



SUSTAINABILITY REPORT 2022

'USE IT TO YOUR ADVANTAGE'

A.S.
Watson
Benelux

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2022 AT A GLANCE

STORES



1,480

COMPARED TO 1,473 IN 2021

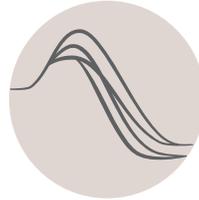
EMPLOYEES



28,997

COMPARED TO 27,433 IN 2021

SCIENCE-BASED TARGETS



approved

FOR A.S. WATSON GROUP IN 2022

VITALITY



WatsonVital

LAUNCH INTEGRATED APPROACH

JOBS



FOR PEOPLE WITH
A WORK RESTRICTION
COMPARED TO 304 IN 2021

DRUGSTORE DIPLOMA



4,020

EMPLOYEES
COMPARED TO 4,289 IN 2021

PACKAGING



497

MADE MORE SUSTAINABLE
COMPARED TO 250 IN 2021

RSPO-CERTIFIED PALM OIL



94%

MINIMUM MASS BALANCE CERTIFIED
COMPARED TO 82% IN 2021

LED LIGHTING



835

STORES
COMPARED TO 670 IN 2021

CO₂ EMISSIONS



-6%

COMPARED TO
11% INCREASE IN 2021

HEALTH AND BEAUTY PAPER PRODUCTS



97%

SUSTAINABLE CERTIFIED
COMPARED TO 97% IN 2021

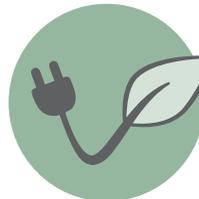
NATURAL AND AFFORDABLE



257

KRUIDVAT PRODUCTS
COMPARED TO 246 IN 2021

SUSTAINABLE ELECTRICITY



100%

IN THE NETHERLANDS
AND BELGIUM

MORE SUSTAINABLE PRODUCTS: BAGS PER TRANSACTION



4.4% in Q4

COMPARED TO 6.5%
IN Q4 2021

CO₂ TARGET FOR 2025



-18%

TARGET INCREASED IN 2022:
55% REDUCTION COMPARED TO 2018

FOREWORD

In 2022, for the first time in decades, peace could suddenly no longer be taken for granted. This realisation came suddenly, and we felt it. Millions of people fleeing, increasing lack of resources, expensive energy, high inflation. A wake-up call and extra reason for us to carefully examine our role in society and how we want to fulfil it moving forwards.

Our response to this is: just do it sustainably. Not because we have to, but because we want to. Because it goes without saying. So clear and obvious, we may not even need to mention it a few years from now. We are taking steps every day to make sustainability 'normal'.

Our own-brand products, for example, account for a third of our total range. We focus strongly on reuse, recycling, certified ingredients, and minimising the use of resources. In 2022, we made our Solait line more sustainable, both in terms of ingredients and packaging. The packaging is now made from recycled materials as much as possible, and both the bottle and the cap are recyclable.

But it doesn't stop with just our own brand. Especially for A-brand suppliers, we have introduced sustainability criteria. With every new product launch, we ask our partners five 'sustainability questions' about the packaging and the product. Does it contain microplastics, for example, or to what extent is the packaging recyclable? We are aiming to make our range more sustainable, product by product.

So that the millions of customers who visit our stores and online shops every week can make a more sustainable choice more easily. In terms of packaging, for example, we can focus more on refill packs. This will have a huge impact on our use of materials, waste streams, and increasing consumer awareness. Although that might take some getting used to.

In the autumn, we launched our *duurzaam doe je gewoon* ('just do it sustainably') campaign, which aims to communicate to our customers that sustainable and affordable go hand in hand. This campaign has been very well received, and I believe it's a good example of delivering what we promise.

The abolition of the disposable plastic bags is also in line with this approach. In its place we are offering reusable shopping bags made of recycled plastic or paper bags with FSC certification. But we still prefer asking our customers to bring their own bags. All in all, it has been a dynamic year during which we also felt the labour market scarcity. It didn't hit us too hard, however. I dare say that's because of our inclusive approach to colleagues and the way we value everyone who works with us. I am also very proud of all our colleagues because we need everyone on board for our sustainability journey. Together, we are working towards a good environment for the next generation.

Ed van de Weerd,
CEO A.S. Watson Health & Beauty Benelux



'Sustainable, not because we have to, but because we want to, and because it's obvious.'

ED VAN DE WEERD
CEO A.S. Watson
Health & Beauty Benelux



1. WHO WE ARE

1. WHO WE ARE

1.1 About us

We are A.S. Watson (Health & Beauty Continental Europe) B.V., known for Kruidvat, Trekpleister and Prijsmepper. We are part of A.S. Watson Group, the world's largest international Health & Beauty retailer. We have stores in the Netherlands and Belgium, both on the high street and online, and are the Health & Beauty market leader in the Netherlands.

Our entire range consists of regular and changing own-brand products alongside A-brands. We are happy to help everyone take care of themselves and the people around them in our stores. We offer a wide and affordable range, and provide advice and inspiration to help everyone feel beautiful, healthy and good about themselves.

Our range includes six product groups. With the four product categories Health, Baby, Beauty and Personal Care, we focus on personal attention for the family and people's bodies. This includes self-care medication, nappies, oral hygiene, bath and shower products, deodorant, makeup, etc. With the three other product categories Home, Fashion & Leisure, and Household & Food, we help our customers to make their lives more enjoyable. This ensures we create a pleasant homely feeling with the right accessories for the living room that are always competitively priced.

90% of the average number of products sold per week are our Health, Baby, Beauty, Personal Care, and Household & Food products. The remaining 10% are Home, Fashion & Leisure (HFL) products. Own-brand products account for 35% of the average number of products sold per week, and A-brands take up the remaining 65%.



ALWAYS SURPRISING, ALWAYS AFFORDABLE

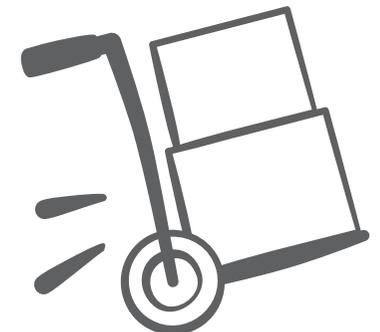
- Kruidvat is a self-service drugstore
- Over 1,250 stores (offline and online) in the Netherlands and Belgium
- Lots of high-quality own-brand products
- Combined with a wide range of A-brands such as L'Oréal, Dove, Biodermal, Axe, and many more
- Around 5 million customers per week
- Permanent good quality at a low price
- Anyone can feel beautiful, healthy and good about themselves with the best deals; always impressive and often sensational

ALWAYS THE BEST DRUGSTORE FOR YOU

- Trekpleister is the local value drugstore
- Around 200 stores (offline and online) in the Netherlands
- Many high-quality own-brand products
- Many promotions, tempting offers, permanent low prices
- Around 750,000 customers per week
- Offering appropriate and affordable health & beauty solutions, with enthusiasm and attention for our customers

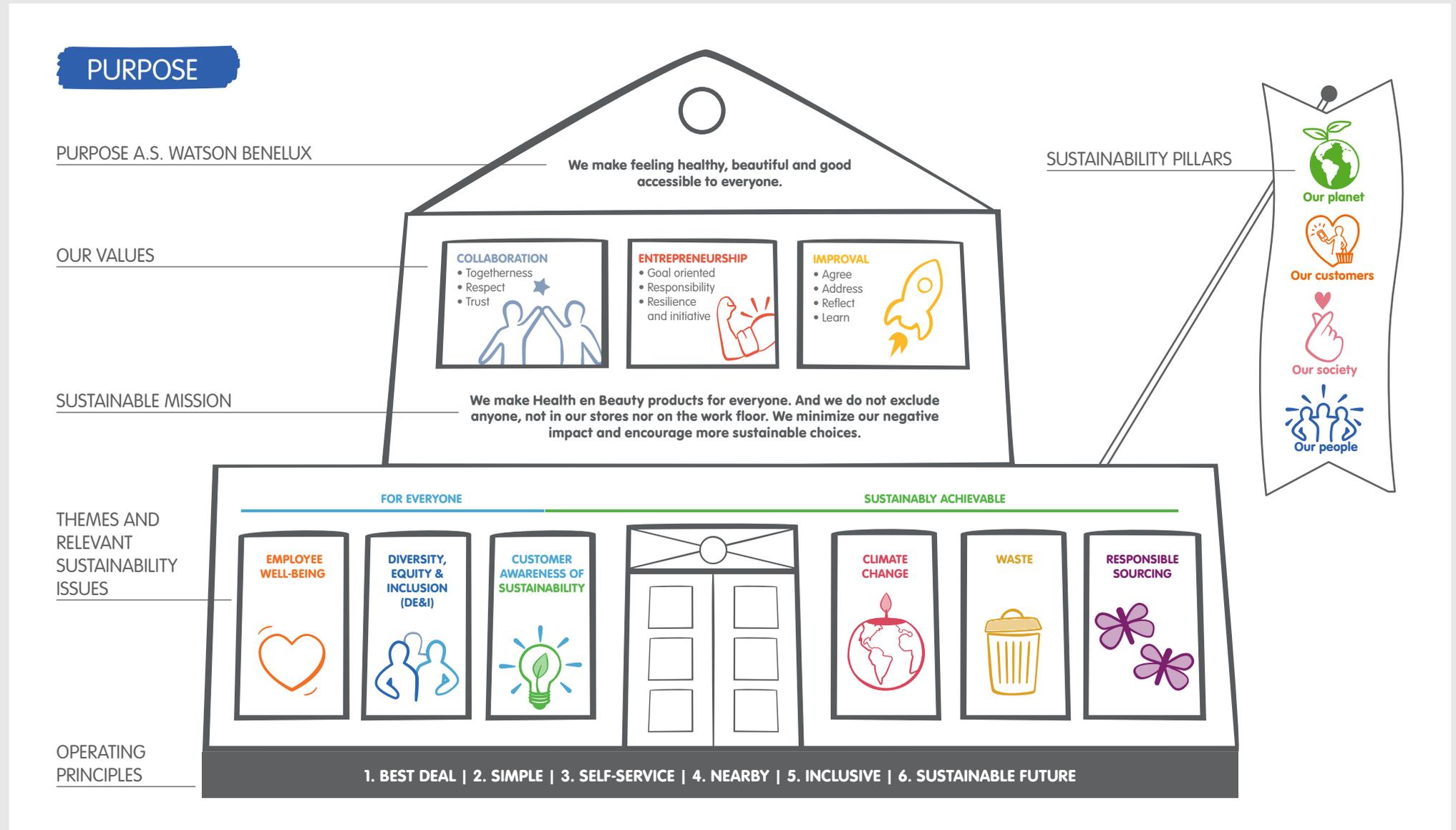
OUR POP-UP STORES

- Remaining stock from Kruidvat and Trekpleister
- Very low price
- Reducing residual flows to prevent waste
- Using vacant premises as efficiently as possible



1.2 Sustainable strategy

Sustainability is at the heart of our entire organisation, in every department, division and store. And that's why we want to minimise our negative impact on people, the environment and society. Because we realise that you can't feel healthy in an unhealthy world, or beautiful on an ugly planet, or good without treating each other well.





A.S. Watson Benelux Annual Sustainability Report 2022

OPERATING PRINCIPLES

Our Operating Principles serve as the basis for everything we do:

1. We always have the **best deal**: best offers and low cost = low prices. We give this benefit back to our customers.
2. We keep it **simple** and do not add complexity for our customers or in our supply chain.
3. We are **self-service**: we make it easy for customers to shop, find and use products.
4. We are **nearby**: we know and love our customers. Data gives us direction. We do what we promise (deal = deal) and are available to our customers anywhere and anytime, in our local stores and online (Offline + Online).
5. We are here for everyone: we are **inclusive** and do not exclude anyone.
6. We're aiming for a **more sustainable future**: we structurally invest time and money in new opportunities that minimise our negative impact, and encourage more sustainable choices throughout the chain.

TRANSLATION TO FORMULAS

We have translated our purpose to our formulas Kruidvat and Trekpleister, each with their own distinctive elements. You will find them below.

Transparency, sustainability and positive influence on the community are important areas of focus for our purpose. We communicate transparently about our activities and impact, both positive and negative. We do this with our customers, employees, suppliers and other stakeholders, such as NGOs (non-governmental organisations).

The retail market is dynamic. It's not just our customers' wishes and shopping habits that are changing. Consumers are also more aware of climate change and the importance of a good environment, and are increasingly choosing more sustainable products.



Accessible and impressive

In light of Kruidvat's over five million weekly customers, the emphasis here is on the power of the masses to create a positive impact together. For present and future generations.



Economical and attentive

Trekpleister is close to the customer. Paying attention to the customer is paramount. This connects people, helps them to feel good about themselves, and makes the world a better and more enjoyable place. This is how we create a greater positive impact together, now and in the future.

Our entire society is transitioning to a more sustainable world. As a value drugstore, we are right at the heart of the community. How we do this is anchored in our cultural values: collaboration, entrepreneurship and improvement. Everything we do is based on this and allows us to increase our positive impact.

Our own brand has around 4,500 products. We are in continuous dialogue with our suppliers and other partners in the supply chain to further improve sustainability. This mainly concerns the product, ingredients and packaging. Naturally, our influence on our own brand is the greatest. But we are also in constant discussions with our A-brand suppliers. Even though our influence here is less direct than with our own-brand products, we want their products to meet our sustainability criteria as well.

This is more challenging for some suppliers than for others. Many A-brands have already made great strides in making their products more sustainable. Together, however, we can increase our positive impact even further and raise customer awareness about sustainability.

In consultation with our stakeholders, we have determined which activities really matter to us when it comes to a more sustainable world. These are our material themes. This allows us to concentrate on the issues with which we can make a difference and contribute to our various Sustainable Development Goals (SDGs, see Chapter 3). In Chapter 4, we describe the developments for each material topic.



1.3 Sustainable ambition

Over the coming years, we will put even more effort into making more sustainable products accessible to our customers. Based on the best deal, findability and clarity for consumers. Above all, we want to make it easier to choose more sustainable products.

We're doing this by communicating clearly and transparently about the characteristics and origins of our products. Our CO₂ footprint must get smaller and will get smaller. We're aiming for a reduction of no less than 55% by 2025 compared to 2018 within our own organisation.

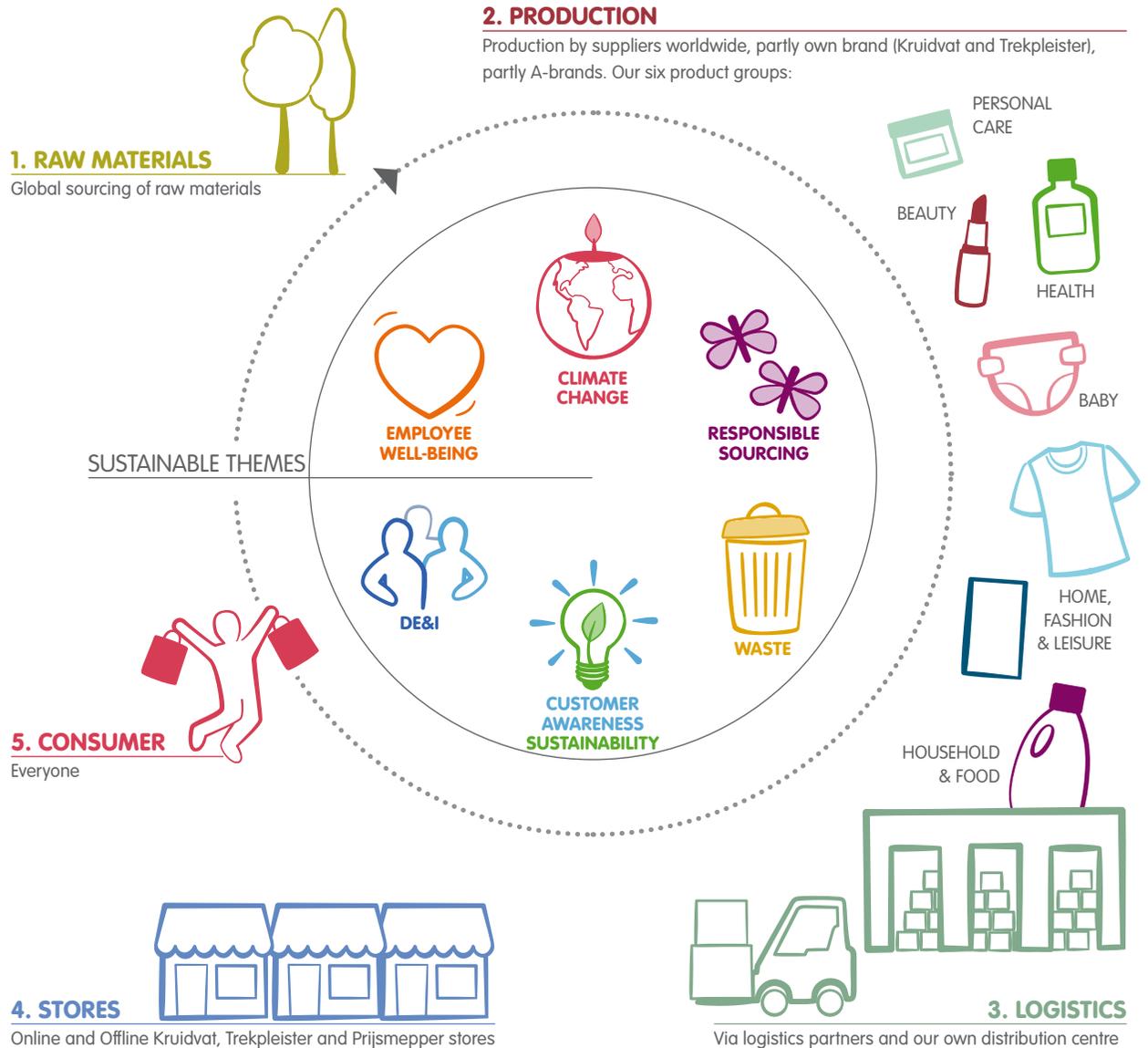
We have a keen eye for social conditions, not only in the Netherlands but also in countries with generally poorer working conditions. This is how we make our products accessible to everyone, working towards a cleaner environment and a better world for everyone.

