumer habits.

Momentum has continued to build through the years. For instance, in 2025, Watsons Hong Kong collected 700,000 empty containers through its recycling programme, demonstrating the impact of sustained customer and supplier engagement in advancing circularity within the beauty industry.

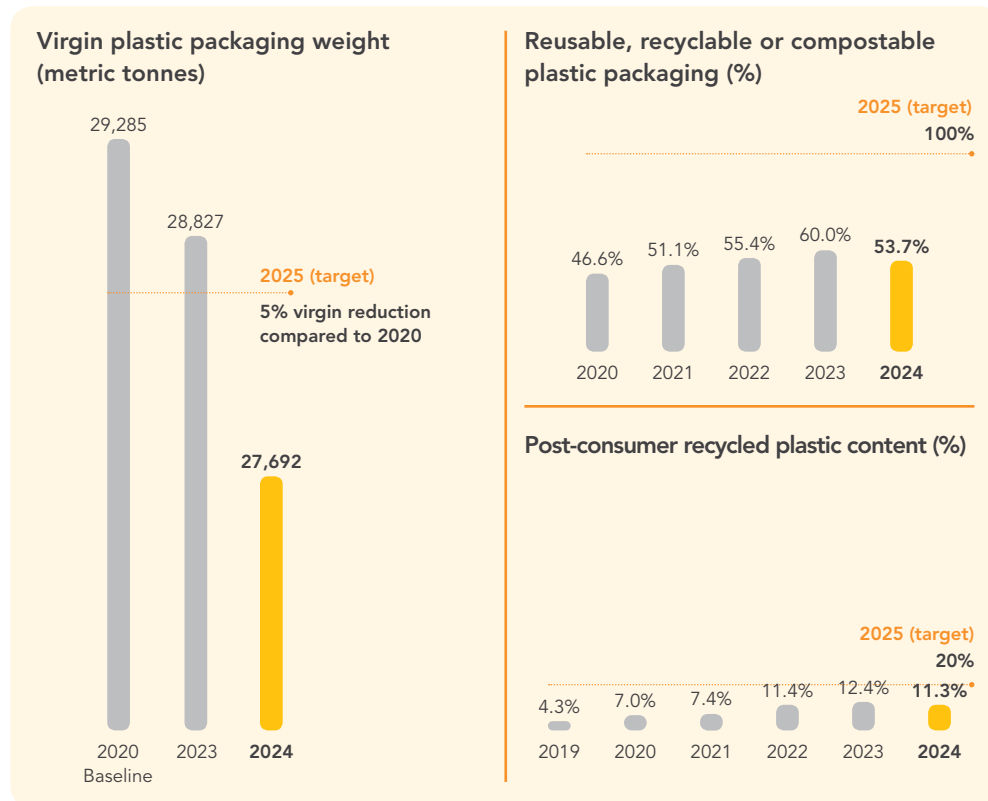


PRODUCTS

Virgin Plastic Reduction in Exclusive Brands Packaging

Reducing the environmental impact of our Exclusive Brands primary/secondary/tertiary packaging remains a priority.

AS Watson Group signed up to the Ellen MacArthur Foundation's (EMF) Global Commitment 2025 and report on progress yearly. The 2025 progress report is still underway and will be available in EMF website by Q3 2026.



In 2025, AS Watson Group extended its commitment under the EMF's Global Commitment 2030, pledging to further reduce virgin plastic in Exclusive Brands packaging by 21% by 2030, using 2022 as the baseline year.



This renewed target, now featured on the EMF's Global Commitment website, reinforces AS Watson Group's leadership in advancing a circular economy and tackling plastic waste across its global footprint.

PRODUCTS

On-going Initiatives



Expansion of refill stations and refill-at-home options across multiple markets and product categories



Take-back programmes for personal care, cosmetic containers, toothpaste tubes and medicines, delivered in partnership with suppliers, recyclers and NGOs. We collected over 150 tonnes of empty packaging in 2025



Recycling and upcycling initiatives supporting extended producer responsibility (EPR) requirements in applicable markets



Market	Collection of empty containers	In-store refill
Asia		
PARKN SHOP	✓	✓
Hong Kong		
豐澤 FORTRESS	✓	-
Hong Kong		
Watson's Wine	✓	-
Hong Kong		
watsons		
Hong Kong, Malaysia, The Philippines and Singapore	✓	✓
watsons	✓	-
Indonesia, Türkiye, Vietnam		
watsons	-	✓
Thailand		

Market	Collection of empty containers	In-store refill
Europe		
ICI PARIS XL	✓	✓
Belgium and The Netherlands		
Drogas	✓	-
Latvia		
THE PERFUME SHOP	✓	✓
UK		
savers HEALTH HOME BEAUTY	✓	-
UK		
Superdrug ☆	✓	-
UK		

Overview of campaigns across the markets



PRODUCTS

Global Recycled Standard Certification

Our focus does not stop at plastic packaging, but also extends to products containing recycled plastic materials, such as the filling material of plush toys. Setup by the global non-profit Textile Exchange, Global Recycled Standard (GRS) is an international, voluntary standard that set requirements for third-party certification of recycled input with a robust chain of custody from the source up to the final product. The Group Buying department of AS Watson Group, located in Hong Kong, has been certified by Intertek against GRS since 2022, for the trading of various products containing recycled plastic (#TE-00061660).

Anti-Deforestation

Our Commitments



Palm Oil

100% Exclusive Brands products to include RSPO-certified* palm oil by 2030



Wood-pulp

All Exclusive Brands paper products and packaging to be made exclusively from sustainable materials (FSC-certified** or recycled wood-pulp) by 2030



Beef & Soy

We are committed to sourcing deforestation-free meat and soy-based Exclusive Brands products by 2030

By the End of 2025

50% of Exclusive Brands products containing palm oil used RSPO-certified palm oil, with several business units already achieving 100%, such as Superdrug, Kruidvat, and Trekpleister

96% of Exclusive Brands products are sourced from sustainable sources, with several business units already at 100%, such as Superdrug, Kruidvat, Trekpleister, and Watsons. Our EU Business Units are also prepared for full compliance to the EU Deforestation Regulation (EUDR) with documented supplier certification and chain-of-custody evidence

Cessation of sourcing beef and soy from high-risk deforestation regions, alongside expansion of plant-based alternatives; over 140 plant-based products are already available

^(*) Traceability is substantiated through the RSPO supply-chain certification system, under which certified volumes are accounted for using recognised RSPO models (including Identity Preserved, Segregated, Mass Balance and, where applicable, Book & Claim). These models allow palm oil volumes used in our products to be traceable within certified supply chains and verified through third-party assurance, rather than through self-declared claims.

^(**) For certified virgin wood-pulp, traceability is ensured through Forest Stewardship Council (FSC) chain-of-custody systems, which allow materials used in our Exclusive Brands products and packaging to be traced back through the supply chain to certified or controlled sources, reducing the risk of illegal logging or deforestation. The Group Buying department of AS Watson Group, located in Hong Kong, has been certified by SGS against FSC since 2019 (#FSC-C152046) and has a valid Trademark licence for marketing purposes.