1.4 Business model and value chain

As a major retailer, we have both direct and indirect influence on people, animals and the environment across the various links in the supply chain. It starts with our own-brand suppliers. We create the conditions for them to take steps in terms of fair and safe working conditions, and work as much as possible with sustainable raw materials and more sustainable packaging. In our stores, distribution centres (DC), e-fulfilment centre and offices, we influence the health, safety and vitality of our employees. We support and encourage our customers to make more sustainable choices.

To promote sustainability within our own operations and in the supply chain nationally and internationally, we are affiliated with various collaborating parties. To see the main parties with whom we have made commitments, see [Appendix 6.6](#).

VALUE CHAIN





1. RAW MATERIALS

Our supply chain starts with the purchasing of raw materials by suppliers. They process these into products and packaging. We are vigilant about using raw materials that are more sustainable whenever possible.

2. PRODUCTION

Our product range consists of own-brand products and A-brands. We have more direct influence on our own-brand products than on A-brands, we act as a retailer – buying and selling.

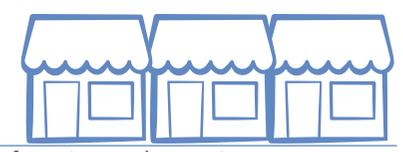
We work both with parties within Europe (Czech Republic, Germany, Italy, Belgium, Greece, Slovenia, Estonia, Bulgaria, United Kingdom, Hungary, Slovakia, France, Luxembourg, Switzerland, Sweden, Denmark, Spain, Netherlands, Portugal and Poland), and outside Europe (Bangladesh, Cambodia, Malaysia, Vietnam, Bahrain, United States, Taiwan, Mexico, South Korea, Thailand, Israel, Sri Lanka, China, India, Indonesia, Morocco, Egypt, Pakistan and Turkey).

Together with our suppliers and other supply chain partners, we are making our products and packaging more sustainable. And improving social conditions in the supply chain is an important focus that we are constantly working on. Our priority here is mainly on the Home, Fashion & Leisure (HFL) product group. 10% of the average number of products sold per week comes from this group, some of which are produced by parties outside Europe.



3. LOGISTICS

Products reach our store or the consumer directly from our logistics partners and our own distribution centres. Here too, we are working on reducing our negative impact: by saving energy in our distribution centres, working smarter and more efficiently, and reducing emissions from our transportation.



4. STORES

In our stores, we are focusing on becoming more sustainable through lower energy consumption, among other things. We pay great attention to our employees' vitality and inclusion.

5. CUSTOMERS

We support and encourage our customers to make more sustainable choices, always affordable for all. Our range is tailored to all stages of life. We are here for everyone.





2. THE WORLD AROUND US

THE WORLD AROUND US

In this chapter, we identify some relevant trends and developments in the world around us, and explain how we are addressing them. Chapter 4 describes how we intend to increase our positive impact in these areas and reduce our negative impact.

SUSTAINABILITY AND BUYING BEHAVIOUR

Sustainability is becoming increasingly important in consumers' purchasing decisions, as is evident from the Global Sustainability Study 2022*. Seventy-five percent of respondents said they had changed their buying habits at least moderately in the past year to be more sustainable. Even more remarkable is the shift among respondents who previously indicated being neutral or negative about sustainability.

Now, over 40% of this group stated that they prioritise environmental impact more in their purchasing decisions. But even though sustainability is taking on a more significant role for consumers, three important barriers to purchasing were also mentioned: affordability (33%), insufficient access to sustainable goods (25%), and uncertainty about the sustainability of the product (21%). These findings confirm the importance of our principle: making a more sustainable choice affordable and accessible to everyone.

CLIMATE CHANGE

Global CO₂ emissions rose again last year. So, even though the increase of 0.9% is smaller than feared, greenhouse gas emissions are still on an unsustainable growth path**.

The increase is much smaller than the 6% in 2021, but we are still talking about a new emissions record of 36.8 billion tonnes. This 'positive outcome' is mainly attributed to the growth of renewable energy, installation of heat pumps, electric cars and energy saving, according to the agency. Without the increase in clean energy sources, which resulted in a saving of 550 million tonnes of CO₂ in 2022, the growth in CO₂ emissions would have been nearly three times higher.

Reducing our emissions is a high priority. Our target is 55% less CO₂ emissions by 2025 compared to 2018. This applies to emissions in scope 1 and 2. Scope 1 concerns emissions from our own building and transport-related activities. Additionally, we classify outsourced transportation of products from distribution centres to our stores as scope 1 instead of scope 3. After all, this transportation is exclusively for us. Scope 2 involves the CO₂ emissions from the energy we buy and consume.



*The Global Sustainability Study 2022 was conducted by consultancy firm Simon-Kucher & Partners among more than 11,700 people from 19 countries.
**This was written by the International Energy Agency (IEA) on Thursday 2 March 2023 in a report on global emissions.

Our major impact is in scope 3, however. This concerns CO₂ emissions in our supply chain, where we have no direct control, e.g. emissions caused by the production of purchased raw or other materials, or the transportation of products to our distribution centres. We feel a great responsibility for this and are constantly engaging with our stakeholders, mostly suppliers, in the chain. We also want to inspire our customers, approximately five million per week, to purchase more sustainable products and encourage them to use these products in an energy-efficient way whenever possible.

We do this through open and transparent communication and attractive campaigns. We are committed to the Paris Climate Agreement, and our climate targets align with those in this Agreement. To calculate this precisely, we work with the Science-Based Target initiative (SBTi) methodology. The goals we formulated together with A.S. Watson Group were approved by the SBTi in 2022.

DEFORESTATION LEGISLATION

In December 2022, the European Parliament passed a new European law for deforestation-free products. This law aims to ensure that European citizens no longer buy, use or consume products that contribute to the global destruction of forests. This includes products such as soy, palm oil, coffee, cocoa, meat and wood from areas where forests and other valuable natural areas are often destroyed.

The law requires producers to prove that no new trees have been cut down since 2020 for goods imported into Europe. The legislation also addresses human rights in the relevant areas. In our own-brand products, we use several ingredients that we are focussing on in terms of the sustainability of our own brand, i.e. wood, cotton, palm oil, paper and cocoa. We impose strict requirements on our suppliers in this regard, work with certifications, are affiliated with BCI (Better Cotton Initiative), and purchase as much RSPO-certified palm oil as possible (Roundtable on Sustainable Palm Oil). We are currently investigating where and to what extent we may need to take additional measures in relation to deforestation legislation, and also considering Human Rights Due Diligence in this process.

DILEMMA

Climate neutral means that an organisation, process or product emits no greenhouse gases (e.g. CO₂) and particulate matter, or that these emissions are offset. We have also compensated for some of our products to be 'climate neutral'. But climate neutrality is a complex and confusing concept. In practice, it is not usually possible to completely eliminate greenhouse gas emissions. The portion of emissions that cannot be reduced or avoided is therefore offset. There are different forms of CO₂ compensation, and the offset itself is often only approximate. This means that neutralising the climate damage caused by emissions is not always conclusive. In addition, offsetting emissions through compensation is seen as easier than reducing or avoiding them, and some organisations consider this to be greenwashing. As a result, the term climate neutral is being increasingly discouraged by governments across Europe.

This term is already well-established, however, which makes it less appealing to use other terms and potentially confusing for consumers. As a result, more and more parties are stopping compensation in order to make the impact of their products more sustainable. This can have a significant inhibiting effect on private investments in projects such as reforestation, which are crucial for mitigating climate change and preserving biodiversity.

We have therefore chosen to change the 'climate neutral' label on our products to 'CO₂-compensated', and actively and transparently communicate the steps we are taking to reduce and avoid first. We believe it is important to continue working to reduce, avoid and offset CO₂ emissions, even if it brings fewer benefits in terms of customer communications.





SCARCITY OF RAW MATERIALS

The global shortage of raw materials is affecting almost every industry. Consider, for example, the shortage of semiconductor chips in the automotive industry, or the lack of construction materials and sunflower oil. But even manufacturers of packaging materials are facing shortages of raw materials. Fortunately, we have been able to minimise the impact on our customers through good collaborations with various partners. Even in the long run, however, resource scarcity will continue to play a role.

The development and implementation of circular solutions (a situation in which waste materials are fully reused in the economic system) offers a solution to a significant part of these challenges.

LABOUR MARKET

Tightness in the labour market has reached such high levels that in the second quarter of 2022, there was a shortage of personnel in all occupational groups, as is evident from the Spanningsindicator ('Labour Market Tension Indicator') from the UWV (Employee Insurance Agency). The UWV calculates labour market tightness for 92 different occupational groups, and all of them considered 2022 to be a tight or very tight year (source: UWV). Belgium is also experiencing labour scarcity, particularly in Flanders.

Our organisation has shown exceptional dynamism in relation to the labour market over the past year. We have invested a lot of effort in recruitment, which has been successful. For example, it is now possible to apply for jobs in pairs or even via WhatsApp. We have also been working on retention for some time, which has allowed us to effectively address labour market issues, for example by helping employees to keep their jobs when they move to another city to study. We arrange for them to work in one of our stores in that new city.

Our long-term policy is focused on investing structurally in the relationship with our employees and working towards a positive *employee experience*.



ACTIES

CRON
A.S. Watson Benelux Annual Sustainability Report 2022



3. HOW WE CREATE VALUE

HOW WE CREATE VALUE

3.1 Stakeholders

We work with a variety of stakeholders to deliver on our promises to our primary stakeholder, the customer, every day. We believe it is important to have an open dialogue with all of our stakeholders on a regular basis. This makes it clearer what we expect from each other. And it makes us better able to respond to various developments in society. We have identified six different stakeholder groups (see box opposite).

We structurally address our key sustainability issues in our discussions with stakeholders. But it's not just these issues that we talk about, however, because we also discuss their impact, translated into the United Nations Sustainable Development Goals. How we can create long-term value and where and how we can accelerate. [Appendix 6.3](#) provides a schematic overview of our stakeholder dialogue.



CUSTOMERS

The customer is our main focus. We are here for everyone, young and old alike.



SUPPLIERS

We work intensively with our suppliers to improve sustainability and social policy in the supply chain.



SHAREHOLDER

We coordinate our reporting and policies with our shareholder.



GOVERNMENT

We are in regular contact with various agencies regarding social policies, working conditions and sustainability.



SOCIETY

We have contact and cooperate with civil society organisations, NGOs, knowledge institutes, industry associations, charities, and so on.



EMPLOYEES

Our employees are the core of the organisation and a reflection of society.

3.2 Material topics

For this report, we conducted a comprehensive dual materiality analysis. This involves working from two approaches. The inside-out perspective, or impact materiality, aims to determine the sustainability issues focused on people, the environment and society, where our activities have the most impact. The outside-in perspective assesses the financial impact and the (potential) impact of sustainability issues on our business success. From the shortlist of 11 material topics, we have determined six as the most material. These align with our previous topics in terms of content, and we have formulated policies, objectives and KPIs for each of them.

In Chapter 4, we discuss the progress made for each material topic in 2022, new developments, etc. A detailed explanation of our materiality is included in [Appendix 6.2](#).



CLIMATE CHANGE

We are aiming to reduce our climate and environmental impact through energy saving, reducing CO₂ emissions, having more sustainable packaging, and sourcing certified raw materials, as well as taking responsibility for our supply chain.



WASTE

We want to ensure that the waste from our products and packaging has as little impact on the environment as possible. We are therefore looking at which materials we can best use, and how to make the packaging as small and recyclable as possible. Besides packaging, we are also looking at other sources of waste, such as our own company waste and how to avoid it.



RESPONSIBLE SOURCING

We distinguish two sub-topics: less environmental impact of ingredients and products, and socially responsible sourcing of products. It is essential that all our products and raw materials come from socially and environmentally responsible sources. We are working with our suppliers to ensure proper working conditions and respect for human rights.



CUSTOMER AWARENESS OF SUSTAINABILITY

We support and encourage our customers to make more sustainable choices, so they can easily find products that cause the least possible harm to people, the environment and society. In particular, this involves choices in the areas of more sustainable ingredients, packaging, and responsible use of products.



DE&I*

It is important to us that everyone has a chance to participate fully and feel safe, seen and heard. This applies to all our colleagues; we do not exclude anyone and offer equal opportunities. And for all our customers, we want to ensure that our stores and product range are inclusive and accessible.



EMPLOYEE WELL-BEING

We want to be a good employer for all our colleagues. That's why we think it's important for everyone to feel fit and vital. Employees should also have the opportunity to continue their development, feel appreciated, and get the best out of themselves.

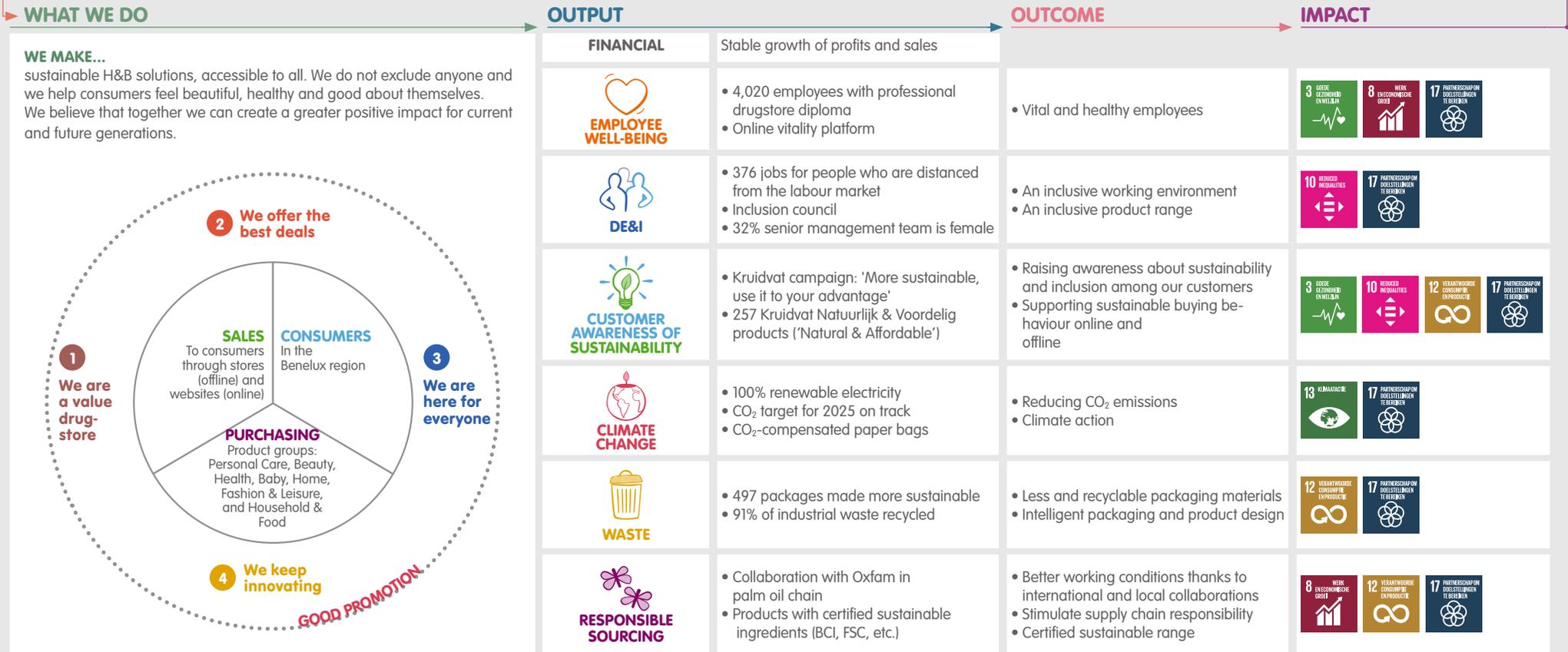
* It is common practice to use the abbreviation DE&I for Diversity, Equity & Inclusion. We also do this elsewhere in the report.