PRODUCTS

AS Watson Group is a member of RSPO, and reports yearly on progress:

	2024	2025
Crude palm oil (tonnes)	2,142	2,462
Certified sustainable crude / refined palm oil (CSPO) (tonnes)	1,059	1,259
% CSPO uptake	49.4%	51.1%



Click and
see more

Our 2024 RSPO Shared Responsibility Scorecard

Supporting Fairer and More Sustainable Palm Oil

The FAIR Partnership project supports villages in North Konawe, Indonesia in producing palm oil in a fairer and more sustainable way. *FAIR* stands for Freedom of Choice, Accountability, Improvement of Benefits and Respect for Rights. The multi-stakeholder initiative focuses on village-level land-use planning, assessing which areas are suitable for food production, nature restoration and small-scale palm oil cultivation to balance environmental protection with sustainable livelihoods.

Kruidvat supported the project over a five-year period, gaining deeper insight into the palm oil supply chain while contributing to fairer practices for smallholder farmers. Through collaboration with local communities, government bodies and implementing partners, the project strengthened land-use planning and decision-making, with particular attention to women's inclusion and leadership.

As a result, 992 smallholder farmers participated in improved land-use processes, and a new farmer database - now used by the local government - was developed. Sustainable Land Use Plans were introduced in two villages, and through Indonesia's TORA land reform programme, 468 land plots in Landawe Utama were certified and redistributed, including official land titles for women. The project's approach and impact are documented through educational and impact-focused videos.



PRODUCTS

Sustainable Seafood Sourcing

As a founding member of WWF Hong Kong's Sustainable Seafood Programme since 2022, PARKnSHOP supports the promotion of responsible seafood sourcing practices. By the end of 2025, we offered over 50 frozen and chilled Exclusive Brands and Non Exclusive Brands of seafood SKUs certified under recognised sustainability certification schemes, including the Marine Stewardship Council (MSC), Aquaculture Stewardship Council (ASC) and Best Aquaculture Practices (BAP).

To enhance transparency, 30 certified SKUs were screened under the WWF Hong Kong Sustainable Seafood Programme, with screening and data validation for the remaining certified products ongoing to ensure certification information is accurately reflected.

In 2025, certified sustainable seafood products contributed to about 32% of total seafood sales value, reflecting strong customer uptake across certified MSC, ASC and BAP offerings.

As part of our ongoing portfolio transition, we continue to expand our responsible sourcing footprint. Looking ahead to 2026, our focus includes expanding certified sustainable seafood assortments and further enhancing customer engagement through collaboration with trusted partners, including WWF Hong Kong.

We will continue to strengthen product stewardship across quality, safety and sustainability. Key priorities include further embedding sustainability criteria into Exclusive Brands product development, improving data transparency on product environmental impacts, expanding circular packaging solutions, and collaborating with suppliers and brand partners to reduce GHG emissions linked to products. We will also continue to monitor evolving regulatory requirements and customer expectations to ensure our products remain safe, trusted and aligned with our long-term sustainability commitments.



RECOGNITIONS



AS Watson

HONG KONG

The Hong Kong HR Awards - Attraction Campaign Award
JobsDB by SEEK

PRCA Asia Pacific Awards - CSR and Sustainability Award
PRCA

Ranked 52nd in Global Powers of Retailing
Deloitte

Best Companies to Work for in Asia - Platinum Harmonia Award
HR Asia

Digital Accessibility Recognition Scheme - Silver
Hong Kong Internet Registration Corporation Limited & the HKSAR Government

Asia-Pacific Innovative Lawyers Awards - Sustainability and Impact - Highly Commended
Financial Times Live

Jockey Club Age-Friendly City Partner
The Hong Kong Jockey Club Charities Trust

Privacy-Friendly Awards - Outstanding Gold Award
The Office of the Privacy Commissioner for Personal Data

Breastfeeding-friendly Workplace
UNICEF Hong Kong

Marketing Campaign of the Year (MoneyBack)
Hong Kong Institute of Marketing

Best Practice Showcase Award - Gold Award

Youth Sports Supporter Excellence Award
InspiringHK Sports Foundation

Standard Chartered Corporate Achievement Awards - Sustainable Corporate Category - Leadership Award
Standard Chartered

QF Star Training Institutions
HKSAR Education Bureau

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

watsons

INTERNATIONAL

Monde Selection Quality Awards

- Diet & Health - Grand Gold Award
- Cosmetic - Gold Award
- Food - Gold Award

Monde Selection

Global Green Beauty Awards

- Best All Green Brand - Gold
- Best Natural Shampoo - Gold
- Best Natural Hair Product - Gold
- Best Carbon Neutral Product - Gold
- Best Natural Serum - Gold
- Best Vegan Collagen Product - Gold
- Best Natural Sheet Mask - Gold

Arquette Media

Hong Kong Green and Sustainability Contribution Awards - Gold Pioneer for Contribution to Sustainable Design - Promote Resource Reduction
Hong Kong Quality Assurance Agency

HONG KONG

Retail Asia Awards

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

Retail Asia

RECOGNITIONS



HONG KONG

Jockey Club Age-Friendly City Partner

The Hong Kong Jockey Club Charities Trust

Asia eCommerce Awards

- Best Marketplace/eRetailer - Consumer Products - Gold
- Best eCommerce Loyalty Programme - Gold

Marketing Magazine

Outstanding ESG Corporate Award

Sustainable Development Enterprise Recognition Certificate

HK01

HKRMA Service Talent Awards

- Most Creative Team
- Top 10 My Favourite Outstanding Service Retail Brands

Top 10

- O2O Retail Brand Award
- Quality Trusted E-Shop Award

HKRMA

Hong Kong Most Influential Brand Award - Health & Beauty Category

Hong Kong Association of Interactive Marketing

BusinessFocus Awards - Excellence in Annual Beauty Retail Experience Award

BusinessFocus

CHINESE MAINLAND

Green Development Project

ECR China

Annual Industry Digital Benchmark Enterprise

Tencent Smart Retail

ONEFLAG Awards

- Best HRBP Team
- Best HR Programme - AI Accelerate Empowerment Programme
- Best HR Programme - MT Acceleration Programme
- Best HR Programme - Watsons China Ignite Leadership Programme

HR Flag

China New Growth · ProdForces Evolution

HBR New Growth Institute

Forbes China Central Business District Consumer Benchmark Brand

Forbes

SINGAPORE

Employee Experience Awards - Best Employee Feedback and Listening Strategy - Silver

Human Resources Online

GNC Global Conference - Rally Together Award

GNC

Retail Asia Awards

- Health & Beauty Retailer of the Year
- O2O Customer Experience of the Year

Retail Asia

Retail Spark - Outstanding Customer Service Award

Frasers Property Limited

Best Company to Work for in Asia

HR Asia

Excellent Service Award Retail

Singapore Retailers Association

HRD Asia 5-Star Employer of Choice

HRD Asia

TAIWAN

Asia Responsible Enterprise Awards 2025 - Green Leadership Category

Asia Pacific Enterprise Awards - Inspirational Brand Award

Enterprise Asia

Taiwan Corporate Sustainability Awards - Taiwan Top 10 Sustainable Foreign Enterprises

Society Leadership Award

Taiwan Institute for Sustainable Energy

Health Brand Awards - Retail Channel - Chain Stores & Comprehensive E-commerce Category - Outstanding Award