3.3 Value creation model

Millions of customers rely on our wide range of products every week. Our network of almost 1500 online and offline stores means we are always nearby. As the leading Health & Beauty retailer in the Benelux region, we are therefore not only contributing to more conscious choices for our customers; we are also helping with local economic growth and employment. We directly employ almost 29,000 people. Our products have both negative and positive impacts. In the value creation model below, we provide insight into what capital we utilise, how we use it to create value for our stakeholders, and what this delivers to society in the longer term.

INPUT

FINANCIAL <ul style="list-style-type: none"> Shareholder equity 	INTELLECTUAL <ul style="list-style-type: none"> 28,997 employees Product and customer knowledge through training and advanced data systems 	FACILITIES <ul style="list-style-type: none"> 1,480 stores in two countries Two distribution centres and one e-fulfillment centre online stores for two retail concepts 	NETWORKS <ul style="list-style-type: none"> Large-scale reach of around five million customers per week Long-term collaboration with partners and NGOs Dialogue with partners and stakeholders Great reputation 	RAW MATERIALS <ul style="list-style-type: none"> Certified raw materials including paper, plastic, coffee, cocoa and palm oil 397989 GWh of electricity 4.2 million m³ of gas
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EXPLANATION OF OUTCOME AND IMPACT

Within our value creation process, we are aware of the impact our actions have both on the environment and on people and society. We use the SDGs to make as much positive impact as possible while adhering to our strategic principles for long-term value creation.

This ensures we are already taking steps towards a more sustainable world and making our products accessible to everyone, now and in the future.



For all our material topics, we collaborate with institutes, organisations, industry associations, etc. to contribute to achieving international sustainability goals (SDG 17).



EMPLOYEE WELL-BEING

We are committed to creating a work environment where all our colleagues feel vital and good about themselves. We do this by ensuring everyone has access to the right products to feel physically, mentally and socially-emotionally well and resilient. This helps to reduce absenteeism and optimise the sustainable employability of our workforce.

SDGS



We offer programmes focused on health and vitality, both at our headquarters and in stores (SDG 3.4).



We ensure good working conditions and provide a safe working environment for everyone (SDG 8.8). We provide equal opportunities and equal pay for equal work to all, without discrimination between individuals (SDG 8.5).



DE&I

Inclusion is central to our strategy; we are here for everyone. In addition to our colleagues and customers, we also want to contribute to society. This includes creating more job opportunities for people who are distanced from the labour market, and ensuring a welcoming work environment for everyone.

SDGS



We strive for equality, diversity and inclusion so that our colleagues reflect society and no one is excluded (SDG 10.2). We provide equal opportunities, reduce inequality and support various initiatives to promote these ends (SDG 10.3), for example by collaborating with our partners at a local level.



CUSTOMER AWARENESS OF SUSTAINABILITY

We offer our customers ever more products that meet various sustainability criteria, including with Kruidvat Natuurlijk & Voordelig. These products are accessible to all. We aim to make our communication about sustainability as clear as possible, for example by providing information about sustainability certifications.

SDGS



We offer more sustainable products (SDG 3.4) that are accessible and affordable to all (SDG 3.8).



Our products carry relevant information about their origin and various sustainability logos (SDG 12.8). This applies to both environmental and social issues.



We are also paying attention to raising awareness on inclusion (SDG 10.2).



CLIMATE CHANGE

As a major retailer, we consume a significant amount of energy, and our CO₂ emissions contribute to global climate change. Our goal is to reduce our CO₂ emissions by 55% in 2025 compared to 2018. By committing to the SBTi, we are also pushing ourselves to further reduce emissions from our products.

SDGS



Through our initiatives and associated communications, we raise awareness and encourage adjustments to reduce the negative impact on the climate and mitigate climate change (SDG 13.3).



WASTE

Our packaging and products are a significant source of waste. By encouraging as much reuse as possible, we are taking our first steps toward a circular economy. Our ultimate goal is a fully circular economy by 2050. We will increasingly focus on packaging, product design, company waste and waste prevention.

SDGS



With our own brand, we aim for less packaging and packaging made from better and recyclable materials (SDG 12.5).



RESPONSIBLE SOURCING

Some of our products come from countries where there is a higher risk of poor working conditions. By collaborating with partners, we prevent abuses and support our suppliers in improving working conditions in the supply chain. Our products require a significant amount of raw materials, which can contribute to the loss of natural capital. By investing in certified raw materials such as RSPO palm oil and BCI cotton, we are already making our range more sustainable and contributing to the sustainability of various raw material supply chains.

SDGS



We ensure good working conditions in the supply chain through social audits via the Business Social Compliance Initiative (BSCI) and by setting requirements for our suppliers to prevent human rights violations (SDG 8.8).



For our own brand, we are striving for more sustainably-managed raw materials and encouraging A-brands to do the same (SDG 12.2).





4. POLICIES AND RESULTS

POLICIES AND RESULTS

In this chapter, in paragraphs 4.1 to 4.6 we discuss developments with regard to our most material topics in 2022. In paragraph 4.7, we describe the developments with regard to social engagement, and in 4.8 we address responsible governance and policies. Neither emerged as the most material topic, but they are important drivers for responsible business practices for us.



4.1 Climate change

Limiting our impact on the climate is a high priority. One way we do this is by reducing our greenhouse gas emissions (such as CO₂). Not only for our own processes, but also, for example, by encouraging suppliers to do the same. Where possible, we are implementing energy-saving measures and opting for alternative renewable energy sources.

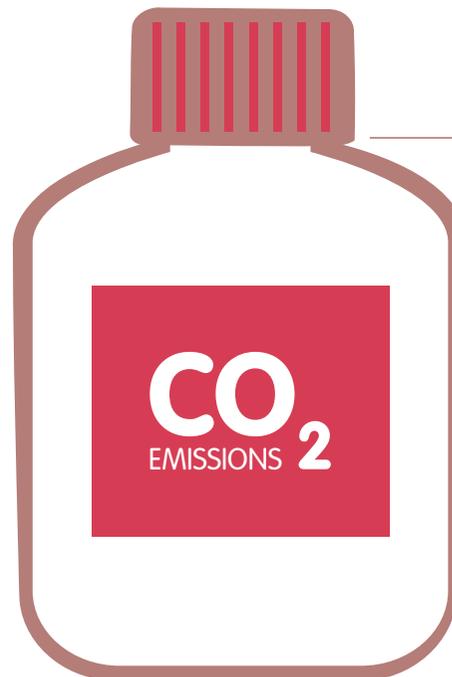
SCIENCE-BASED TARGETS

In 2022, as part of A.S. Watson Group, we committed to the Science-Based Targets initiative. The Science-Based Targets initiative is a collaboration between CDP, the United Nations Global Compact, World Resources Institute, and the World Wide Fund for Nature. Companies can join this initiative to set scientifically supported climate goals. By the end of 2022, our targets were also approved by this initiative. This means that we have set three new objectives regarding our CO₂ emissions in our own operations (scope 1 and 2) and in our supply chain (scope 3). These objectives are:

1. Reduce scope 1 and 2 greenhouse gas emissions by 50.4% by 2030 compared to base year 2018.
2. Reduce greenhouse gas emissions in scope 3 from purchased goods and services, upstream transportation and distribution, and the use of sold products by 58% per euro of value added by 2030 compared to the base year of 2018.
3. Commit that 33% of suppliers will have science-based targets (SBTs), based on emissions related to purchased goods and services, upstream transportation and distribution, by 2027.

For our scope 1 and 2 emissions, we have even raised the bar a little higher. We are aiming to reduce CO₂ emissions by 55% by 2025 compared to 2018. By 2030, we expect to have 75% less CO₂ emissions in scope 1 and 2 by avoiding and reducing them. We also expect to then have experience of offsetting based on our remaining 25% of CO₂ emissions. The inventory of our total CO₂ emissions in 2018 for the purposes of the above targets showed that 98% are in scope 3.

The attached overview shows the categories of scope 3 where the most emissions occur. We have classified outsourced transportation specifically for us, between our distribution centres and stores, as scope 1, as we can exert significant direct influence here. At the end of 2022, we started systematically collecting data on our scope 3 emissions from our suppliers, with the aim of monitoring progress on our objectives by the end of 2023.



COMPOSITION OF CO₂ EMISSIONS

SCOPE 1 (1.9%)

SCOPE 2 (0.1%)

SCOPE 3 (98%), of which:

- business travel (0%)
- fuel and energy-related activities (0%)
- capital goods (0.25%)
- waste generated in operations (4%)
- waste processing (4%)
- commuting (7%)
- upstream transport & distribution (16%)
- products & services purchased (25%)
- use of products sold (42%)

Energy-saving measures for stores

To further reduce our energy consumption, we have appointed an energy coordinator. In addition to the current standard practice of installing LED lighting in new stores, we have also initiated a project to install LED lighting in 204 existing stores by 2023. Initial results already show a halving of energy consumption in some stores. We are making further energy savings by replacing faulty heating systems in existing stores. In the event of any malfunction or defect in a central heating system, we are replacing it with an (all-electric) heat pump. All new stores have been all-electric as standard since 2020.

We also believe it is important for our employees in the stores to understand what energy-saving entails and its impact. Explanation is more effective than imposition, which is why we launched an internal awareness campaign in the autumn. We have also implemented several energy-saving measures, such as closing doors, setting thermostats to 19 degrees where possible, and turning off lights when not needed.

Furthermore, we have provided everyone in our stores with a body warmer. For stores where doors cannot be easily closed, we use air curtains. Air curtains are invisible but effective. They keep the cold out and the warmth in at the store entrance. In the summer, they work the other way around, keeping the cold inside and the heat outside.

Energy-saving measures for distribution centres

As part of our efforts to constantly seek further opportunities to save energy and reduce CO₂ emissions in our distribution centres, we organised the A.S. Watson Logistics Energy Challenge in collaboration with the province of Gelderland in 2020. The company Sprinkler Energy pitched the best sustainability idea for our distribution centre in Heteren. After several meetings, we decided to implement the idea and installed a Sprinkler Energy system in our distribution centre in 2022.

The sustainability idea involved our existing sprinkler tank. The temperature of the water in the tank is converted into heat using two heat pumps. One pump provides the heat to the building, and the other pump prevents the temperature in the sprinkler tank from becoming too low. We ultimately expect this system to reduce our gas consumption by 40%. We will be able to determine the actual efficiency by the end of 2023.

In 2022, all Belgian and Dutch stores operated on 100% renewable electricity. Furthermore, our newest distribution centre in Heteren has been fitted with solar panels since 2016, and we are striving to transport our products as efficiently as possible, especially by reducing the number of transportation movements.



Stores with LED lighting	2019	2020	2021	2022
Number of stores	512	599	670	835
Percentage of stores	35%	41%	45%	57%

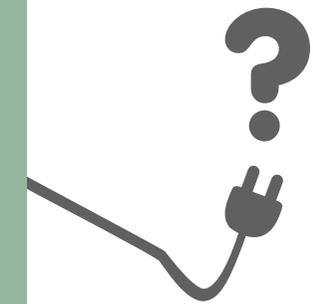
Percentage of renewable energy	2018	2019	2020	2021	2022
The Netherlands	81%	74%	100%	100%	100%
Belgium	100%	100%	100%	100%	100%

Energy consumption	2018	2019	2020	2021	2022
Energy consumption in GJ	446,052	437,385	411,569	434,081	397,989

DILEMMA

We are continuously exploring opportunities to make our logistics more sustainable. Electrification of our logistics would be a good step. Many companies have already electrified some of their trucks, and we are currently undertaking a trial. Whether this will be a solution in the short term is still unclear.

The current (over)loading on the electricity grid (network congestion) means we are not able to charge all trucks. What happens in the future will determine when and if this will become possible. Aside from this, we are also investigating the optimal mix, which may consist of electric trucks and trucks running on biofuels and/or hydrogen.





Total CO ₂ emissions in tonnes	2018	2019	2020	2021	2022
Stores	11,683	13,717	6,965	8,359	7,646
Transport	12,014	12,039	11,875	12,786	11,910
Distribution centre	1,334	1,596	880	1,022	1,010
Head office	235	242	145	98	125
Vehicle fleet	2,241	2,226	1,658	1,617	1,858
Annual report total statement	27,507	29,821	21,523	23,881	22,550
CO ₂ reduction compared to 2018	0.0%	-8.41%	21.75%	13.18%	18.02%

Total CO ₂ emissions in tonnes per scope	2019	2020	2021	2022
Scope 1	22,863	21,523	23,881	22,550
Scope 2	6,957	0	0	0

Percentage of total CO ₂ emissions	2020	2021	2022
Stores	32%	35%	34%
Transport	55%	54%	53%
Distribution centre	4%	4%	4%
Head office	1%	0%	1%
Vehicle fleet	8%	7%	8%

'Sprinkler Energy is a very special project to work on. It shows that we are keeping a close eye on the world around us, including with regard to sustainability.'

PAUL DE VISSER
Manager Warehouse Operations Benelux



Reducing our emissions is a high priority. Our target is 55% less CO₂ emissions by 2025 compared to 2018. This applies to emissions in scope 1 and 2. Scope 1 concerns emissions from our own building and transport-related activities. Additionally, we classify outsourced transportation of products from distribution centres to our stores as scope 1 instead of scope 3. After all, this transportation is exclusively for us. Scope 2 involves the CO₂ emissions from the energy we buy and consume. We have been buying renewable electricity since 2020, which means our scope 2 emissions are zero. Our focus is on reducing our emissions in our stores and transport ([see page 24](#)).

4.2 Waste

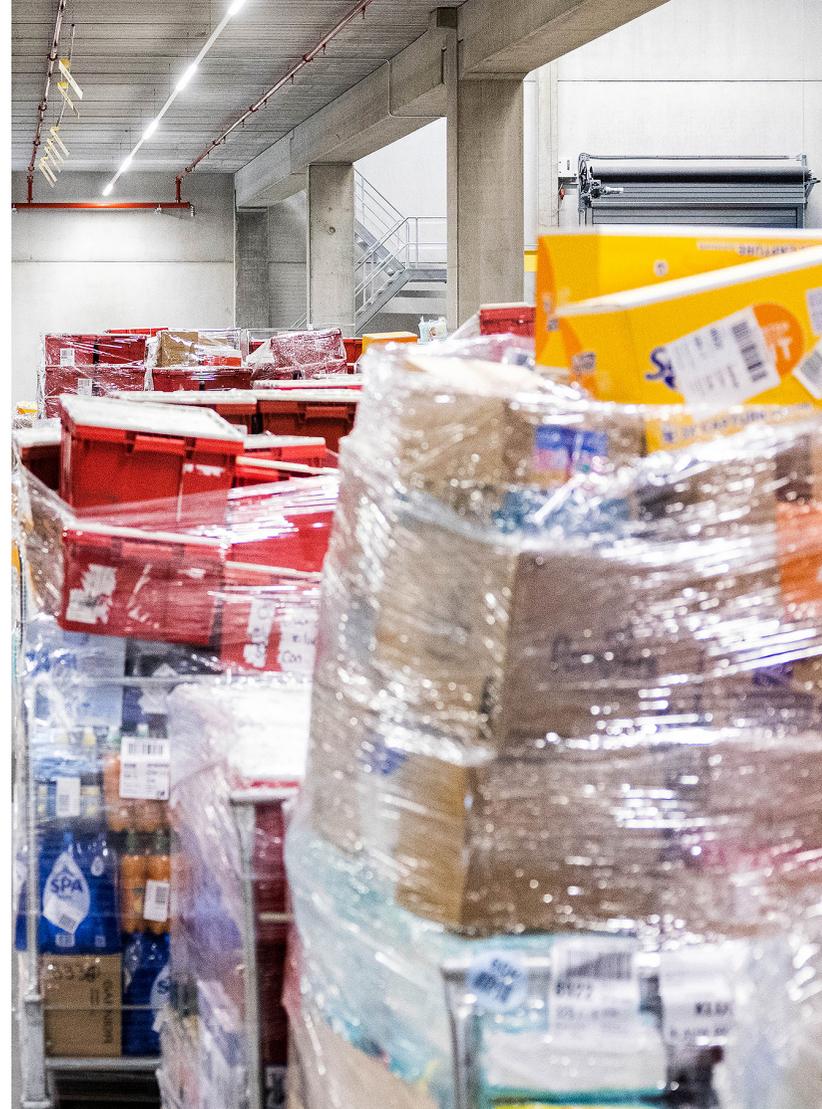
We want to ensure that the waste from our products and packaging has as little impact on the environment as possible. We are therefore looking at which materials we can best use, how to make the packaging as small as possible and easy to recycle, and ultimately how we contribute to circularity by doing so. Besides packaging, we are also looking at other sources of waste, such as our own company waste, product design (including how we create our own-brand product formulations and design our packaging), and how to prevent it.

Company waste

As a major retailer we produce waste, which mainly comes from transport packaging in the form of flexible plastic and cardboard. We are striving to reduce this and recycle as effectively as possible. In doing so, we are seeking a balance between minimising our environmental impact and protecting the product. Of our contracted waste streams totaling 20,830 tonnes (2021: 21,371), 90.9% was recycled (2021: 91%).



Waste streams in tonnes	Processing	2018	2019	2020	2021	2022
Paper/cardboard & archives	recycling	16,531	16,896	16,242	17,101	16,585
Plastic	recycling	1,253	1,370	1,270	1,356	1,352
Construction/demolition waste	recycling	165	191	148	654	656
Metal	recycling	220	289	281	362	340
Swill	recycling	3	3	3	3	3
Hazardous waste	recycling	4	1	6	9	4
Glass	recycling	-	1	1	0	1
Wood	recycling	-	1	10	2	1
Residual waste	incinerated for energy production	2,160	2,123	2,110	1,884	1,889
	Total	20,336	20,833	20,064	21,371	20,830
	% recycling	89.3%	89.6%	89.5%	91.0%	90.9%



More sustainable packaging	2020	2021	2022
Paper FSC or PEFC packaging	~75%	~75%	~75%
Improved paper packaging	77	250	497



E-commerce and sustainability

Online shopping experienced significant growth during the pandemic, and this growth continues, albeit at a slightly slower pace, in our online stores. In terms of sustainability, we have three key focus areas for e-commerce: transportation, packaging materials, and returns. We offer our customers two delivery options, with our aim being to handle transportation and packaging materials as efficiently as possible. When a customer chooses to have an online order delivered to their home (home delivery: HD), the order is processed at our distribution centre in Ede.

If a customer chooses to collect the order in-store (pick up in store: PUIS), the order may be processed in either Ede or the relevant store. For orders over 50 euros, customers are not charged for delivery to prevent unnecessary car trips for each individual package. When picking up in store, no delivery charges are applied for purchases over 15 euros. When these orders are processed in Ede, multiple packages are delivered to a store together by PostNL. If the order is processed in-store, no transportation is required. In both cases, a PUIS order saves a significant amount of transportation. When the order is processed in-store, we use a paper bag instead of a cardboard box

to save packaging materials. We handle millions of boxes per year, including packing materials, in the distribution centre in Ede. We can further reduce our impact here. We have made some of the cardboard boxes thinner, which quickly saves many kilograms of packaging materials. It is important that they remain sturdy enough to protect the contents, however. The packing material is made from plastic instead of paper. Plastic almost always goes straight into the plastic waste bin, so it does not easily end up in the environment. Furthermore, plastic production emits less CO₂ than paper production. We exclusively use 100% recycled plastic. In Q4 2022, we made adjustments to the plastic and its usage, resulting in a 24% reduction in plastic usage per year. Almost all returns from online orders end up at the stores. If they still meet our strict quality standards, they are resold in the store. Avoiding returns to the distribution centre means we prevent additional transportation.

Introducing the more sustainable shopping bag

Considering all the steps we are taking towards sustainability, there is no longer any place for disposable plastic bags. We therefore consulted our customer panel to assess demand. The proposal that emerged was to make the bag more sustainable while keeping it affordable. The result is a truly more sustainable shopping bag made of mono-material, consisting of 90% recycled plastic with at least 5% plastic from the ocean.

We offer a paper bag for customers who do not want a more sustainable shopping bag. This is made of 100% recycled FSC-certified paper and is CO₂-compensated. The CO₂ emissions that cannot be reduced or avoided are offset through Climate Partner projects. Discontinuing disposable plastic bags means we are saving more than 41,000 kilograms of plastic annually. This is plastic that often used to end up as litter on the streets. We also encourage customers to bring their own bags to our stores.

Interestingly, since the abolition of disposable bags, only 4.4% of customers now purchase a bag, compared to 6.5% before. The next step is to replace plastic confectionery bags with paper bags by 2023. A trial is currently underway, which will be rolled out nationwide if successful.



DILEMMA

Bags or no bags? Since last year, plastic disposable bags can no longer be found at Kruidvat or Trekpleister. We felt that this was an important step in reducing litter. However, with this decision came another dilemma: do we want to continue offering (disposable) bags, or do we ask our customers to always bring their own bag? Many customers feel it is important to have the option of a single-use bag. We have therefore decided to offer these customers a paper bag.

The advantage of paper is that if the bag is not disposed of properly, it will at least not leave harmful microplastics in nature. However, since paper production and transportation may cause higher CO₂ emissions, we offset these emissions with Climate Partner. We mainly encourage our customers to bring their own bag, and hope that eventually we will no longer need to offer the single-use option.





4.3 Responsible sourcing

A. LESS ENVIRONMENTAL IMPACT

The cultivation, harvesting and collection of ingredients for products can have a negative impact on the environment.

For example, it can contribute to deforestation or pollution from pesticides. We are aiming to reduce the negative impacts of our products by using more sustainable materials and ecological ingredients, and therefore purchasing products that have certifications to ensure a more sustainable origin.

SUSTAINABLE PRODUCT RANGE

Sustainability affects our entire range of approximately 4,500 own-brand products, and should therefore be integrated into all aspects of product development. This includes using materials that are more sustainable, reducing materials, using more sustainable packaging, and incorporating certifications. For wood and paper, we look for PEFC or FSC certification, and we prioritise the Rainforest Alliance certification for coffee and cocoa. We're also engaging in discussions with our own-brand suppliers regarding our sustainability criteria. We specify the sustainable aspects we are looking for and share our objectives with them. It helps that they are having to comply with increasingly stringent legislation, but they also need to meet the additional requirements we set. We are even stricter for newly developed products. The goal is to take a further step towards sustainability with every product development. We are ultimately aiming to reduce or even phase out plastic and disposable products as much as possible, and apply the 5 Rs here: reduce, reuse, refill, recycle, and renew.

We are committed to becoming more sustainable step by step. One good example of this is the new Kruidvat Solait sun protection products. This packaging now contains at least 50% recycled plastic, and the product does not contain microplastics. There is also no longer any plastic film around our day and night cream boxes, which means less plastic and less packaging. Our manual toothbrush packaging is now mostly made of paper instead of plastic. We are doing this for the customer, who is increasingly valuing sustainable products. For example, our Kruidvat Natures line is made with at least two organic ingredients, making it the most sustainable option within our own-brand portfolio. This line was updated in 2022, and the new products will be available in stores this year. This wide range makes it easier for our customers to make a more sustainable choice.



'It's great that the sustainability of the range is really becoming part of all our work. We care about it and are working hard to improve.'

JELKA MOLENAAR,
Head of Own Brand

COTTON

We use cotton in our range of own-brand fashion products. Currently, our cotton target focuses on cotton used in textiles. In 2020, we entered into a long-term partnership with BCI (Better Cotton Initiative) to make our cotton textiles more sustainable. Our goal is for 80% of the cotton we use to be sourced through the BCI system by 2025. With a few years still to go, we are currently at 71%, so we are on track. The remaining 20% will consist of organic and/or recycled cotton. This allows us to keep the product accessible and affordable for everyone while increasing our positive impact. The BCI system operates through a mass balance approach ([read more here](#)). As a result, the product itself may not necessarily contain more sustainable cotton. For other products, we are currently in discussions with our suppliers to find a more sustainable alternative to cotton.

In order to inform consumers that we are using cotton sourced through the BCI system, we are labelling our own-brand products with the BCI logo where applicable. This requires that at least 10% of the cotton is sourced through the BCI system. Our work process is aligned with this requirement, and we communicate to our suppliers what we do and do not accept. In 2022, the result far exceeded the necessary level (50%-60% BCI). We also became a member of the Stichting UPV Textiel ('UPV Textile Foundation') last year. This producer organisation was established to collectively make the textile chain more sustainable. Over the coming years, there will be more focus on promoting the reuse and recycling of all types of textiles.



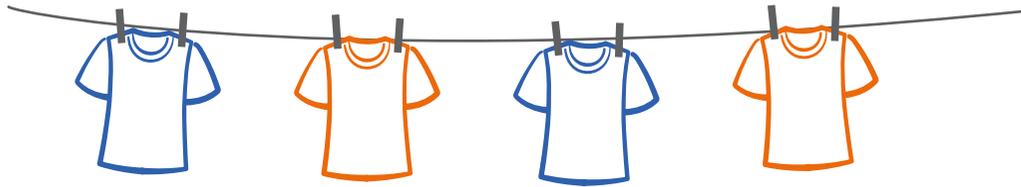
Responsible sourcing raw materials	Achieved in 2020	Achieved in 2021	Objective 2025	Achieved in 2022
Percentage of H&B OB Palm oil minimum mass balanced RSPO-certified	63%	82%	100%	94%
Wood and paper - FSC- or PEFC-certified	96%	97%	100%	97%
Coffee - UTZon or Rainforest Alliance label	100%	100%	100%	100%
Cocoa - Rainforest Alliance label	100%	100%	100%	100%
BCI cotton for textiles	0%	50-60%	80%	71%



MORE SUSTAINABLE COMPANY CLOTHING

We have opted for one of the most sustainable solutions for the company clothing in our stores: 100% recycled polyester. This circular solution with recycled polyester has several advantages over 100% recycled cotton: it retains its shape better, is more colourfast, and stronger. It also doesn't compromise on comfort compared to other fabrics. We return our old clothing to be recycled, which prevents mountains of clothing waste. This means we save approximately 96% water, 36% energy, and 20% CO₂ compared to non-recycled cotton clothing.

Furthermore, we have also agreed with our supplier that factory workers in the country of production receive a living wage. Simply put, a living wage is the level of remuneration that enables a person and their family to afford all basic needs, pay the required taxes, and save for emergencies.



PALM OIL

Palm oil is an important natural raw material for food, as well as derivatives in our cleaning products, personal care products, and cosmetics. These derivatives make shampoo foam or skincare feel extra soft, for example. Most palm oil is grown in tropical countries such as Malaysia and Indonesia. The palm oil sector is under fire because of the risk of illegal logging in rainforests, and workers' rights and human rights infringements.

Here at A.S. Watson, it is important that our own-brand products contain responsibly produced palm oil. We do this by procuring RSPO-certified palm oil wherever possible. The Roundtable on Sustainable Palm Oil (RSPO) is an initiative geared towards promoting the use of sustainable palm oil. Currently, 94% of the palm oil in our own-brand label is at least mass balanced RSPO-certified palm oil, and this should be 100% by 2025.

To further enhance our understanding and influence in the palm oil supply chain, we became a partner of FAIR in 2020. FAIR stands for Freedom of choice, Accountability, Improvement of benefits & Respect for rights, and is a multi-stakeholder project established by Oxfam Novib in Southeast Sulawesi, Indonesia.



'Kruidvat was one of the first companies that we collect and recycle clothing for. We collect old clothing and start by breaking it down. Then it goes to the factory in Turkey, where a shredder chops it into fibres again. A wick can be made from these fibres, which is then spun into yarn. Fabrics made from 100% recycled polyester are then produced from this yarn.'

SHIRLEY SCHIJVENS,
Director Schijvens Confection Factory Hilvarenbeek

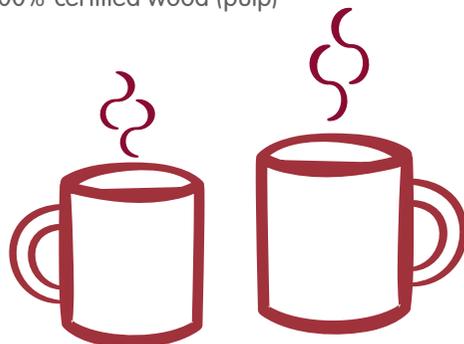
With this partnership, we are making a positive impact on small palm oil farmers and their communities in a diverse and sustainably managed landscape. We also want to inform our customers about what is happening ‘on the ground’. Unfortunately, progress has been slow here due to Covid-19 measures and staff shortages within the project team, but we expect to take more concrete steps again in 2023.

COFFEE AND COCOA

Virtually all coffee and cocoa products are imported from countries outside the EU. To ensure that our coffee and cocoa are produced responsibly in these countries, we are affiliated with the renowned Rainforest Alliance label. For us, this quality mark is a good guarantee of quality. In 2022, as in 2021, we met our goal: 100% of our own-brand products containing coffee or cocoa are Rainforest Alliance-certified. We want to keep it that way in the long term, which is why we’ve set this goal for 2025. In doing so, we are following developments closely, so that a sustainability level for coffee and cocoa can be maintained in line with market practice.

WOOD AND PAPER

Most of the wood pulp we use for own-brand products in our permanent product range is PEFC- or FSC-certified, or made from recycled material. Wood pulp is processed into various products, such as lotion wipes, cleaning cloths and nappies. In 2022, 97% of the paper and wood we use as ingredients for our own-brand Health & Beauty products was certified with the FSC or PEFC label (2021: 97%). Ultimately, we are aiming for 100%-certified wood (pulp) and paper by 2025.



SUSTAINABILITY CRITERIA

In 2022, we worked on increasing our in-house knowledge in the field of sustainability. Five topics emerged that we are incorporating into discussions with A-brand suppliers to make this range more sustainable.

1. Has recycled material been used for the packaging?
2. Has less material been used for the packaging?
3. Do the products have sustainable certifications?
4. Is the product free from microplastics?
5. What happens to the product and packaging after use?

We are working hard to give more weight to these topics in our purchasing decisions so that we can be ‘stricter’. This is also in line with (upcoming) legislation, which is increasingly imposing further requirements. We are still in the process of securing source data – such as packaging information, ingredient specifications, and CO₂ emissions – in our systems and then linking them to the Green 5 topics. We expect to take concrete steps in this regard in 2023, enabling us to communicate even more specifically about more sustainable products.



ENVIRONMENTAL POLICY

In addition to the discussions on sustainability criteria described above, for several years we have been asking suppliers about their environmental policies. This allows us to reduce the environmental impact of our article production and gain insights into the production locations’ activities. We provide a BEPI list to suppliers in high-risk countries. This list (derived from amfori) asks about environmental issues. We engage in discussions with suppliers who have a poor score and work together to improve it. Thoroughly mapping everything allows us to communicate transparently with each other about it.

DIFFERENT TYPES OF CERTIFICATION

There are different types of certification within the RSPO palm oil chain. In products that contain *segregated* or *identity preserved* palm oil, we are assured that the product actually contains more sustainably produced palm oil, although we don’t always know exactly which plantation it comes from. This is not always possible; particularly for palm oil derivatives, there is a lack of availability of these types of certified ingredients. In these cases, *mass balance* is a good alternative.

Even within the *mass balance* principle, there is a certification system that includes control at every link in the chain. We are not certain, however, if the palm oil in our products necessarily comes from certified producers. By continuing to use *mass balance*, we are investing in the sustainability of the palm oil supply chain, which will ultimately lead to more fully traceable palm oil becoming available in the long term.



B. SOCIALLY RESPONSIBLE SOURCING

When purchasing products and ingredients, it is essential that they come from a socially responsible source, taking into account proper working conditions and always respecting human rights. This means that, based on our chain responsibility, we hold suppliers accountable for adhering to responsible production methods, and

we conduct checks to ensure compliance, for example ensuring independent audits are carried out in factories. We also use international norms and standards to assess human rights practices, based on OECD and UNGP guidelines.

SOCIAL POLICY

As part of our social policy, we are affiliated with amfori, which helps us to improve social and environmental policies in our value chain through the Business Social Compliance Initiative (BSCI) platform. Amfori conducts social compliance audits at factory locations, and there are different levels achievable. The audit for a supplier at level A or B is valid for 2 years. At level C, it is valid for 12 months, so it is monitored more strictly. We do not consider Level D to be sufficient, and use it as a reason to start an improvement process with the manufacturer, which should lead to improvement and a minimum level C score within a year.

In 2022, 12,748 products in our supplementary product range came from high-risk countries. A BSCI social compliance audit was conducted at the factory for 99.98% of the products, and we have the score. This means that 99.45% of all these products come from a factory that achieved at least BSCI level C. For our Health & Beauty products, we have relatively few suppliers with factories in high-risk countries. In 2022, there were 572 products. A BSCI audit was conducted at the factory of origin for 96.7% of these products, and we know the score. In total, 96.53% of the health and beauty products from high-risk countries come from factories with a BSCI level C or higher.

HUMAN RIGHTS DUE DILIGENCE

It became apparent, during interviews with various stakeholders following our materiality analysis, that certain specific human rights issues in our social policy do not receive sufficient attention, and our impact further down the chain is not clearly addressed.

They recommend conducting a *human rights due diligence* to better analyse the chain, identify where the most *salient risks* occur, and clearly communicate any actions taken as a result. Improving the registration and communication regarding this policy and the steps described in the OECD guidelines are therefore on our agenda for this year.