Yahoo! and H2U

RECOGNITIONS

watsons

TAIWAN

Best Reviewed Online Awards - Chain Drugstore

Category - Innovation Leadership Award

DailyView

**Business Innovation Awards - Best Experience Innovation
- Bronze**

Ai Taiwan

**Shopee Brand Summit - Diverse Category Development
Award**

Shopee

**Uber Eats Merchant Partnership Awards - Partner of the
Year**

Uber

THAILAND

**Asian Management Excellence Awards - Health and
Wellness Initiative of the Year - Retail**

The Asian Business Review

**Central Pattana in the Better Futures Project - Top
Engaged Brand in Energy Efficiency Program**

Central Pattana

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

Marketeer

Best Company to Work for in Asia

Most Caring Company Award

Diversity, Equity and Inclusion Award

TECH Empowerment Award

HR Asia

MALAYSIA

CXP Best Customer Experience Awards - Gold

CXP Best Customer Experience Awards

Putra Brand Awards

- Putra Brand of the Year
- Platinum in Retail

Association of Accredited Advertising Agents Malaysia

Sustainability & CSR Awards

- Company of the Year - Health & Beauty Retail Category
- Long Standing Excellence Awards - Radiance of Care
Award for ESG Leadership

CSR Malaysia

**Malaysia's Top 50 Brands - Malaysia's Favourite Brand
Campaign Asia**

Top Employer Excellence Award

Strategic Institute for Asia Pacific

**World Branding Awards - Health & Beauty Regional
Category - Brand of the Year**

World Branding Forum

Marketing Excellence Awards

- Excellence in Sponsorship Activation - Gold
- Excellence in Loyalty Marketing - Gold

Marketing Magazine

Top Employer Excellence Award

National HR, Leadership & Talent Forum

Top Employer Awards

- Top Employer of the Year (MNC)
- Top HR Team of the Year (MNC)
- Top Employer of Best Workplace (MNC)

Jobstore

Graduates' Choice of Employers to Work For

**Graduates' Choice of Employers to Work For - Champion
for 5 Consecutive Years**

TalentBank

PHILIPPINES

Retail Asia Awards - Health & Beauty Retailer of the Year

Retail Asia

Community Pharmacy Practice Experience Partner

Centro Escolar University

**HR Excellence Awards - Excellence in Corporate Wellness
- Silver**

Lighthouse Independent Media

RECOGNITIONS



PHILIPPINES

Most Innovative Advertising or Marketing Team of the Year - Gold

Award for Innovation in

- Sponsorships - Silver
- Public Relations Videos - Gold

Climate Protection and Sustainability Campaign of the Year - Gold

Sustainable Business Models - Bronze

Asia-Pacific Stevie Awards

Marketing Excellence Awards - Green Living Excellence in PR/Communications - Silver

Marketing Magazine

INDONESIA

Certificate of Green Achievement

Greenhope

ShopTokopedia & Tokopedia Summit - FMCG Rising Star Award

TikTok

Women Empowerment Company Award - Beauty Events - Retail Trade

HerStory

Indonesia WOW Brand Award 2025 - Top Choice for Beauty and Personal Care Enthusiasts - Beauty & Personal Care Store Category

Markplus Inc

Health & Beauty Retail of the Year

Indonesian Retail & Tenant Association

TÜRKIYE

Achievement in Customer Excellence (A.C.E.) Awards - Cosmetic Retailer Category - Diamond Award

Şikayetvar.com

The One Integrated Marketing Awards - Cosmetic and Personal Care Retailer Category - The Most Prestigious Brand of the Year

Marketing Türkiye Magazine

Great Place To Work Certification

Great Place To Work

Retail Sun Awards - Sustainability Achievement Award

Soysal

TEMA Foundation Award

TEMA Foundation

GIGI Awards - Social Responsibility and Sustainability Category - Employee Engagement in Achieving Goals

Marketing Communicators Association

E-Commerce Awards

- Best E-Commerce Site Integrated with Its Store - Gold
- Personal Care Site of the Year - Gold

Climate and Sustainability Awards - Most Influential Sustainability Project of the Year

Pazarlama Türkiye

TECHX Awards - Innovative Experience in Retail Category - First Place

Marketing Türkiye

UKRAINE

Guru of Software PPO

Vchasno. Best. United.

RECOGNITIONS



HONG KONG

Consumer Caring Scheme Award
GS1 Hong Kong

Jockey Club Age-Friendly City Partner
The Hong Kong Jockey Club Charities Trust

Experiential Marketing Brilliance Award - Top 10 Retail Brands
Metro Finance

Outstanding ESG Corporate Award

Sustainable Development Enterprise Recognition Certificate
HK01

QF Star Employer
HKSAR Education Bureau

HKRMA Service Talent Awards - Top 10 My Favourite Outstanding Service Retail Brands

O2O Customer Experience Recognition

Quality Service Brands
HKRMA

Marketing Excellence Awards - Excellence in Programmatic - Gold
Marketing Magazine

Signatory of the Packaging Reduction Charter
Environmental Protection Department

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



HONG KONG

Jockey Club Age-Friendly City Partner
The Hong Kong Jockey Club Charities Trust

Experiential Marketing Brilliance Award - Top 10 Retail Brands
Metro Finance

HKRMA Service Talent Awards - Top 10 My Favourite Outstanding Service Retail Brands

Quality Service Brands

Flagship Service Recognition
HKRMA

Outstanding ESG Corporate Award

Sustainable Development Enterprise Recognition Certificate

Most Loved Family Lifestyle Brand Award - Most Loved Home Appliance Award - Fortress Brand
HK01

Hong Kong Most Influential Brand Award - 3C Retail Category
Hong Kong Association of Interactive Marketing

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

Watson's Wine

HONG KONG

Outstanding ESG Corporate Award

Sustainable Development Enterprise Recognition Certificate
HK01

International Business Magazine Awards

- Largest Online Wine Store in Hong Kong
- Leading Wine Mobile App in Hong Kong
- Best Wine Retailer in Hong Kong

International Business Magazine

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

RECOGNITIONS



HONG KONG

ECR Excellent Award - Green Development Projects
ECR China

BOCHK Corporate Low-Carbon Environmental Leadership Awards - Manufacturing Category - Bronze
Federation of Hong Kong Industries and Bank of China

Quality Food Scheme+ - Diamond Enterprise Award

Quality Food Scheme ESG - ESG Technology Award

Digital Transformation Award - Excellence in ESG & Sustainability
GS1 Hong Kong

CHO Appreciation Award - Top 10 Happy Companies to Work For
Chief Happiness Officer Association

Caring Employer Medal - Level 1 Disability Inclusive Supporter
The Labour and Welfare Bureau

HKMA Sustainability Award - Merit
The Hong Kong Management Association

Awards for Innovation in Sustainability

- Reuse & Recycle - Silver
 - Sustainability & Climate Protection Services - Gold
- Asia-Pacific Stevie Awards

TVB ESG Awards - Best in ESG Practices
Television Broadcasts Limited

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

Packaging Reduction Charter - Certificate of Appreciation
Environmental Protection Department

CHINESE MAINLAND

Iconic Awards - Architecture - Corporate (Factory)
German Design Council



NETHERLANDS

Strongest Retail Brand
Hendrik Beerda Brand Consultancy

ABN AMRO

- Best Retail Chain in the Netherlands - Drugstore Category
 - Retailer of the Year - Best Store Team Award
- Q&A Retail

Grand Prix Content Marketing - Use of Social Media
BBP Media



NETHERLANDS

ABN AMRO - Retailer of the Year - Best Store Team Award
Q&A Retail

RECOGNITIONS



UNITED KINGDOM

Talent Labs Awards - Best Medium-Sized Recruitment Team

The Talent Labs

MVNOs World Awards

- Leading Consumer MVNO - Superdrug Mobile
 - Customer Impact Award - Superdrug Mobile
- informa*