Articles from high-risk countries	Non H&B	H&B
2019	5,191	442
2020	12,073	536
2021	12,344	553
2022	12,748	572
% of products with BSCI audit available	Non H&B	H&B
2019	72%	97%
2020	87%	98.30%
2021	99.62%	97.50%
2022	99.98%	96.70%
% of products with no BSCI audit available	Non H&B	H&B
2019	28%	3%
2020	13%	1.70%
2021	0.38%	2.50%
2022	0.02%	3.30%
% products not BSCI-compliant (no audit + D score)	Non H&B	H&B
2019	34%	12%
2020	16%	1.70%
2021	0.61%	2.50%
2022	0.55%	3.47%
% products BSCI-compliant (minimum C score)	Non H&B	H&B
Achieved in 2020	66%	88%
Annual target	84%	98.3%
Conducted in 2021	99.39%	97.50%
Achieved in 2022	99.45%	96.53%
Annual target BSCI-compliant products	100%	100%



4.4 Customer awareness of sustainability

We support and encourage our customers to make more sustainable choices, so they can easily find products that cause the least possible harm to people, the environment and society. In particular, this involves

choices and awareness in the areas of sustainable ingredients, packaging, production, and the responsible use of products. We aim to make our communication about sustainability as clear as possible, for example by providing information about sustainability certifications.

ADVICE ON RESPONSIBLE USE

For some of our products, it is important to know how to use them responsibly. This includes vitamins supplements or over-the-counter medicines. With over 4,000 certified drugstore employees in our stores, we can provide customers with information on this.

Certified drugstore employees	2020	2021	2022
Number	4,379	4,289	4,020



NATUURLIJK & VOORDELIG ('NATURAL & AFFORDABLE')

To positively influence our consumers' choices, we introduced the Natuurlijk & Voordelig concept two years ago. To qualify for this, products must meet at least six out of eleven criteria, which can be found on our website [website kruidvat.nl](https://www.kruidvat.nl) under Natuurlijk & Voordelig.

The criteria are grouped into three pillars: ingredients, packaging and production conditions. Expanding the concept to multiple categories has proven to be quite challenging in practice,

Kruidvat Natuurlijk & Voordelig	2020	2021	2022
Products	200	246	257
Categories	4	5	7
Brands	12	20	24



and keeping the products up to date to ensure they meet the criteria is quite labour-intensive. We also want to prevent our customers from confusing natural products with more sustainable choices. That's why, in 2022, we started to search for a better concept to help our consumers find a more sustainable choice in all categories. We expect to complete this transition in a new concept in 2023.

MAKE MORE SUSTAINABLE CHOICES

We make more sustainable products accessible and affordable for everyone. We achieve this by offering more sustainable A-brands at discounted prices, such as Marcel's Green Soap or Naïf, and by making our own brands more sustainable. And we have shown that being more sustainable doesn't need to be grand, complicated or expensive with our Kruidvat campaign: *More sustainable, use it to your advantage.*

With this campaign, we are focusing on the power of the masses, who can make a big difference by taking many small steps together. By making more sustainable choices affordable and accessible as a value drugstore, more and more customers are not only taking care of themselves, but also of the environment and society. In this campaign, we are demonstrating that more sustainable choices start close to home. The mix of humour and relatability in its execution is very powerful. The campaign's message is delivered by our regular face: Lies, a single mother of three with a rather hectic lifestyle.

We show that more sustainable choices start close to home, can be affordable, and that you can always rely on Kruidvat. Lies is convinced of this in a humorous way. The campaign has been very well received, particularly because it has the right balance between sentiment and relevance. Various reports and figures have shown that this combination motivates consumers to take action.

We have therefore successfully encouraged more sustainable choices. Over the coming years, we will continue to focus on the fact that Kruidvat makes sustainability accessible to everyone through more sustainable A-brands and own-brand products that are also affordable. We see great potential to make a difference together with our customers.

CAMPAIGN OUTCOMES IN FIGURES

Shifting communication reminders to sustainability	Before	After
'Kruidvat has an extensive range of affordable more sustainable products'	-	60%
Increase in brand funnel	Before	After
Consideration	78%	87%
Preference	49%	55%
Recommendation	30%	38%
Score on brand values	Before	After
Sensational	40%	57%
Bold	37%	54%
Sustainability image	Before	After
Uplift	14%	22%

VISIBILITY OF SUSTAINABILITY INITIATIVES

Even though our campaign has already been successful and contributed to our sustainability image, we are not there yet, and there is a caveat. The Brand Tracker measures every week to what extent our customers perceive us as being engaged in sustainability. In 2022, this was 14% on average for Kruidvat Netherlands. In 2023, we are aiming to increase this to at least 18%. For comparison, the best-in-class companies currently score 16% here. A deep dive into the brand tracker in December 2022 revealed some areas for improvement.

'We are working hard to demonstrate which products are a more sustainable choice and why, and communicate about the sustainable initiatives we are engaged in, both online and offline. Naturally, we are striving to present this information in a way that is easy for everyone to understand. After all, sustainability shouldn't be made overly grand or complicated. Doing all this will help us to really inspire people to take action for sustainability.'

INGEBORG LIGTERINGEN,
Head of Marketing Benelux
Kruidvat & Trekpleister

Since the positive results produced by the campaign, Kruidvat's association with more sustainable products has dropped off again somewhat. For example, even though a third of consumers notice that our sustainable range is expanding, they don't always know which products are sustainable. Most are aware that we have stopped using disposable plastic bags, but their replacement with sustainable shopping bags is not sticking in their memory sufficiently. Awareness of other initiatives, such as sustainable packaging, has not improved over the past year either.

So we are not where we want to be yet, and will work on this in the coming period. This includes improving the visibility of more sustainable products in the store and providing more communications, supplemented with engaging campaigns.



4.5 Diversity, Equity & Inclusion

It is important to us that everyone has a chance to participate fully and feel safe, seen and heard, regardless of their background, gender identity, beliefs, sexual

orientation, age, physical or mental disabilities, and so on. We are here for everyone, which is why we are working towards creating accessible stores and an inclusive range of products.

EMPLOYEES

Our stores place us at the heart of society. We believe it is important that our employees also reflect the community, with people of different backgrounds and cultures working together – not only to learn from each other, but also to grow together. In Belgium, for example, we participated in the 'Beyond the headscarf' social media campaign by LEVL, a network organisation working towards a society where everyone feels connected, recognised and acknowledged. With our participation in this campaign, we are aiming to demonstrate that inclusion is not only important for our company but for society as a whole.

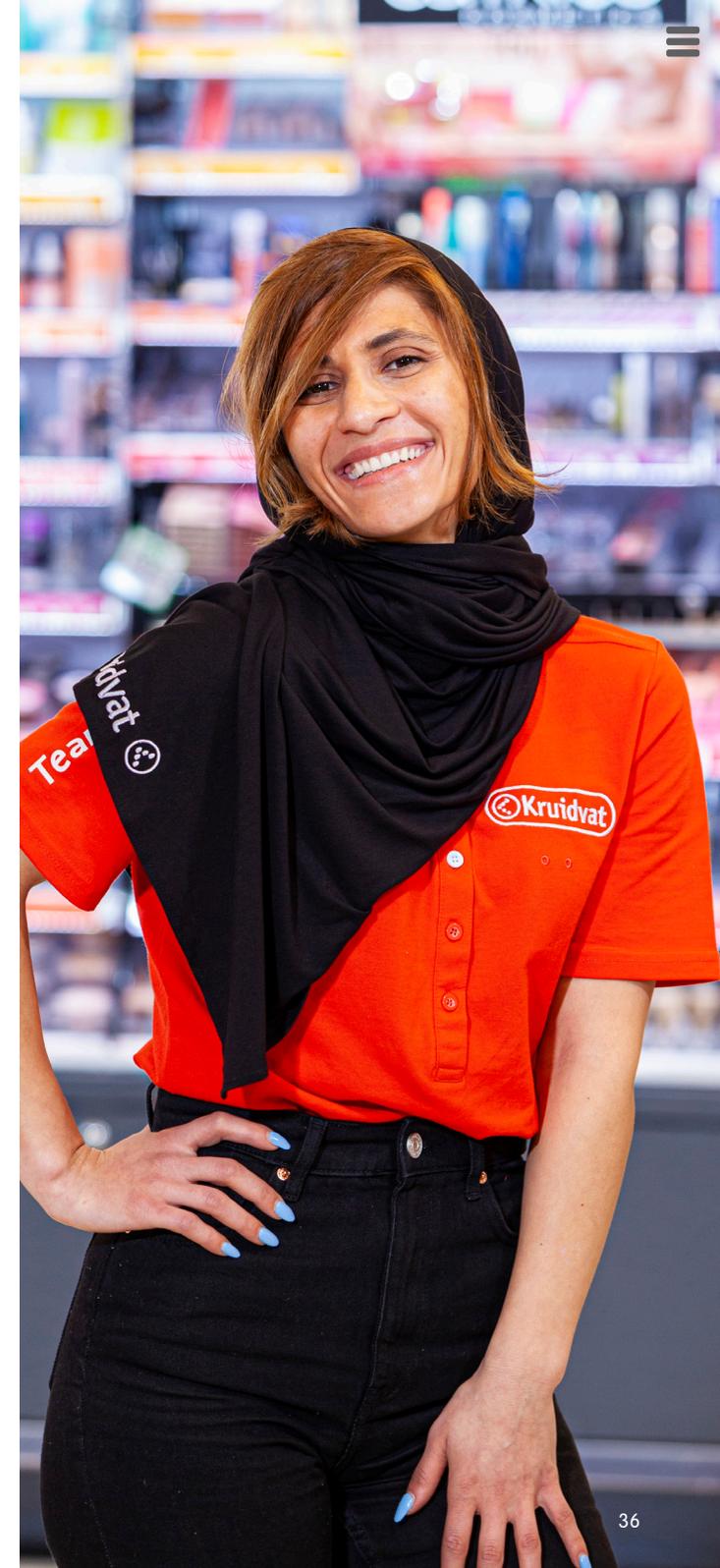
The A.S. Watson Benelux management team is 32% female. For the group's store managers, the percentages of women are 83%, 91% and 94% for Kruidvat Netherlands, Trekpleister and Kruidvat Belgium respectively. The table on the next page provides further insights into the diversity within our organisation.

Inclusion and diversity have been implicit core values for us for almost 50 years. We are here for everyone, and that clearly cannot be achieved without inclusion and diversity. Furthermore, we do not take our inclusive company culture for granted, and are making progress in embedding it more concretely into our policies. For example, we now have a working group dedicated to promoting inclusivity and raising awareness about DE&I (Diversity, Equity & Inclusion).

This team is not alone; within A.S. Watson Europe, there is a team of *DE&I Champions*, which meets once a month to share knowledge and experiences in this area and provide further guidance for our policies. Within A.S. Watson Benelux, the Manager of People Development & Transformation is responsible for this asset.

We will take this further in 2023 by developing a vision together with the HR management team, and then integrate this further into our policy and strategy, and start organising activities. We can track our progress here by setting measurable targets.

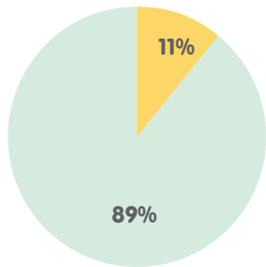
We are not standing still in the meantime, and will also continue to work on our existing commitments. One of our objectives is to offer people who are in a disadvantaged position in the labour market the opportunity to develop and grow both personally and professionally. We created more positions for these people in our stores in 2022 (376 compared to 304 in 2021).



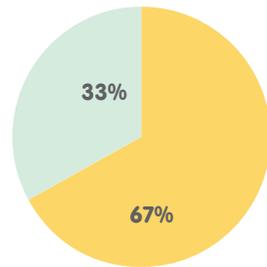
DIVERSITY FTE

Number of FTEs	2021	%	2022	%
Headquarters Netherlands and Belgium	913	9%	927	8%
Kruidvat / Prijsmepper Netherlands	5,722	54%	6,075	54%
Trekpleister Netherlands	784	7%	807	7%
Distribution centre	1,265	12%	1,300	12%
Kruidvat Belgium	1,934	18%	2,114	19%

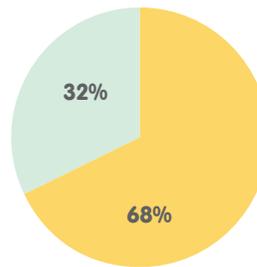
DIVERSITY MANAGEMENT 2022 M F



Store managers
2021: 11% M | 89% F



Management
2021: 67% M | 33% F

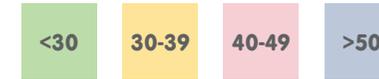


Management team
2021: 63% M | 37% F

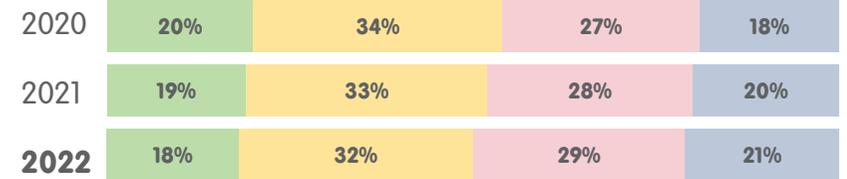
DIVERSITY M F IN PERCENTAGE FTE

Location	2021		2022	
	M	F	M	F
Headquarters Netherlands and Belgium	33%	67%	29%	71%
Kruidvat / Prijsmepper Netherlands	14%	86%	15%	85%
Trekpleister Netherlands	6%	94%	6%	94%
Distribution centre	67%	33%	66%	34%
Kruidvat Belgium	10%	90%	11%	89%

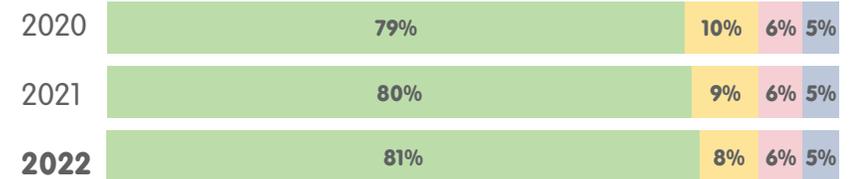
DIVERSITY AGE



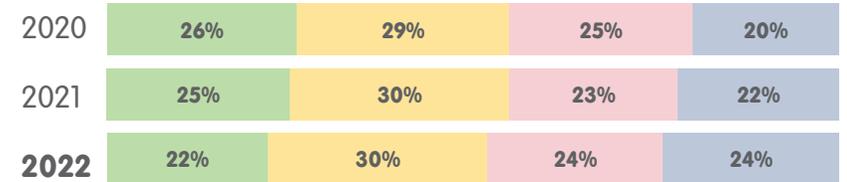
Headquarters NL/ BE



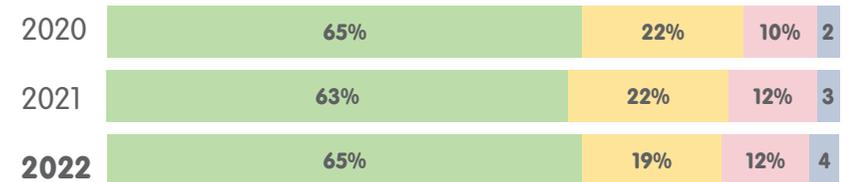
Kruidvat Netherlands and Prijsmepper



Distribution centre



Kruidvat Belgium



'I think it's great when a company invests in an Inclusion Council. I have also recently become a member of the Beauty Council at A.S. Watson. With many years of experience as a makeup artist, I can apply all the knowledge I have gained to what I do now. The key is to ensure that everyone can navigate the range of products. I help to diversify the offerings to reach a broader target audience.'

Consider the range of shades available for blusher, for example. It comes in three colors, with the darkest being peach rose which, when applied to dark skin, creates a whitish haze, limiting its appeal to a specific and limited group of people. We are gradually going through the entire range, focusing in particular on the basics such as powder and foundation. These need to be 100% right to serve our customers effectively. Above all, our main aim is to maintain quality while keeping the products affordable.'

AMANDA RIJFF
Inclusion Council



CUSTOMERS

We aim to reach all our customers with our product range, because that is what Kruidvat stands for: an inclusive and accessible assortment. We seek advice from our Inclusion Council to make it more inclusive. Amanda Rijff is one of the members on this advisory board. She has years of experience as a beauty coach and master make-up artist, and understands better than anyone how colours can have different effects on lighter and darker skin tones.

Among other things, we have adapted our own-brand range of sun protection products, which previously left a white residue on darker skin. But, thanks to our product development, they are now suitable for all skin types. Ultimately, we're aiming to make our entire range more inclusive. There is still a lot of work to be done, but we're already reaching a larger group of customers.

4.6 Employee well-being

We want to be a good employer for all our colleagues, which is why we prioritise ensuring that everyone feels fit and vital. We do this by ensuring everyone has access to the right products to feel physically, mentally and socially-emotionally well and resilient. Employees also need to have the opportunity to continue their development, feel valued, and get the best out of themselves.

EMPLOYEE EXPERIENCE

We stand for modern and inspiring employment practices, and this translates into actions that prioritise the well-being and happiness of our colleagues. We also support employees in their career development as much as possible. This involves supporting all our colleagues in the best way possible in their professional and personal lives, taking into account their age and stage of life.

We strive for an optimal *employee experience*, which means we encourage open communication and feedback. We don't just share successes on our internal social platform, but also concerns. Every colleague has a voice and can express disagreement. This platform provides us with valuable insights into the feeling among our colleagues. And we can always facilitate conversations between a district manager and a colleague if necessary, for example. This message resonates, because collaboration is ingrained in our culture.

TRAVEL EXPENSES SCHEME

Jan Carel Uylenberg, HR Director A.S. Watson Benelux and Sustainability Ambassador ASW Group on optimising the *employee experience*: 'Acting from the employee perspective is our starting point. We invest a lot of time in connecting with our colleagues, with the sincere belief that it is important to listen to what concerns them. Doing this often leads us to different choices when facilitating colleagues in their primary role, and makes their work more enjoyable.'

One example of this is the travel expenses scheme. We used to approach this from the employer's perspective, prioritising administrative simplicity. Colleagues received a fixed amount per month based on fictional travel days, depending on the number of contract hours and commuting distance (which was essentially 'locked in'). The software we used for this was quite static and did not take actual travel into account. But this policy has been revised now, so the distance is regularly revised for everyone and updated immediately when someone moves house. This means we now reimburse the actual distances travelled, ensuring that you get paid according to how many trips you actually make. This has received positive feedback because everyone can see that we understand their individual circumstances.'

VITALITY

The main goal of our vitality initiatives is to enable colleagues to remain vital in their professional and personal lives. In 2022, we launched a programme for the entire Benelux region: WatsonVital This is a mix of activities that increase awareness about vitality and have a greater impact, for example, on professional and personal lives. It can be accessed through a dedicated website, with suitable activities highlighted every season. We're aiming to measure its effectiveness by monitoring the number of website visitors and gathering feedback on their experiences about the programme, and will start reporting on this from the third quarter of 2023.

Significant progress has already been made in 2022: in addition to the launch of WatsonVital, vitality has become measurable and is now on the strategic HR calendar. Once a year, we measure the impact of vitality on productivity through WatsUp, which gives information to help shape our vitality programme further.

We're using the Sustainable Employability Index (DIX) developed by the Netherlands Organisation for Applied Scientific Research (TNO) for this – a methodology that covers health and energy, motivation and engagement, work-life balance, and current and future knowledge and skills. We measure these aspects per business unit and per division (stores, distribution centres, offices). In 2023, we're aiming to formulate appropriate targets within our WatsonVital programme for the issues that require the most attention according to this tool.



'How I stay vital? I go outside regularly and love to exercise. The most important ingredients for me are: sport/exercise, regularity and, importantly, sociability.'

LISA ARNOLDUS
HR Business Partner



'We've been in business for 30 years in Belgium. I grew up with Kruidvat, which is as Belgian as can be as far as I'm concerned, and I'm really proud of that.'

NICOLAS CROP
HR Manager Kruidvat Belgium

Nicolas Crop, HR Manager Kruidvat Belgium, explains some aspects of the Belgian market and how Kruidvat Belgium is dealing with labour market scarcity and employee well-being: 'With nearly 300 stores, we are a major retailer in the Belgian market. We have excellent coverage, especially in Flanders. There are still a few gaps in Wallonia and Brussels, but that's where we see the greatest potential for future store expansion.'

LABOUR MARKET

There is a labour shortage here, just like in the Netherlands. It really helps that we are seen as an attractive employer, and the team spirit we manage to create is very appealing. We're a growing company that is gaining market share. We're also continuing to invest in new stores at a time when this cannot be taken for granted. And we don't exclude anyone. Our team is diverse, which means, among other things, that wearing a headscarf is fine; in fact, it's part of our range of company clothing, which unfortunately isn't yet the case with many employers in Belgium. We're also trying to recruit as broadly as possible, preferably in positions where we can offer colleagues opportunities for growth. This allows us to create a 'breeding ground' for our own talent. We can shape, train and promote our own people, which we strongly believe is a good and pragmatic approach that will help us to overcome the prevailing labour scarcity to some degree.

EMPLOYEE WELL-BEING

It goes without saying that having a good salary is important, but – above all – people need to feel wanted and heard. Their well-being should be a central focus. And that's one reason why we have a vitality programme, called 'WatsonVital', which has a strong commitment to well-being. This employee assistance programme went live on 1 February, and our colleagues can reach out to counsellors 24/7 via phone, email or chat for any possible problems or concerns: emotional, practical, legal.

Depending on the specific need, they are then referred to a psychologist, lawyer, financial advisor or other specialist. It has just launched and allows us to take high-level measurements while ensuring complete anonymity for the participants. About thirty people have used it so far. We need to keep promoting it in every store throughout the year because there are always moments when someone needs help, whether it be for informal care-giving, a lack of childcare, processing grief, or even moving house. The more people who find their way to this programme, the better, because it means we can really support them in their work-life challenges.

As an employer, we also offer counselling from a specialist agency when there is customer aggression towards a shop employee, for example. Again, as an employer, we want to provide support, but obviously the less we have to, the better.'

4.7 Social engagement

We feel a sense of social responsibility and like to contribute by supporting (local) initiatives, often in collaboration with other organisations or charities. We are working hard to align our social engagement policies more closely with our purpose, which will also involve more centralised management. But there is still plenty of room for local initiatives. Over the past year, many of our stores have once again supported their local communities, and initiatives have also been set up beyond our national borders that reflect our commitment to social engagement.

In response to a request for help from Ukraine, for example, we selected products that were in high demand and prepared them ready for shipping. People in Ukraine arranged the transportation themselves, and good collaboration in the supply chain meant we were able to deliver everything within a few days. The shipment included items such as bath and shower gel, sanitary pads and first aid kits – products that were desperately needed in Ukraine.

Sometimes individual initiatives such as this lead to brilliant projects, and one great example of this was a team member in one of our stores who went to Africa with their school in 2022, where they helped with the construction of and teaching in an orphanage. They needed sponsors to fund this, so we prepared bags of gingerbread cookies with a flyer attached saying that we were looking for colleagues to help. These bags were then sold to pupils at the school with the proceeds going towards the trip to Africa.

Another team sent towels to children in Gambia through a regular customer. And several teams have made valuable contributions to food banks in their area in various ways, especially during holiday seasons. We have also paid attention to lonely elderly people by sending Christmas cards and creating packages for Christmas bingo. All these examples are testament to the fact that we care about the world around us and want to make a positive contribution.

In addition to the mainly local initiatives above, A.S. Watson also supports charities in a structured way. We offer our customers the opportunity to donate their loyalty points to a charity of their choice in the Netherlands and Belgium, such as The Red Cross, Foundation KiKa (Children Cancer-Free Foundation), KWF (Dutch Cancer Society), Operation Smile and the No Wildlife Crime foundation (NWC). You can find more information about how customers can contribute at kruidvat.nl/goededoelen. Almost 34 million loyalty points were donated in 2022, equating to more than €300,000.





4.8 Responsible policy and governance

Our policies and governance ensure that we consider all our stakeholders' expectations, and manage opportunities and risks, when making decisions – and make sure we always comply with regulations. Our objectives are aligned with social, environmental, regulatory and market conditions, and we also adhere to relevant norms and values and act with respect and integrity.

TRANSPARENCY BENCHMARK

Responsible policy and governance also involve transparent accountability to stakeholders. We achieve this through our sustainability report, which we are once again submitting to the Transparency Benchmark of the Ministry of Economic Affairs and Climate. Our 2020 report achieved the joint top score (69%) in the retail sector, and we are aiming to at least match that score this year.

INTEGRITY

Integrity is crucial for maintaining the trust of our environment, and our customers in particular. Everything revolves around our customers' expectations, and our organisation needs to act ethically and honestly to meet these expectations because customers want brands and organisations to be meaningful, morally correct, and uphold the same values and norms that they themselves stand for.

MODERN LEADERSHIP

The labour market has changed quite a lot over recent years, and now requires a different approach. We are addressing this by incorporating modern and inspiring leadership into our policies and considering our employees' perspectives. In this context, we have introduced a new team leader role that gives young people the opportunity to take their first steps in leadership so that they can develop in this area.

This is a valuable addition to existing roles such as store manager and assistant store manager. We are currently working closely with the works council to formalise our approach to modern leadership.

We're also aiming for a more transparent job structure based on competencies, to give greater insights into development opportunities, even outside your current discipline, and promote a more development-oriented organisation. For example, a finance employee could transition to supply chain. So you can change between disciplines, which in turn leads to more diversity and greater flexibility.

PRIVACY AND DATA MANAGEMENT

We are very careful with how we handle the privacy and security of our employee, customer and supplier data. This is one of our top priorities and is guaranteed at the group level, as outlined in the A.S. Watson Group Sustainability Report 2022 ([page 24](#)).

4.9 Outlook 2023

In 2023, we will continue our sustainable activities unabated. One of our priorities is to further prepare for upcoming (European) legislation. Some examples of this include the Corporate Sustainability Reporting Directive (CSRD), Green Claims Directive, and the International Corporate Social Responsibility (ICSR) law.

For the CSRD, we started outlining a dual materiality in 2022, which we will develop further in 2023. Among other things, this includes exploring how we can give Human Rights Due Diligence a more prominent role. We have also commissioned an assurance readiness check on certain KPIs reported in this report, as a prelude to our first report with limited assurance for 2023.

Additionally, we will continue to focus on transparent and verifiable communication about our more sustainable products, helping our customers make more sustainable choices. Optimising the registration of sustainable product data is part of this effort. We also have plans to formalise our updated DE&I policy and continue our commitment to sustainability in our own-brand range and collaborations with supply chain partners. This will allow us to accelerate sustainability for our entire range.



4.10 Results and connectivity

The table below provides a general overview of our objectives and results by material topic.

VALUE CHAIN	THEME	PILLAR	MATERIAL THEME	KPI	RESULTS 2021	RESULTS 2022	PROGRESS 2025	AMBITION 2025	MAIN SDGS	
LOGISTICS, STORES	SUSTAINABLY ACHIEVABLE			CO ₂ emissions (scopes 1 and 2)	23,881	22,550	On schedule	12,330 = 55% reduction compared to 2018	13, 17	
				CO ₂ emissions per m ² of store	18.6	16.9	On schedule	In line with the total CO ₂ reduction of 55% compared to 2018		
				CO ₂ emissions per transported pallet	11.1	10	On schedule			
				Sustainable electricity	100%	100%	On schedule			
				Electricity efficiency in stores	103	101	On schedule			88.6 = 30% reduction compared to 2015
				Stores with LED	45%	57.1%	Deviation from schedule			100%
RAW MATERIALS, PRODUCTION, LOGISTICS				Contracted waste streams recycled	91%	91%	On schedule	Circular projects and recycling waste streams	12, 17	
				Making packaging more sustainable	250	497	Slight deviation from schedule	Focus on recyclability of packaging		
				Sustainable certified cardboard (packaging)	~75%	~75%	Deviation from schedule	<ul style="list-style-type: none"> • 100% certified cardboard/paper • 100% recyclable plastic • 25% reduction in conventional plastic use 		
RAW MATERIALS, PRODUCTION				RSPO palm oil (minimum mass balance)	82%	94%	On schedule	100%	12, 17	
				FSC or PEFC Paper/wood (H&B category)	97%	97%	On schedule	100%		
				Rainforest Alliance coffee	100%	100%	On schedule	100%		
	Rainforest Alliance cocoa			100%	100%	On schedule	100%			
	BCI cotton			50-60%	71%	On schedule	<ul style="list-style-type: none"> • 80% BCI cotton • 20% recycled/organic cotton 			
	Less disposable plastic			Stop selling artificial snow	Stop selling plastic bags	On schedule	No disposable plastic at a high risk of becoming litter			
PRODUCTION			Additional range of own-brand products from high-risk countries with BSCI audit available	96.53%	99.98%	On schedule	100%	8, 17		
			Additional range of own-brand products from high-risk countries, minimum BSCI C compliant	99.39%	99.45%	On schedule	100%			
			H&B own-brand products from high-risk countries with BSCI audit available	97.50%	96.70%	On schedule	100%			
			H&B own-brand products from high-risk countries, minimum BSCI C compliant	97.50%	96.5%	On schedule	100%			
CUSTOMERS, STORES	FOR EVERYONE		Natuurlijk & Voordelig concept	strengthened	strengthened and expanded	Slight deviation from schedule	T.B.D.	3, 10, 12, 17		
			Products from Natuurlijk & Voordelig concept	246	257	Slight deviation from schedule	T.B.D.			
			% (prospective) store managers with vocational chemist diploma	95.50%	92.40%	Slight deviation from schedule	100%			
			Drugstore employees with professional diploma	4,289	4020	Slight deviation from schedule	N/A			
			Customer donations	3,410,350 loyalty points	33,775,900 loyalty points	On schedule	N/A			
			Customer-focused sustainability initiative with our suppliers	2	1	Deviation from schedule	Minimum 2 per year			
LOGISTICS, CUSTOMERS, STORES			Collaborations with social organisations and initiatives	Including local food banks, Operation Smile	Including Red Cross, KiKa, KWF, Operation Smile	On schedule	N/A	10, 17		
			Percentage of women in the management team	37%	32%	On schedule	T.B.D.			
			Dutch employees who are distanced from the labour market	1.80%	2.10%	Deviation from schedule	5%			
			Strengthen inclusive product range	Explore opportunities	Inclusion council established	On schedule	T.B.D.			
LOGISTICS, STORES			Vitality programme	Integration into employee engagement surveys	Vitality platform WatsonVital rolled out	On schedule	N/A	3, 8, 17		
			Number of accidents involving injury in DC	126	133	Slight deviation from schedule	Less than previous year			



5. GOVERNANCE

GOVERNANCE

5.1 Risk management

Risk-taking is inherent to business. Risk is determined by the probability of the occurrence of an event or developments combined with the effect/financial impact on the organisation. We carefully weigh our objectives against the risks we are willing to take (risk acceptance). A.S. Watson is willing to take risks to some extent to achieve its sustainable business objectives, see 'risk acceptance' in the risk table (centre). However, we believe that social and environmental violations and noncompliance with laws and regulations are unacceptable.

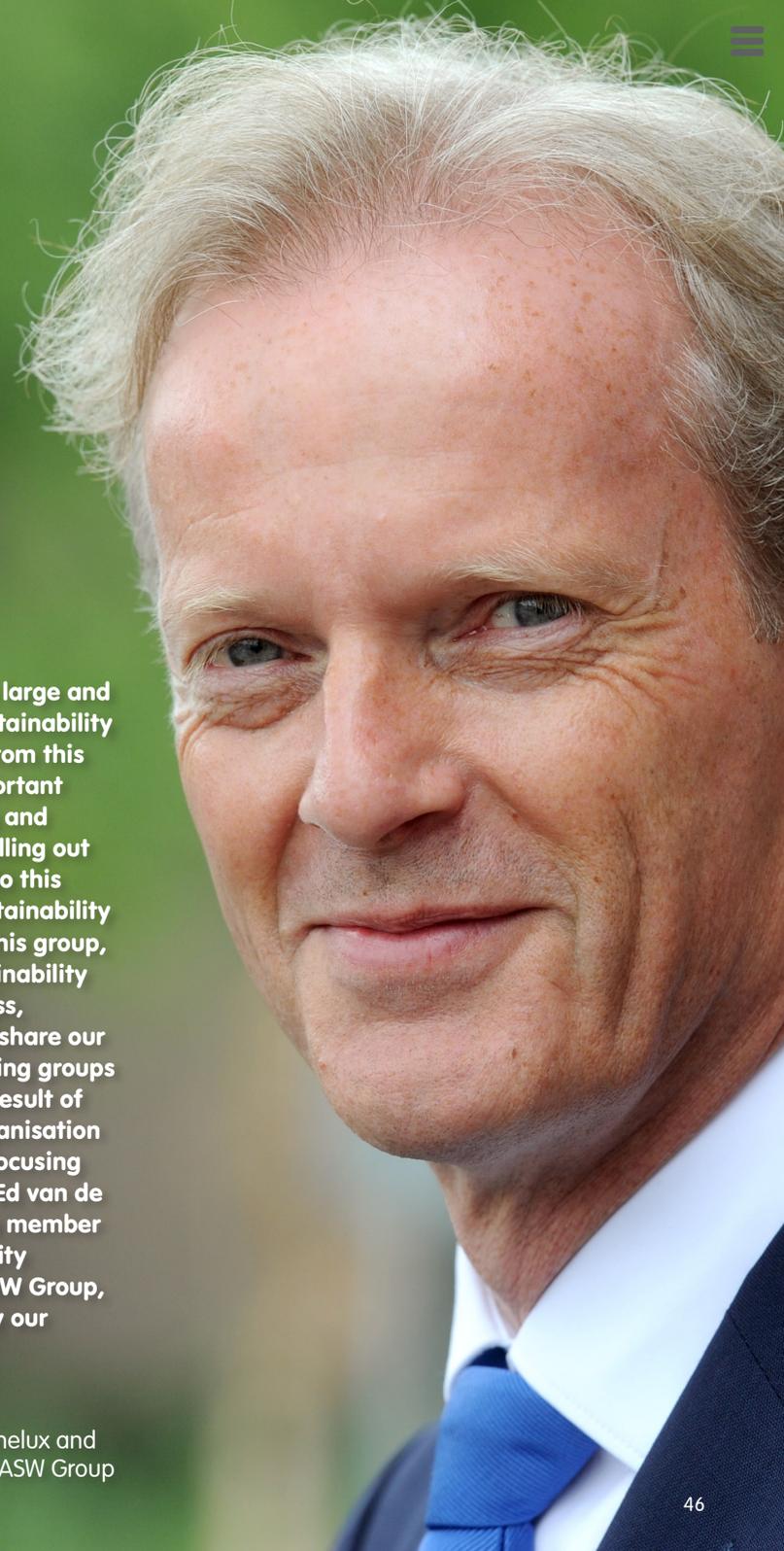
In the table on the next page, we address the most important sustainability-related risks, i.e. risks that arise from or are related to our most material sustainability topics, such as talent scarcity. It also summarises the causes, effects and mitigation measures.