Top 100 Apprenticeship Employers

Department for Education and RateMyApprenticeship

Level 2 Disability Confident Employer

UK Government

Corporate Engagement Awards - Best PR and External Communications - Gold

Communicate Magazine

The People in Retail Awards - JEDI Award - Highly Commended

The Retail Bulletin

Data IQ Awards

- Best Place to Work in Data & AI
- Best Data Story or Data Visualisation

IQ Data Group

Employer's Excellence Awards - Most Inclusive Employer - Highly Commended

Employer's Excellence Awards



HEALTH HOME BEAUTY

UNITED KINGDOM

Best Workplaces

- Super Large Organisations
- Best Workplaces for Wellbeing
- Best Workplaces for Women

Best Workplaces in Retail, Hospitality & Leisure

Great Place To Work Certification

Best Workplaces for Development

Great Place To Work

Top 100 Apprenticeship Employers

Department for Education and RateMyApprenticeship

Level 2 Disability Confident Employer

UK Government

The People in Retail Awards - JEDI Award - Highly Commended

The Retail Bulletin



LATVIA

TOP Employer

Alma Career Latvia

Cosmetics of the Year

IEVA Magazine



BENELUX

Shopping Awards - Perfumery Category

Thuiswinkel.org

Golden AMMA Award - Best Performance Marketing

VIA VIA

BELGIUM

Best Retail Chain in Belgium - Perfume Category

Best Product of the Year

Q&A Retail

RECOGNITIONS

ICI PARIS XL

BELGIUM

IAB MIXX Awards - Digital MarTech & Innovation

- Effective Use of Data/Dashboarding - Gold
- Best Use of AI - Silver
- Product Innovation - Bronze

Belgian Association of Marketing

NETHERLANDS

ABN AMRO Best Webshop in the Netherlands - Perfumery Category

Q&A Retail

THE PERFUME SHOP

UNITED KINGDOM

Top Employer

Top Employers Institute

People In Retail Awards - Online Business Team - Highly Commended

The Retail Bulletin

UK eCommerce Awards - Sustainability Award - Gold

Global Digital Excellence Awards

- Standout B2C Ecommerce Website of the Year - Gold
- Standout App - Gold

Don't Panic

GOVERNANCE

Strong governance underpins how AS Watson Group identifies, manages and oversees sustainability-related impacts, risks and opportunities, and ensures that sustainability considerations are embedded into strategic decision-making and business operations. Sustainability governance is embedded within the Group's broader corporate governance framework and is organised across two complementary areas: Strategy & Monitoring, and Governance & Oversight.

Sustainability Governance Framework

Strategy & Monitoring

Strategy and monitoring of sustainability are led by the Global Sustainability Committee (GSCom). Chaired by the Group CEO, GSCom is the highest governing body responsible for providing strategic oversight of sustainability across the Group. Its core responsibilities include:

- Endorsing the Sustainability Roadmap and Group-level sustainability commitments and policies;
- Setting and overseeing medium- to long-term sustainability targets, including climate-related targets;
- Monitoring progress against sustainability objectives and key performance indicators; and
- Reviewing emerging sustainability-related risks, opportunities and strategic implications.

GSCom is supported by Group Sustainability, Group People, and Group Supply Chain functions, ensuring cross functional integration and informed decision making. To support focused execution and subject-matter expertise, GSCom is complemented by specialist sub-committees, including Greener Stores, Greener Supply Chain, More Sustainable Exclusive Brands, and DEI, Health & Wellbeing. These sub-committees guide implementation in their respective focus areas and support business units in translating Group priorities into local actions.

Execution of sustainability initiatives sits with the business units, each of which maintains a local sustainability governance structure aligned with the Group framework. Business units are responsible for implementation, performance management and regular reporting of sustainability progress to Group level.

Governance & Oversight

Governance and oversight of sustainability reporting, internal controls and disclosures are provided through the Global Sustainability Reporting Steering Committee (GSRSC).

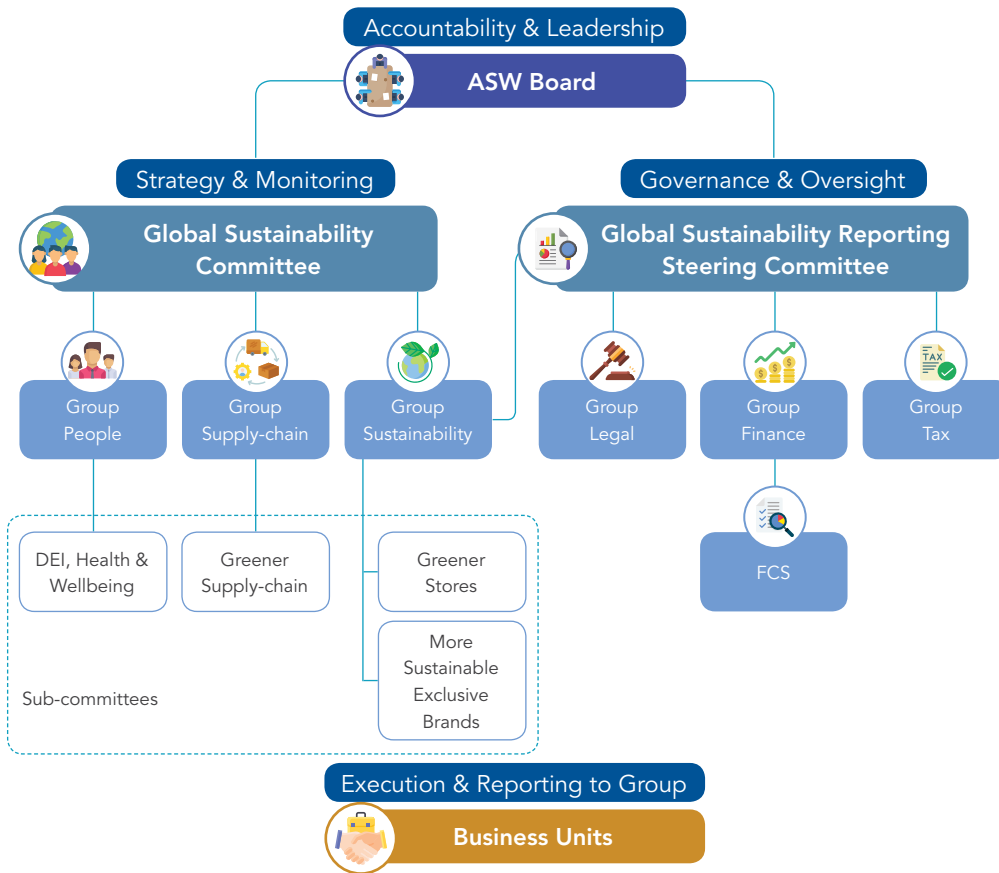
The GSRSC plays a central role in sustainability reporting governance. Its responsibilities include:

- Developing and maintaining sustainability reporting policies, manuals and methodologies;
- Establishing reporting guidelines, data standards and timelines;
- Overseeing sustainability reporting cycles and regulatory readiness; and
- Coordinating cross functional reviews of sustainability information.

The GSRSC is supported jointly by Group Finance, Group Legal and Group Sustainability functions, ensuring consistency between sustainability reporting, internal controls and regulatory requirements.