OPPORTUNITIES

We are able to turn some risks into opportunities through the mitigating measures we take. By focusing on more sustainable raw materials, we want to ensure that sufficient raw materials will also be available to serve our customers in the long term. Our holistic vitality policy makes our employees resilient, sustainably employable and provides them with equal opportunities. We see this as an important positive contribution to society.

For the main risks at group level, please refer to page 64 of the [CK Hutchison Holdings Limited 2022 Annual Report](#).

The table on the next page maps the risks in various areas in a structured way. Risk mitigation is monitored periodically and evaluated annually.



'A.S. Watson Benelux is a large and progressive player in sustainability within the ASW Group. From this role, we believe it is important to share our experiences and encourage the further rolling out of initiatives, which we do this through our Benelux Sustainability Steering Committee. In this group, we discuss various sustainability themes and their progress, different initiatives, and share our findings with other steering groups within ASW Group. One result of this is that our sister organisation in China is increasingly focusing on sustainable palm oil. Ed van de Weerd, our CEO, is also a member of the Global Sustainability Committee within the ASW Group, where he is supported by our sustainability manager.'

JAN CAREL UYLENBERG,
HR Director A.S. Watson Benelux and
Sustainability Ambassador ASW Group

RISK TABLE

SUBJECT	CONTEXT AND CAUSE	CONSISTENCY A.S. WATSON	CONSEQUENCE FOR PEOPLE AND THE ENVIRONMENT	PROBABILITY	IMPACT ON A.S. WATSON	IMPACT ON PEOPLE & ENVIRONMENT	RISK-ACCEPTANCE	MITIGATION MEASURES
1. Social and environmental violations in the supply chain	Some of our products come from producers in countries with a higher risk of non compliance with international agreements on working conditions.	Negative publicity and loss of reputation.	Unfavorable living and working conditions in the supply chain.	Medium	Medium	High	Low	All factories producing our own-brand products must be BSCI-compliant.
2. Unavailability of raw materials	The offer of sufficient volume or quality of (natural) raw materials can shrink because of, for example, climate change, short-term thinking by producers, unfavourable commercial conditions or an insecure (geopolitical) situation.	Lower sales because our suppliers are unable to deliver sufficient volumes or quality.	Scarcity of raw materials or food in the supply chain.	Low	Medium	Low/medium	Medium	We are making our own-brand product range sustainable by purchasing more and more sustainable raw materials. We buy products from different regions and ensure that we are not dependent on one or a few suppliers.
3a. Acute physical climate risks	Floods, heavy rain or hail, heat waves.	Lost turnover because DCs or stores cannot operate (temporarily or otherwise).	Scarcity of raw materials or food in the supply chain due to crop failures.	Low	Low	High	Medium	We buy products from different regions and ensure that we are not dependent on one or a few suppliers.
3b. Chronic physical climate risks	Increase in temperature and more drought, land scarcity, rising sea levels.	Lost turnover because our suppliers are unable to deliver sufficient volume or quality.	Structural degradation of agricultural land, scarcity of raw materials or food.	Low	Low	High	Medium	Making an inventory of possibilities for taking measures in high-risk locations.
4. Noncompliance with environmental legislation	Environmental legislation requires reduction of CO ₂ and energy consumption.	Significant fines, negative publicity and/or loss of reputation in the event of noncompliance.	Significant impact on climate change.	Low	Low	Medium	Medium	With our sustainability policies and activities, we are committed to energy and CO ₂ reduction that goes beyond environmental laws and regulations.
5. Data security and privacy legislation	Cyber attacks and/or data leaks.	Lost turnover because IT infrastructure and (e-)commerce channels are not operational. Significant fines, negative publicity and/or loss of reputation because of customer data leaks.	Not applicable.	Low	Low	Medium	Medium	Our IT infrastructure is of high quality and is audited in accordance with recent laws and regulations, including the GDPR.
6. Scarcity of talent	Young talent from generations Y & Z attach value to CSR. Our current policy and activities are possibly not seen as sufficiently sustainable.	Not attracting or retaining enough young talent.	Not applicable.	Low	Low/medium		Medium	We are actively increasing and profiling ourselves on sustainability so that we can continue to recruit young talent (generations Y and Z). We are committed to being a good employer in order to develop and retain talent.

5.2 Board

The ultimate responsibility for our sustainability strategy and policy lies with Ed van de Weerd, CEO of A.S. Watson Health & Beauty Benelux. He is also a member of the A.S. Watson Group International Sustainability Committee.

The sustainability objectives and progress made are discussed at least twice a year in board meetings, with adjustments made if necessary. Sustainability is at the heart of our entire organisation, in every department, division and store. We therefore no longer refer to it as a sustainability strategy but as a sustainable strategy. The fact that our entire board is directly involved and engaged in making our organisation more sustainable is evident from the two-day masterclass they attended as a team, which was fully focused on sustainability within our retail industry.

Four board members (CEO, HR, Trading, and Marketing) form the Sustainability Steering Committee. This Steering Committee sets the level of ambition, monitors alignment with the strategy, sets the long-term goals, monitors progress and makes adjustments where necessary. We're aiming to involve individual board members to a greater extent in 2023, with several board members potentially serving as part of the Sustainability Steering Committee in varying configuration, with our CEO maintaining clear overall responsibility, also in an operational capacity.

Topics related to the product range, labour market, energy and customer activation each have a working group, with coordinators also active within each discipline. The working groups and coordinators draw up yearly plans and implement them. Tasks are integrated as much as possible into existing responsibilities and are part of the annual performance appraisals. The Sustainability Steering Committee and working groups meet at least four times a year.

The sustainability manager draws up the Sustainability Strategy, aligns the objectives within the organisation, and identifies relevant market developments to ensure that the strategy remains aligned with current topics. In addition, the sustainability manager contributes with substantive expertise to the sustainability in operations, sustainability reporting and communication, and is responsible for stakeholder engagement with regard to sustainability. He reports to the HR Director, who serves as the sustainability ambassador within A.S. Watson Group for the Benelux region.

SUSTAINABILITY STEERING COMMITTEE



ED VAN DE WEERD (54) CEO

- Member of Sustainability Steering Committee, responsible for the overarching sustainable business operations topics within our Sustainability Strategy's pillars and ultimately responsible for the Sustainability Strategy for A.S. Watson Health & Beauty Benelux
- Member of Global Sustainability Committee of A.S. Watson Group
- Background in general management, retail and sales



JAN CAREL UYLENBERG (62)

HR DIRECTOR

- Member of the Sustainability Steering Committee of A.S. Watson Health & Beauty Benelux, responsible for the 'Our People' pillar within our Sustainability Strategy
- Sustainability ambassador for Health & Beauty Benelux for A.S. Watson Group
- Background in Human Resources



BRENDA SMITH (49)

DIRECTOR OF MARKETING & CUSTOMER EXPERIENCE

- Member of Sustainability Steering Committee A.S. Watson Health & Beauty Benelux, responsible for customer activation topics within the pillars of our Sustainability Strategy
- Background in marketing and innovation



NIK SCHIPPER (47)

TRADING DIRECTOR

- Member of Sustainability Steering Committee A.S. Watson Health & Beauty Benelux, responsible for sustainable trading topics within the pillars of our Sustainability Strategy
- Background in product development and sales



LEENDERT VAN BERGEIJK (42)

SUSTAINABILITY MANAGER

- Member of Sustainability Steering Committee A.S. Watson Health & Beauty Benelux
- Background in sustainable enterprise

BOARD MEMBERS



ED VAN DE WEERD (54)
CEO
5 YEARS WITH THE COMPANY



BRENDA SMITH (49)
DIRECTOR OF MARKETING &
CUSTOMER EXPERIENCE
8 YEARS WITH THE COMPANY



JAN CAREL UYLENBERG (62)
HR DIRECTOR
15 YEARS WITH THE COMPANY



YVETTE HEIJWEGEN (48)
SUPPLY CHAIN DIRECTOR
7 YEARS WITH THE COMPANY



ERIK HEUTHORST (53)
FINANCE DIRECTOR
19 YEARS WITH THE COMPANY



NIEK SCHIPPER (47)
TRADING DIRECTOR
5 YEARS WITH THE COMPANY



BERT VERHOEF (59)
MANAGING DIRECTOR
KRUIDVAT BELGIUM,
23 YEARS WITH THE COMPANY



ROLAND VAN DEN BERG (49)
DIRECTOR ECOMMERCE
AND MANAGING DIRECTOR TREKPLEISTER
6 YEARS WITH THE COMPANY



KATINKA RUIJES (46)
DIRECTOR SALES OPERATIONS &
INNOVATION KRUIDVAT NETHERLANDS
13 YEARS WITH THE COMPANY



OUR CORPORATE CULTURE

We are transparent and open with everyone, and this includes having clear and accessible policies, which we have documented in our policy on unwanted behaviour and anti-bribery and corruption. Our whistleblowing policy describes how to report misconduct within the organisation. We work with a Code of Conduct within the organisation and are also developing a Code of Conduct for our suppliers. Additionally, we are establishing an external complaints mechanism aimed at the supply chain behind our primary suppliers.

UNWANTED BEHAVIOUR

Aggression, (sexual) harassment, discrimination, bullying and any other form of unwanted behaviour are not tolerated at any level within our organisation. Employees who unfortunately experience unwanted behaviour are given the opportunity to call a stop to it. We have a duty of care as an employer and make every effort to prevent and combat aggression, violence, discrimination, (sexual) harassment and other unwanted behaviour. If an employee is confronted with unwanted behaviour, they can report it to one of the internal confidential advisors (complaints committee). This committee handles all complaints regarding aggression, violence, discrimination, (sexual) harassment and other unwanted behaviour, and operates in accordance with the complaints procedure.

ANTI-BRIBERY AND CORRUPTION POLICY

Our principle is that any form of bribery and corruption is prohibited. This applies to accepting, offering, paying, giving, approving and/or soliciting bribes. This policy sets out the minimum standards. If local laws are stricter than the standards outlined in this policy, the local laws take precedence.

WHISTLEBLOWER SCHEME

The scheme provides employees with the opportunity to report suspicions of misconduct within the organisation. It also ensures that people are protected against retaliation if they make a report. The whistleblower scheme is intended to identify misconduct within the organisation. The underlying principle is that the misconduct relates to a social interest. Whistleblowing can be described as an employee (the whistleblower) disclosing suspicions of illegal practices occurring under the responsibility of the employer, with a significant social interest at stake.



6. APPENDICES

6.1 About this report

This Sustainability Report is our way of informing our stakeholders about our organisation and how we are continuing to create value in the long term. It reports on our non-financial performance and is drawn up annually based on a reporting period of a calendar year. The previous report was published on 1 July 2022.

CONTENT AND SCOPE

To help determine the content and scope of this report, we conducted a materiality analysis based on our stakeholders' preferences. For this Sustainability Report, we have included the material themes that emerged as most significant from the stakeholder consultation in early 2023. In particular, we have adjusted the names of some topics to provide clearer understanding of their meaning. For example, 'reducing the environmental impact of ingredients and products' better reflects our focus than 'sustainable raw materials and ingredients'; please refer to [chapter 3](#) for further explanation. The definitions of the material topics are provided in [Appendix 6.2](#). Unless stated otherwise stated, this sustainability report pertains to A.S. Watson Health & Beauty Benelux BV, which includes Kruidvat, Trekpleister and the outlet concept Prijsmepper, as well as the A.S. Watson offices, the distribution centres in Heteren and Oosterhout, and the e-fulfillment centre in Ede. Subcontractors are not included in the scope of this report, unless stated otherwise. In 2021, no acquisitions or divestments took place in A.S. Watson Health & Beauty Benelux. A.S. Watson Health & Beauty Benelux is part of the A.S. Watson Group, the largest Health & Beauty retailer in Asia and Europe. A.S. Watson Group is part of CK Hutchison Holding Limited, a listed company with its head office in Hong Kong. Financial results are shared at group level and this report can be seen as a local supplement to those financial results. A.S. Watson Health & Beauty Benelux follows the sustainability policy defined at group level, tailored to the Benelux market. You can find more information about this international policy at aswatson.com/our-company/purpose-and-commitment.

REPORTING STANDARDS AND/OR GUIDELINES

A.S. Watson Health & Beauty Benelux BV seeks to improve its sustainability reporting every year, focusing on the organisation's nature, risks and opportunities. With this Sustainability Report, A.S. Watson Health & Beauty Benelux is reporting in compliance with the GRI Standards guidelines of the Global Reporting Initiative (GRI). GRI is based on the principle of materiality and requires organisations to communicate their management approach to topics that are material to the organisation. Hence, in the annual report, we focus and report on topics that are important to stakeholders. [Appendix 6.7](#) contains the GRI Context Index with references. We attach great value to transparency towards our stakeholders and take part in the Transparency Benchmark of the Ministry of Economic Affairs and Climate. In addition, our policies are based on international conventions, including the ILO Conventions, the OECD Guidelines for Multinational Enterprises, the United Nations Sustainable Development Goals, and the United Nations Guiding Principles on Business and Human Rights.

DATA QUALITY OF NON-FINANCIAL KPIS

Methods of measuring, estimating and calculating are, for all indicators, related to material topics and the process of data collection. Our non-financial KPIs are presented in this report. The non-financial data is collected in the first quarter of every year. Once collected, the data is consolidated and subjected to a trend analysis, which is performed by our finance department in collaboration with the sustainability manager. If there are considerable anomalies in the trends, the information is given context and verified with the relevant data provider. Where no data were available, they have been estimated. No uncertainties or inherent limitations have been identified as a result of measurements, estimates or calculations.

ASSURANCE READINESS CHECK

In preparation for the mandatory CSRD reporting and external assurance on our non-financial data, we have commissioned an assurance readiness check by our auditor, PWC.

DATA COLLECTION FOR KPIS

Data to monitor non-financial KPIs largely come from third parties. For example, transport is outsourced to partners, energy is purchased from a supplier, and we receive information on raw materials for our own-brand products and packaging from our suppliers. Around half the energy data from stores comes automatically from smart meters. Other meters are read monthly. If meter readings are not available, we estimate the gas and electricity readings based on historical data. Transportation from the distribution centre to our stores is done by partners. Because in practice many trucks drive specifically for us, we attribute the CO₂ emissions from transport entirely to ourselves. CO₂ emissions are calculated in accordance with the GHG Protocol (scopes 1 and 2). We use CO₂ conversion factors from [CO₂emissiefactoren.nl](https://co2emissiefactoren.nl). The data from our centrally contracted waste disposal is supplied by our contractual partners based on the number of invoiced collections.

INTERNAL CONTROL

No external control has been applied to this report. The figures are audited internally by the sustainability manager and the finance department of A.S. Watson Benelux. Audits for internal control purposes were carried out on a random sample basis by A.S. Watson Group and CK Hutchison Holding Limited on the above-mentioned figures.

6.2 Explanation of materiality and definitions

For this report, we conducted a comprehensive dual materiality analysis under the guidance of an external consultant. This involves working from two approaches. The inside-out perspective, or impact materiality, indicates which of our activities have the most impact on people, the environment and society. The outside-in perspective, or financial materiality, assesses the financial opportunities and risks related to sustainability issues and their financial implications for the company. We started by identifying a broad universe of potential material environmental, social and governance (ESG) issues. This resulted in a longlist that was evaluated by representatives from various departments within A.S. Watson. From this evaluation, a shortlist of 11 topics was approved by a member of the A.S. Watson Health & Beauty Benelux Sustainability Steering Committee, who is also one of the board members. The shortlist was then presented to our stakeholders (see [appendix 6.3](#)) to assess our impact on people, the environment and society for each identified material topic.

We collected input from our employees and customers through an online survey. Our consultant conducted in-depth interviews with representatives from other stakeholder groups. To determine the financial impact, our financial specialists identified the opportunities and risks that could affect our business operations in the short and long term. Based on the input gathered, the 11 topics were included in a materiality matrix. We conducted two workshops, led by our consultant, to create this matrix, with the financial impact plotted on the x-axis and the impact according to stakeholders plotted on the y-axis. From this analysis, seven material topics emerged as the most relevant based on both the impact analysis and the financial analysis. The topics 'socially responsible sourcing' and 'reducing environmental impact' were then merged because we believe our products can only be more sustainable when considering the impact on both people and the environment. In [chapter 4](#), we describe the developments of each material topic over the past year.