GOVERNANCE



Group-level sustainability governance structure

The Board retains ultimate accountability for business conduct, ethical standards and sustainability-related governance. The GSCom, chaired by the Group CEO, supports the Board by providing regular updates on sustainability strategy, performance, emerging risks and material governance matters.

Sustainability Competencies and Training

To ensure that governance bodies maintain adequate knowledge and skills to oversee material sustainability matters, the Group provides induction and ongoing training to Board members and senior management on sustainability-related topics, including climate change, governance, ethical conduct and regulatory developments. Sustainability competencies are further strengthened through regular engagement with internal subject-matter experts and, where appropriate, external specialists.

The adequacy of sustainability knowledge and competencies at governance level is reviewed on an ongoing basis in light of the Group's material sustainability-related impacts, risks and opportunities. Where gaps are identified, additional training or expert input is sought to strengthen oversight capabilities and support informed decision-making. This approach ensures that governance bodies remain appropriately equipped to oversee the implementation of the Group's sustainability strategy and related performance over time.

Sustainability Risk Management and Due Diligence

Sustainability governance incorporates due diligence processes across the value chain to identify, assess and manage environmental and social risks, including compliance with applicable sanctions and trade restrictions. These processes include supplier screening using third party ESG intelligence tools, contractual requirements set out in the Supplier Code of Conduct, and sustainability assessments and audits for Exclusive Brands suppliers.

In 2025, AS Watson Group managed approximately about 22,180 suppliers globally, including suppliers of Exclusive Brands products as well as non-trade goods and services. During the year, over 90% of in-scope suppliers across various brands were screened using the LSEG Data & Analytics tool. This resulted in over 104,000 screenings conducted across approximately 31,500 suppliers, covering both trade and non-trade items. To enhance transparency and risk oversight, supplier location data is maintained at both headquarters location and manufacturing location levels within the Group's central procurement and supplier management systems. This enables the Group to analyse supplier distribution by geographical region and to identify suppliers operating in higher risk regions for enhanced due diligence.

GOVERNANCE

Supply-chain sustainability risks – including climate-related, labour and human-rights risks – are monitored through established governance forums and escalated to Group-level committees where appropriate. This approach supports the identification and mitigation of sustainability risks beyond the Group's own operations and ensures that sustainability considerations are embedded into procurement and supplier management processes across the Group.

Findings from supplier screenings, assessments and audits inform corrective action plans, enhanced monitoring or supplier engagement measures, supporting the mitigation of identified risks across the value chain

Integration with Enterprise Risk Management

Sustainability-related risks and opportunities are considered within the Group's enterprise risk management framework, alongside other principal risks. Relevant sustainability risks are identified, assessed and monitored through established risk management and governance processes, supported by internal review and assurance activities where applicable.

Internal Control and Assurance over Sustainability Information

Sustainability reporting is subject to internal governance and control processes coordinated by the GSRSC and supported by the Financial Controls & Systems (FCS) team. These processes include defined reporting methodologies, reporting manuals, cross-functional review procedures and escalation protocols.

The GSRSC oversees these processes and the integrity of sustainability disclosures. External limited assurance has been obtained for selected sustainability metrics, including GHG emissions, and the Group continues to strengthen internal controls and documentation in line with evolving sustainability reporting and assurance requirements.

Stakeholder Considerations in Governance

Stakeholder perspectives are considered through established mechanisms, including colleague engagement surveys, supplier engagement programmes, customer feedback channels and community initiatives. Insights from these mechanisms inform sustainability priorities and are considered within Group-level strategy and monitoring discussions.

Integration with Performance Management

Sustainability considerations are embedded into the Group's performance management and incentive frameworks, reinforcing accountability and aligning leadership behaviour with long-term sustainability objectives.

For Long-Term Incentive (LTI) participants, covering Business Unit Heads and Group Functional Directors, a 33% of the incentive weighting is linked to Scope 1 and Scope 2 GHG emissions performance. For Short-Term Incentive (STI) participants under the Annual Management Bonus Plan, 10% of the bonus outcome is linked to sustainability performance, with metrics tailored by business unit to reflect material sustainability priorities.

The design and performance assessment of sustainability-linked incentives are reviewed at Group level to ensure alignment with strategic sustainability objectives and integrity of outcomes.



GOVERNANCE

Business Conduct, Ethics and Compliance

AS Watson Group applies a zero-tolerance approach to fraud, bribery and corruption, as set out in Group-level policies endorsed with a top-level Management commitment to Anti-Bribery and Anti-Corruption, including the Employee Code of Conduct. These policies apply across the Group and are supported by internal controls and oversight mechanisms.

The Group maintains confidential whistleblowing mechanisms that enable employees and external stakeholders to report suspected misconduct. Reports are handled in accordance with defined procedures, with protections in place against retaliation. Substantiated cases may result in disciplinary action and, where applicable, referral to relevant authorities.

To promote ethical conduct and regulatory compliance, the Group delivers ethics- and compliance-related training through mandatory, advanced and role specific programmes. Training topics include business conduct, BSCI Code of Conduct, modern slavery, ethical behaviour within working environment, anti-corruption, data protection, cybersecurity and sustainability-related obligations. These programmes support a strong culture and consistent culture of integrity and compliance across the Group.

To further uphold business integrity, AS Watson Group has implemented a structured anti-corruption training programme, including:

- Governance Training: Tailored anti-fraud and anti-corruption training for senior and middle management, delivered at least once every two years.
- Induction: New employees receive training as part of their onboarding and are required to formally acknowledge compliance with the Employee Code of Conduct. All employees are also provided with the induction pack, which includes comprehensive guidance on ethical conduct and compliance expectations.

Compliance with the Employee Code of Conduct and related ethics and anti-corruption policies is monitored through a combination of training completion tracking, whistleblowing reporting, management oversight and internal investigations. Reported cases are assessed, investigated and remediated in accordance with established procedures, with material cases escalated to senior management where appropriate. Disciplinary actions are applied consistently, and remediation measures are implemented to prevent recurrence.

The Group has processes in place to identify, disclose and manage potential conflicts of interest. Employees are required to act in the best interests of the Group and to declare any actual or perceived conflicts in accordance with internal procedures.

Policies and Frameworks

AS Watson Group's sustainability governance is supported by a framework of Group-level policies and management systems that set expectations, standards and controls across environmental, social and governance topics. These policies are created by the Global Sustainability Committee (with support from Group functions) and approved at Group level, embedded into business unit operations, and supported by procedures, training and internal controls. Compliance is monitored through established governance mechanisms, including management oversight, audits, reporting processes and, where relevant, external assurance. Together, these policies and frameworks provide the foundation for managing sustainability-related impacts, risks and opportunities across the Group's operations and value chain.



GOVERNANCE

ESRS Standard (Revised)	ESRS Disclosure Requirement	Policy / Framework	ISSB Standard	ISSB Section / Topic	Status
ESRS 2	GOV-1 – Role of administrative, management & supervisory bodies	Sustainability Governance Framework (GSCoM, GSRSC)	IFRS S1	Governance (Core Content)	✓ In place
ESRS 2	GOV-2 – Information provided to governance bodies	Sustainability Governance & Reporting Framework	IFRS S1	Governance; Strategy oversight	✓ In place
ESRS 2	GOV-3 – Integration of sustainability performance in incentive schemes	Sustainability-linked Incentive Framework (LTIP / STIP)	IFRS S1	Governance – Remuneration	✓ In place
ESRS 2	GOV-4 – Statement on due diligence	Supplier Code of Conduct; Human Rights & Modern Slavery Commitments	IFRS S1	Risk management & due diligence	✓ In place
ESRS 2	GOV-5 – Risk management & internal controls over sustainability reporting	Compliance Management Framework; GSRSC oversight	IFRS S1	Risk management & internal controls	✓ In place
ESRS E1	Climate change mitigation & transition	Climate Transition Plan (SBTi-aligned)	IFRS S2	Climate strategy & transition plan	✓ In place
ESRS E1	Climate-linked targets & incentives	Sustainability-linked Incentive Framework (Scopes 1 & 2 KPIs)	IFRS S2	Metrics, targets & governance	✓ In place
ESRS E2	Pollution prevention & control	Environmental Management System (ISO 14001-aligned)	IFRS S1	Risk management (non-climate)	✓ In place
ESRS E3	Water & marine resources	Water Stewardship Policy	IFRS S1	Resource-related risks	⚠ In development (2026)
ESRS E4	Biodiversity & ecosystems	Biodiversity Policy	IFRS S1	Nature-related risks	⚠ In development (2026)
ESRS E5	Resource use & circular economy	Exclusive Brands Sustainable Packaging Policy & Guidelines	IFRS S1	Resource efficiency	✓ In place
ESRS S1	Own workforce	Group People Policy	IFRS S1	Workforce-related risks	✓ In place
ESRS S1	Own workforce	Occupational Health & Safety Policies	IFRS S1	Workforce-related risks	✓ In place
ESRS S1	Diversity & equal opportunity	DEI Policies (People Strategy)	IFRS S1	Social risks (workforce)	✓ In place
ESRS S2	Workers in the value chain	Supplier Code of Conduct (amfori BSCI / BEPI)	IFRS S1	Value-chain risk management	✓ In place

GOVERNANCE

ESRS Standard (Revised)	ESRS Disclosure Requirement	Policy / Framework	ISSB Standard	ISSB Section / Topic	Status
ESRS S2	Human rights & modern slavery	Modern Slavery & Human Rights Commitments	IFRS S1	Social & human-rights risks	✓ In place
ESRS S3	Affected communities	Community Investment & Volunteering Framework	IFRS S1	Social risk & opportunity	✓ In place
ESRS S4	Consumers & end-users	Product Safety & Quality Framework	IFRS S1	Consumer-related risks	✓ In place
ESRS G1	Business conduct	Employee Code of Conduct (including ABAC requirements); Whistleblowing Policy	IFRS S1	Business conduct & ethics	✓ In place
ESRS G1	Data protection & cybersecurity	Personal Data Governance Policy; Cybersecurity Policies	IFRS S1	Information-related risks	✓ In place
ESRS G1	Responsible use of AI	Guidelines on Safe AI Usage; RAAT	IFRS S1	Technology & governance risks	✓ In place
ESRS 2	GOV-4 / GOV-5 (value chain & controls)	Supplier Environmental Engagement Policy	IFRS S1	Risk mitigation & engagement	🚧 In development (2026)

Policies and frameworks mapping

Digital Governance and Emerging Risks

Personal Data Governance

Comprehensive personal data governance framework with policies, procedures, monitoring and remediation, and training in relation to personal data protection is in place.

Privacy Assessment Tool (PAT) risk assessment is conducted by Group or BU privacy team to identify the privacy risks involved in the use of personal data. Reviews of inter-group data transfers, higher-risk processing with DPIA assessments and ongoing identification and reviews of cookies and tracking technologies of websites and Apps of the Group are carried out. Group Legal Privacy supports Group and BU functions by advising on compliant customer journey, marketing advertising, online safety and consent management processes.

Responsible Use of Artificial Intelligence (AI)

Recognising the potential risks associated with AI in both operational and customer-facing services, AS Watson Group has established a governance framework to ensure the safe, ethical and responsible adoption of AI. The framework applies across the comprehensive risk assessments and strict approval processes for all AI use cases. Every application must undergo review and receive formal approval before deployment, ensuring compliance with regulatory standards, data privacy requirements, and ethical principles. To date, over 100 AI use cases have been assessed, reflecting the commitment to responsible innovation.

GOVERNANCE

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 Domain-based Message Authentication, Reporting & Conformance (DMARC) protocol. 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.

Looking ahead, AS Watson Group will continue to evolve its sustainability governance in line with growing regulatory expectations, including CSRD and HKEX requirements, and increasing business complexity. Key areas of focus include further strengthening governance and oversight of sustainability-related risks, business conduct and ethical standards, enhancing internal controls, data documentation and reporting governance, and deepening due diligence across the value chain.

The Group will also continue to support management and governance bodies through targeted and role-appropriate sustainability-related training, ensuring that oversight capabilities remain effective over time. These efforts are intended to support regulatory compliance, robust internal governance, informed decision-making and the effective identification and management of sustainability-related impacts, risks and opportunities



ENVIRONMENTAL AND SOCIAL INDICATORS

Environmental KPIs^{1,2}

GHG Emissions	Units	2023	2024	2025
Total Scopes 1 + 2 GHG Emissions (market-based)	tonne CO2 e	484,837	137,581	133,644
Scope 1 GHG Emissions	tonne CO2 e	116,566	87,155	101,164
Scope 2 GHG Emissions (market-based)	tonne CO2 e	368,271	50,426	32,480
Scope 3 GHG Emissions ⁴	tonne CO2 e	9,884,634	7,409,330	8,432,549 ³

Use of Energy	Units	2023	2024	2025
Total Energy Consumption	kWh'000	1,191,669	1,096,494	1,128,200
Total Direct Energy Consumption	kWh'000	343,732	279,588	301,154
Gasoline/Petrol	kWh'000	453	441	2,557 ⁵
Diesel	kWh'000	264,700	209,406	230,618
Natural Gas	kWh'000	59,186	52,090	43,462
Towngas	kWh'000	16,357	13,993	17,033 ⁶
Other Gases	kWh'000	2,074	2,294	2,052
Other Fuels	kWh'000	0	0	0
Geothermal	kWh'000	0	0	0
Wind	kWh'000	0	0	0
Solar	kWh'000	962	1,364	5,431
Hydro	kWh'000	0	0	0
Biomass	kWh'000	0	0	0
Other Renewables	kWh'000	0	0	0
Sale of Energy	kWh'000	0	0	0

ENVIRONMENTAL AND SOCIAL INDICATORS

Use of Energy	Units	2023	2024	2025
Total Indirect Energy Consumption	kWh'000	847,937	816,906	827,046
Electricity	kWh'000	847,937	816,906	827,046
Heating	kWh'000	0	0	0
Renewable Electricity Purchased and Supported by Green Certificates	kWh'000	257,153	723,407	757,952
% Renewable Electricity Purchased and Supported by Green Certificates	%	30%	89%	92%
Total Energy Consumption Intensity	kWh / revenue HK\$'000	8	8	8
Total Direct Energy Consumption Intensity	kWh / revenue HK\$'000	2	2	2
Total Indirect Energy Consumption Intensity	kWh / revenue HK\$'000	6	6	6
Air Emission	Units	2023	2024	2025
NOx Emissions	tonne	354	278	305
SOx Emissions	tonne	0	0	0
Particulate Matter Emissions	tonne	37	29	32
Waste Produced	Units	2023	2024	2025
Total Hazardous Waste Produced	tonne	1,920	1,178	954
Total Hazardous Waste Produced Intensity	tonne / revenue HK\$'000	0.000	0.000	0.000
Total Non-Hazardous Waste Produced	tonne	149,399	150,111	160,657
Total Non-Hazardous Waste Produced Intensity	tonne / revenue HK\$'000	0.001	0.001	0.001
Total Waste Recycled	tonne	135,768	133,450	153,229
Recycled Material Usage	tonne	4,080	3,497	3,524

ENVIRONMENTAL AND SOCIAL INDICATORS

Use of Water	Units	2023	2024	2025
Total Water Consumption	'000 m3	2,000	2,006	3,197
Total Water Withdrawal	'000 m3	2,000	2,006	3,197
Surface Water	'000 m3	0	0	0
Groundwater	'000 m3	0	0	0
Seawater	'000 m3	0	0	0
Third-Party Water	'000 m3	2,000	2,006	3,197
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	0.015	0.015	0.022
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	99

ENVIRONMENTAL AND SOCIAL INDICATORS

Packaging Material	Units	2023	2024	2025
Total Packaging Material Used for Finished Products	tonne	121,310	124,169	138,697
Plastic	tonne	32,223	30,327	27,770
Paper	tonne	76,533	78,896	92,405 ⁷
Metal	tonne	6,638	8,392	9,286
Glass	tonne	2,832	2,851	3,341
Other Packaging Material	tonne	3,084	3,703	5,895
Packaging Material Intensity	tonne / total products	0.083	0.081	0.123

Notes

- 1) Watsons Ukraine was excluded in 2023 figures due to the Russia-Ukraine conflict.
- 2) ASW has enhanced its Scope 3 and air emissions calculation methodology.
- 3) The increase in emissions is due to the Group's increase in business activity.
- 4) Scope 3 emissions were calculated with the best available data which will be updated during 2026 as calculation processes continue to be enhanced.
- 5) Consumption increased due to enhancements to its reporting methodology.
- 6) The increase in Towngas consumption is due to increased business activities.
- 7) Paper packaging material usage increased due to higher business activity.

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 Group	Spend-based method, by applying emission factors from USEEIO dataset v1.3 and average-data method
2. Capital Goods	All upstream emission from the production of capital goods purchased or acquired by AS Watson Group	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 Group that are not included in Scope 1 or Scope 2	Average-data method by applying emission factors from DEFRA 2021-2025
4. Upstream Transportation and Distribution	Third-party transportation and distribution services purchased by AS Watson Group	Spend-based method and average-data method
5. Waste Generated in Operations	Emissions from third-party disposal and treatment of waste generated in AS Watson Group's owned or controlled operations	Waste-type-specific method, by applying emission factors from DEFRA 2025
6. Business Travel	Emissions from the transportation of employees for business-related activities in vehicles owned or operated by third parties	Average-data method, extrapolated from 2023 data
7. Employee Commuting	Emissions from the transportation of employees between their homes and their worksites	Average-data method, extrapolated from 2023 data
11. Use of Sold Products	Emissions from the use of goods and services sold by AS Watson Group	- Partial primary data and average-data method - Direct emission calculated based on peer's 2025 emission intensity
12. End of Life Treatment of Sold Products	Emissions from the waste disposal and treatment of products sold by AS Watson Group at the end of their life	Waste-type-specific method and average-data method
15. Investments	Emissions associated with AS Watson Group's investments	Average-data method by applying emission factor from USEEIO dataset v1.3

ENVIRONMENTAL AND SOCIAL INDICATORS

Social KPIs

Number of Employees		Units	2023	2024	2025
Total			127,701	130,522	132,881
By Employment Type	Full-Time		71,864	73,120	70,928
	Part-Time		55,837	57,402	61,953

Number of Full-Time Employees		Units	2023	2024	2025
By Gender	Male		16,748	16,982	16,410
	Female		55,116	56,138	54,518
By Employee Category	Manager Grade or Above		3,057	3,109	3,090
	General Staff		68,807	70,011	67,838
By Age Group	Under 30		25,914	26,085	25,043
	30-49		40,101	40,777	39,717
	50 or Above		5,849	6,258	6,168
By Geographical Region	Hong Kong		6,982	6,879	6,822
	Chinese Mainland		21,058	19,834	16,780
	Europe		16,428	10,123	10,170
	Canada		0	0	0
	Asia, Australia and Others		27,396	36,284	37,156

ENVIRONMENTAL AND SOCIAL INDICATORS

Turnover Rate for Full-Time Employees		Units	2023	2024	2025
Overall			33%	32%	32%
By Gender	Male		27%	27%	29%
	Female		35%	33%	33%
By Age Group	Under 30		57%	56%	54%
	30-49		20%	19%	21%
	50 or Above		18%	16%	19%
By Geographical Region	Hong Kong		24%	18%	17%
	Chinese Mainland		22%	24%	28%
	Europe		39%	36%	45%
	Canada		0%	0%	0%
	Asia, Australia and Others		40%	38%	34%

Work-Related Fatalities		Units	2023	2024	2025
Number of Work-Related Fatalities			1	0	0
By Employee Type	Full-Time Employees		1	0	0
	Contractors		0	0	0
Rate of Work-Related Fatalities			0.001%	0.000%	0.000%

Lost Days Due to Work Injury		2023	2024	2025
Number of Lost Days Due to Work Injury		15,484	16,359	14,353
Number of Lost Time Injury Incidents		497	557	474

ENVIRONMENTAL AND SOCIAL INDICATORS

Percentage of Full-Time Employees Who Received Training		2023	2024	2025
Overall		85%	87%	87%
Breakdown of Full-Time Employees who Received Training		2023	2024	2025
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		2023	2024	2025
Overall		21.1	22.0	18.9
By Gender	Male	16.5	18.1	15.2
	Female	22.4	23.2	19.9
By Employee Category	Manager Grade or Above	15.1	22.0	22.9
	General Staff	21.3	22.0	18.7
Number of Suppliers		2023	2024	2025
Total		19,410	19,751	22,183
By Geographical Region	Hong Kong	2,738	2,303	2,358
	Chinese Mainland	2,483	2,475	1,783
	Europe	4,978	4,911	6,489
	Canada	109	113	105
	Asia, Australia and Others	9,102	9,949	11,448

ENVIRONMENTAL AND SOCIAL INDICATORS

Percentage of Total Products Sold or Shipped Subject to Recalls for Safety and Health Reasons		2023	2024	2025
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		2023	2024	2025
Products Related		3,789	8,760	5,325
Services Related		151,397	296,809	13,993
Number of Employees who Received Training on Anti-Corruption/Ethics		2023	2024	2025
Total		68,268	62,639	73,955
By Employment Type	Full-Time	45,927	47,655	47,917
	Part-Time	22,341	14,984	26,038
Percentage of Employees who Received Training on Anti-Corruption/Ethics		48%	50%	51%
Number of Training Hours on Anti-Corruption/Ethics		2023	2024	2025
Total		51,270	45,311	56,511
By Employment Type	Full-Time	43,922	40,914	48,785
	Part-Time	7,349	4,397	7,727

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 Gas (“GHG”) emissions inventory (“Emissions Inventory”) for the period from 1st January 2025 to 31st December 2025. The aim of this verification is to provide 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), with reference to ISO 14064-1:2018.

Based on the preparation of the “2025 Sustainability Report – Environmental KPIs” by ASWG in accordance with the Greenhouse Gas Protocol criteria, the verification team concluded its opinion after performing verification activities that included:

- off-site verification of GHG emissions data relating to Scope 1, Scope 2, and Scope 3 emissions from wholly owned offices, retail stores, manufacturing sites, and warehouses
- desktop review of the GHG data management system, and
- desktop review of documentation and supporting evidence.

Methodology

The verification was conducted in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) and referenced to ISAE 3410, Assurance Engagements on Greenhouse Gas Statements. The verification process included an assessment of:

- the selected reporting boundaries;
- the quantification methodology and emission factors used;
- the integrity of the historical activity data used;
- the accuracy and completeness of the GHG calculations; and
- conformance with the requirements of the GHG Protocol.

Remarks:

This is the extract of verification opinion no. 15000293. For the detailed information, please refer to the full version of verification opinion.

The integrity and accuracy of aggregated data were tested by tracing sampled data back to its supporting sources. The underlying processes for data collection, aggregation, estimation, calculation, and internal checking were reviewed and subjected to reliability testing. A materiality threshold of 10% was adopted for this verification. The HKQAA verification team did not participate in the GHG data preparation process.

HKQAA adopted a risk-based approach to the verification, and its examination included assessing evidence relevant to the amounts and disclosures relating to ASWG’s reported GHG emissions

Conclusion

Total GHG emissions of AS Watson Group for the period from 1st January 2025 to 31st December 2025 were as follows:

2025 GHG Emissions – GHG Protocol	Tonnes (T) of CO ₂ equivalent
Scope 1 Direct GHG emissions	101,164
Scope 2 Indirect GHG emissions from purchased energy	32,480
Total (Scope 1 Direct + Scope 2 Indirect Emissions)	133,644
Scope 3 Indirect GHG emissions	8,432,549

Signed on behalf of Hong Kong Quality Assurance Agency:



Connie Sham
Head of Audit

Date of Issuance: 18 May 2026

Verification No. 15000293

HONG KONG STOCK EXCHANGE ESG CODE 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 and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		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 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 GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste during the year.
KPI A1.1	The types of emissions and respective emissions data.	Environmental & Social Indicators	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Environmental & Social Indicators	
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Environmental & Social Indicators	

HONG KONG STOCK EXCHANGE ESG CODE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs		Relevant Chapter(s) of This Report	Notes and Relevant Policies
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Planet: Fighting the Climate Crisis	
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: Towards Zero Waste to Landfill	
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.		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 in total (kWh in '000s) and intensity.	Environmental & Social Indicators	
KPI A2.2	Water consumption in total and intensity.	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 within the Group's Scope 1 and Scope 2 emissions reduction targets under the Climate Transition Plan, supported by the Greener Stores Global Framework.
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.	Planet: Water Stewardship	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, and to reduce water consumption and reuse 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	

HONG KONG STOCK EXCHANGE ESG CODE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs		Relevant Chapter(s) of This Report	Notes and Relevant Policies
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.		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 3.1	Description of the significant impacts of activities on the environment and natural resources.	Planet	
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	

HONG KONG STOCK EXCHANGE ESG CODE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs		Relevant Chapter(s) of This Report	Notes and Relevant Policies
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	
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	

HONG KONG STOCK EXCHANGE ESG CODE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs		Relevant Chapter(s) of This Report	Notes and Relevant Policies
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 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.		The Group prevents and limits redundancies and incorporates human rights considerations into transition planning, including measures 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.		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 Governance: Sustainability Risk Management and Due Diligence	

HONG KONG STOCK EXCHANGE ESG CODE 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 Governance: Sustainability Risk Management and Due Diligence	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Product: Offering More Sustainable Products	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.		1. Supplier Code of Conduct 2. Customer Data Privacy Policy 3. Policy on Personal Data Governance 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.
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.		The protection of intellectual property rights is governed by internal policies, contractual arrangements with suppliers and business partners, and standard corporate governance and legal compliance processes.
KPI B6.4	Description of quality assurance process and recall procedures.	Products: Maintaining High Product Quality & Safety	

HONG KONG STOCK EXCHANGE ESG CODE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs		Relevant Chapter(s) of This Report				Notes and Relevant Policies
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Governance: Digital Governance and Emerging Risks				
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.					There were no concluded legal cases regarding corrupt practices brought against the Group or its employees that had a significant impact on the Group in the reporting period.
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Governance: Compliance	Business Conduct,	Ethics	and	
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Governance: Compliance	Business Conduct,	Ethics	and	
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.					1. Policy on Sustainability 2. Policy for Media, Publication Engagement and Donations 3. Community Investment Policy
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				

HONG KONG STOCK EXCHANGE ESG CODE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs	Relevant Chapter(s) of This Report	Notes and Relevant Policies
D. CLIMATE-RELATED DISCLOSURE		
(I) Governance		
19. Governance	Governance: Sustainability Governance Framework	
(II) Strategy		
20. Climate-related risks and opportunities		The Group has commenced a comprehensive climate-related risk and opportunity scenario analysis in collaboration with an independent third-party consultant, with the outcomes expected to be finalised and disclosed in the next reporting year to enhance alignment with HKEX climate disclosure requirements.
21. Business model and value chain		
22-23. Strategy and decision-making		
24-25. Financial position, financial performance and cash flows		
26. Climate resilience		
(III) Risk Management		
27. Risk management		The Group has commenced a comprehensive climate-related risk and opportunity scenario analysis in collaboration with an independent third-party consultant, with the outcomes expected to be finalised and disclosed in the next reporting year to enhance alignment with HKEX climate disclosure requirements.
(IV) Metrics and targets		
28-29. GHG emissions	Environmental & Social Indicators	
30. Climate-related transition risks		The Group has commenced a comprehensive climate-related risk and opportunity scenario analysis in collaboration with an independent third-party consultant, with the outcomes expected to be finalised and disclosed in the next reporting year to enhance alignment with HKEX climate disclosure requirements.
31. Climate-related physical risks		
32. Climate-related opportunities		

HONG KONG STOCK EXCHANGE ESG CODE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs	Relevant Chapter(s) of This Report	Notes and Relevant Policies
33. Capital deployment		The Group is in the process of developing its methodologies and governance frameworks for climate-related capital deployment and internal carbon pricing; accordingly, disclosures under Paragraphs 33–34 are not available for the current reporting period, with further enhancements and future disclosures planned as these approaches mature.
34. Internal carbon prices		
35. Remuneration	Governance: Integration with Performance Management	
36. Industry-based metrics		The Group is currently assessing the applicability and alignment of industry-based climate metrics with its operations and data availability; therefore, disclosures under Paragraph 36 are not provided for the current reporting period, with plans to enhance and incorporate relevant metrics in future disclosures as methodologies and data processes are further developed.
37-40. Climate-related targets	Planet: Fighting the Climate Crisis	
41. Applicability of cross-industry metrics and industry-based metrics		The Group is currently evaluating the relevance and applicability of cross-industry and industry-based climate metrics to its operations and data systems; therefore, disclosures under Paragraph 41 are not provided for the current reporting period, with plans to strengthen alignment and provide enhanced disclosures as methodologies and data readiness improve.

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 31 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 2025, AS Watson Group reported revenue of over US\$26 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 every year, dedicating over 40,000 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.



Contact Us

This Report can be accessed on [AS Watson Group'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:

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