MATERIALITY MATRIX

MOST IMPORTANT MATERIAL TOPICS

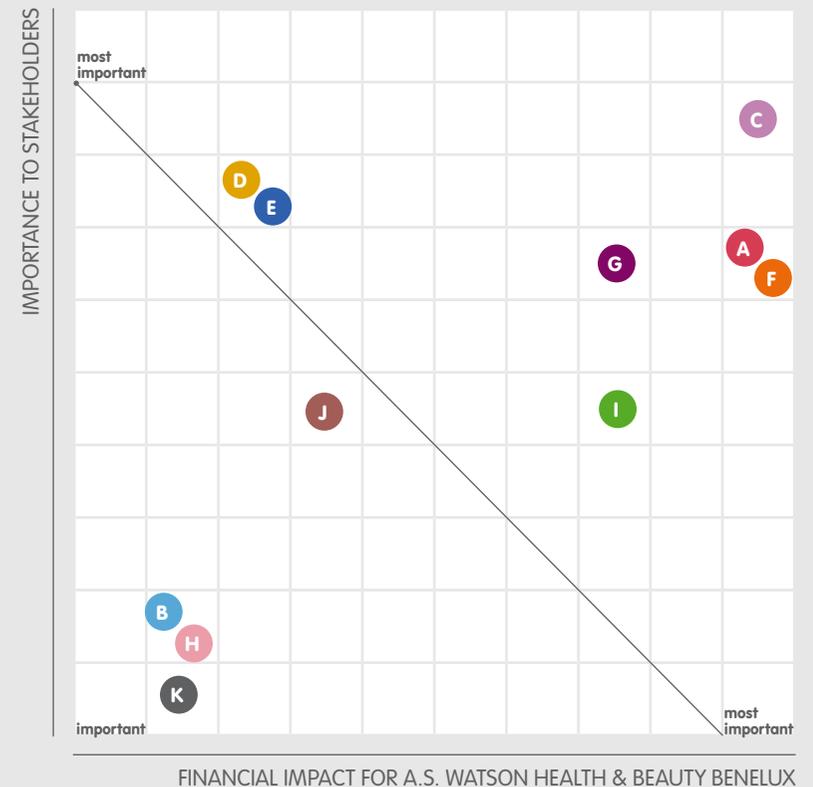
- A** CLIMATE CHANGE
- C** LESS ENVIRONMENTAL IMPACT
- D** WASTE
- E** DE&I
- F** EMPLOYEE WELL-BEING
- G** RESPONSIBLE SOURCING
- I** CUSTOMER AWARENESS

IMPORTANT, NON-MATERIAL TOPICS

- B** WATER
- H** SOCIAL ENGAGEMENT
- J** RESPONSIBLE GOVERNANCE AND POLICY
- K** PRIVACY AND DATA MANAGEMENT

FURTHER SOURCES CONSULTED FOR THE MATERIALITY ANALYSIS

- Sustainability dialogues with internal and external stakeholders.
- GRI guidelines (globalreporting.org)
- ISO 26000; international guideline for sustainability
- Benchmarks for Corporate Social Responsibility (CSR), including the Transparency benchmark used by the Dutch Ministry of Economic Affairs to assess the degree of transparency in their reporting.
- Similar companies in the retail sector
- Other sources of retail sector information, including trade associations



DEFINITIONS OF MATERIAL TOPICS

MATERIAL THEME		DEFINITION
CLIMATE CHANGE 		As a company, we are working to limit our impact on the climate, for example by reducing our emissions of greenhouse gases (such as CO ₂). We do this not only for our own processes, but also by encouraging suppliers to do the same. Where possible, we are implementing energy-saving measures and opting for alternative sustainable energy sources (section 4.1).
WASTE 		We want to ensure that the waste from our products and packaging has as little impact on the environment as possible. We consider which materials to use, how to minimise packaging size, and ensure that our packaging is easily recyclable. In addition to packaging, we are also addressing other sources of waste, such as our own company waste, product design and waste prevention (section 4.2).
 RESPONSIBLE SOURCING OF PRODUCTS	A. Less environmental impact of ingredients and products	The cultivation, harvesting and collection of ingredients for products can have a negative impact on the environment. For example, it can contribute to deforestation or pollution from pesticides. We are aiming to reduce the negative impacts of our products by using more sustainable materials and ecological ingredients, and therefore buy products that have certifications to ensure a more sustainable origin (section 4.3 a).
	B. Socially responsible sourcing of products	When purchasing products and ingredients, it is essential that they come from a socially responsible source, taking into account proper working conditions and always respecting human rights. This means holding suppliers accountable for responsible production methods, such as conducting independent audits in factories. We also adhere to international norms and standards that proactively assess human rights practices (section 4.3 b).
CUSTOMER AWARENESS OF SUSTAINABILITY 		We want to assist our customers in making more sustainable choices, making it easy to find products that cause minimal harm to people, the environment and society. In particular, this involves choices and awareness in the areas of sustainable ingredients, packaging, production, and the responsible use of products. We aim to make our communications about sustainability as clear as possible, for example by providing information about sustainability certifications (section 4.4).
DE&I (DIVERSITY, EQUITY & INCLUSION) 		It is important to us that everyone has a chance to participate fully and feel safe, seen and heard, regardless of their background, gender identity, beliefs, sexual orientation, age, physical or mental disabilities, and so on. We do not exclude anyone. We are here for all customers, which is why we aim to ensure that our stores and product range are inclusive and accessible (section 4.5).
EMPLOYEE WELL-BEING 		We want to be a good employer for all our colleagues, which is why we think it's important for everyone to feel fit and vital. We do this by ensuring everyone has access to the right products to feel physically, mentally and socially-emotionally well and resilient. Employees also need to have the opportunity to continue their development, feel valued, and get the best out of themselves (section 4.6).

6.3 Stakeholder dialogues

STAKEHOLDERS	THEIR EXPECTATIONS	HOW WE INVOLVE THEM	FREQUENCY	MOST IMPORTANT MATERIAL TOPICS	OUR APPROACH
EMPLOYEES	Safe, attractive and inspiring workplace, support in vitality, development opportunities, good working conditions and employment terms, with equal opportunities for all.	Daily contact through supervisors, bilateral meetings and departmental meetings, among other things. Internal meetings, inspirational sessions, social intranet, recruitment events, social media, business updates and management meetings, where SDG 3, 8 and 10 are also discussed. Regular consultations with works councils, trade unions and the option for employees to have contact with a confidential adviser.	Daily	<ul style="list-style-type: none"> Employee well-being (vitality and development) Diversity, equity & inclusion 	Development of holistic vitality policy, introduction of WatsonVital opportunity for people who are distanced from the labour market, reflection of the community, diverse work/life balance, health and motivation activities and training opportunities.
CUSTOMERS	Best deal, affordable, optimal product range, being surprised, convenience, support for more sustainable choices.	Daily contact via, among other things, store employees, website, customer service and newsletters, applying SDG 3, 8 and 12 as one of the principles.	Daily	<ul style="list-style-type: none"> Customer awareness of sustainability Responsible sourcing Waste Climate change Diversity, equality & inclusion 	Launch of Kruidvat Natuurlijk & Voordelig, 'Sustainable, use it to your advantage' campaign, collaboration with suppliers on packaging and sustainable raw materials, and CRM charity programme.
SUPPLIERS	Commitment, cooperation, fair prices, realistic payment terms.	Periodic supplier discussions, annual supplier meeting, trade fairs, joint ventures for sustainable solutions and innovations, in which SDGs 3, 8, 10, 12, 13 and 17 are also discussed.	Daily, 1x per quarter collectively	<ul style="list-style-type: none"> Customer awareness of sustainability Responsible sourcing Waste Climate change Diversity, equality & inclusion 	Collaboration with suppliers on packaging and sustainable raw materials, social audits, charities and self-assessments on environmental policy in own-brand suppliers' factories, input for Kruidvat Natuurlijk & Voordelig and the 'Sustainable, use it to your advantage' campaign.
SHAREHOLDER	Continuity, return, transparency, responsible entrepreneurship.	Periodic supply of information, periodic financial and Sustainability consultations and Group meetings, in which SDGs 3, 8, 10, 12, 13 and 17 are also discussed.	Weekly	<ul style="list-style-type: none"> Employee well-being (vitality and development) Customer awareness of sustainability Responsible sourcing Waste Climate change Diversity, equality & inclusion 	Use of structural reporting tool for group-wide non-financial data, transparency regarding our sustainability policy and results through sharing best practices.
GOVERNMENT	Transparency, compliance with laws and regulations, more sustainable packaging, climate awareness.	Periodically via control visits, meetings and via industry organisations, in which SDGs 8, 12, 13 and 17 are also discussed.	Monthly	<ul style="list-style-type: none"> Employee well-being (vitality and development) Customer awareness of sustainability Responsible sourcing Waste Climate change Diversity, equality & inclusion 	Reporting according to GRI, ensuring compliance on energy, waste and working conditions in the line.
SOCIETY	Corporate responsibility, engagement, chain transparency, safe environment.	Periodically via, among other things, meetings, joint ventures with NGOs for sustainable solutions, workshops, bilateral discussions and the media, in which SDGs 3, 8, 10, 12, 13 and 17 are also discussed.	Monthly	<ul style="list-style-type: none"> Employee well-being (vitality and development) Customer awareness of sustainability Responsible sourcing Waste Climate change Diversity, equality & inclusion 	Voluntary work, support for charities, Kruidvat Natuurlijk & Voordelig, the 'Sustainable, use it to your advantage' campaign, implementation of energy-saving measures and use of sustainable energy, various improvements for recyclability of packaging, collaboration for improving more sustainable palm oil, cotton and other ingredients.

6.4 Glossary of terms

Audit

Process to check the conduct of business at the production site against predetermined criteria. An improvement plan is drawn up to ensure that the manufacturer meets the criteria. This plan describes what corrective and preventive measures are needed to meet the criteria.

CSRD

The Corporate Sustainability Reporting Directive is the directive through which companies report the impact of their activities on people and the environment. The guidelines are in line with the Green Deal developed by the EU, and will be mandatory from 2024.

DE&I

The abbreviation for the term 'Diversity, equity and inclusion'.

DIX

Sustainable Employability Index (DIX). This index provides insight into important core components of sustainable employability such as employees' health and energy, knowledge and skills, motivation and engagement, and work/life balance.

Contracted waste streams

Waste streams such as paper, plastic, and residual waste that are collected and processed based on an agreement with us.

GRI

Global Reporting Initiative is an international organisation that drafts guidelines for sustainability reporting. Globally, the GRI Standards are the most frequently applied reporting guidelines. GRI is based on the principle of materiality and requires organisations to communicate their management approach to topics that are material to the organisation.

OECD

Organisation for Economic Cooperation and Development. This international organisation is responsible, among other things, for a number of instruments that promote democratic international trade with respect for human rights.

UNGP

United Nations Guiding Principles on Business and Human Rights.

KPI

Key Performance Indicator, also called Critical Performance Indicator. A means of measuring progress and quality. They are pre-agreed parameters that reflect the performance level of critical business activities.

Materiality analysis

An analysis that compares the interests of stakeholders with the interests of the organisation.

Mono-material

Mono-material indicates that a product or packaging is made of one type of material. This is easier to recycle than composite materials, making it often a more sustainable option.

Corporate Social Responsibility

Corporate Social Responsibility, also known as sustainable business.

NGO

A Non-Governmental Organisation is an organisation that is independent of government and focuses on a supposed social good.

High-risk countries

Countries on the European Union's 'high-risk countries' list where a lack of legislation against money laundering and terrorism financing has been identified.

SDG

The Sustainable Development Goals. These are the 17 Sustainable Development Goals established by the United Nations for the period up to 2030.

Transparency benchmark

A study by the Dutch Ministry of Economic Affairs and Climate Change into the qualitative and quantitative development of social reporting among the largest companies in the Netherlands.

Stakeholders

Stakeholders are individuals and organisations that are directly or indirectly affected by a company's activities, or that have a direct or indirect influence on the company.

6.5 Labels and memberships



BCI - Better Cotton Initiative

An international label for the sustainability of raw material and fibre production from cotton cultivation, with environmental and human rights requirements.



BSCI - Business Social Compliance Initiative

BSCI is an initiative that allows companies to independently verify that factories meet various social and environmental criteria relating to fair production.



BEPI - Business Environmental Performance Initiative

BEPI is an initiative that allows companies to check whether factories meet various criteria in terms of environmental performance through an independent inspection.



EU Ecolabel

The official European eco-label that sets sustainability and quality requirements for the entire life cycle of non-food products.



FSC - Forest Stewardship Council

An international label with strict requirements for sustainable and social forest management, for solid wood products, and products that incorporate wood or wood fibres.



PEFC - Programme for Endorsement of Forest Certification

An international label with strict requirements for sustainable and social forest management, for solid wood products, and products that incorporate wood or wood fibres.



RA - Rainforest Alliance

A label for nature conservation and better social conditions in agriculture and forestry, involving the entire chain.



RSPO – Roundtable on Sustainable Palm Oil

An international quality label that indicates that at least 95% of the palm oil is sustainably produced. Recognised by the WWF (World Wildlife Fund) and Oxfam Novib, it sets criteria for environmental protection and working conditions.



SBTi - Science-Based Target initiative

An initiative that applies scientific methods to calculate the greenhouse gas emissions of companies, their suppliers and end users. Companies that join enter into a commitment to reduce targets in line with global goals to emit 50% less greenhouse gases by 2030 and be climate neutral by 2050.

6.6 Commitments 2022

A.S.
Watson
Benelux

- Better Cotton Initiative (BCI)
- Plastic Litter Covenant
- Sector Plan Sustainable Packaging
- Freedom of choice, Accountability, Improvement of benefits & Respect for Rights (FAIR)
- Stichting UPV Textiel (UPV Textile Foundation)

A.S.
Watson
Group

- Roundtable Sustainable Palm Oil (RSPO)
- New Plastic Economy
- Business Compliance Social Initiative (BSCI)
- Business Environmental Performance Initiative (BEPI)

6.7 GRI

GRI	TOPIC	EXPLANATION	REFERENCE
GENERAL TOPICS			
GRI 2 - THE ORGANISATION AND REPORTING METHODS			
GRI 2-1	Company information	Organisation name, trading name, ownership, legal form, headquarters location, Countries in which company operates	1.1 About us 6.1 About this report Colophon: Nijborg 17, Renswoude
GRI 2-2	Entities included in the sustainability reporting	List of entities involved in the sustainability reporting	1.1 About us 6.1 About this report
GRI 2-3	Reporting period, frequency and contact details	Report period, publication date, and contact details for questions about the report	6.1 About this report Colophon
GRI 2-4	Reformulations of information provided previously	Corrections or other calculation methods compared to previous reporting	New targets have been set for CO ₂ emissions based on the SBTi '% products not BSCI-compliant (no audit + D score)' replaces 'Percentage of BSCI audits not compliant (D)' in tables and subsequent calculations
GRI 2-5	External verification	Extent of external assurance	6.1 About this report
GRI 2 - ACTIVITIES AND EMPLOYEES			
GRI 2-6	Activities, value chain and other business relationships	Description of activities in the value chain and relevant business relationships	1.4 Business model and value chain 3.1 Stakeholders 3.3 Value creation model
GRI 2-7	Own employees	Number of employees, overview m/f	4.6 Employee well-being
GRI 2 - STRATEGY, POLICY AND WAY OF WORKING			
GRI 2-22	Statement on the sustainability strategy	CEO statement on the importance and strategy of sustainability	Foreword
GRI 2-23	Compliance with sustainability policy	What sustainability and human rights policies and commitments are in place, at what level are they approved, and how are they communicated to different stakeholders (including NGOs, public, suppliers, business partners).	3.1 Stakeholders 4. Policies and results 5.2 Board 6.3 Overview of stakeholder dialogue
GRI 2-24	Embedding the sustainability policy	How are sustainability and human rights policies and practices embedded within the organisation and business relationships. In relation to the different layers in the organisation, integration in the strategy, operational policies and procedures, and employee training.	1.2 Sustainable strategy 1.3 Sustainable ambition 1.4 Business model and value chain 3.1 Stakeholders 3.2 Material topics 3.3 Value creation model 4.8 Responsible policy and governance 5.2 Board 6.3 Overview of stakeholder dialogue
GRI 2-25	Complaints and redress procedures		5.2 Board
GRI 2-26	Whistleblower scheme		5.2 Board
GRI 2-28	Membership of associations and/or other interest groups	(Inter)national memberships and (industry) organisations with some interest groups in which the organisation plays an important role.	6.5 Labels and memberships 6.6 Commitments

GRI	TOPIC	EXPLANATION	REFERENCE
GENERAL TOPICS			
GRI 2 - STAKEHOLDER ENGAGEMENT			
GRI 2-29	Stakeholder engagement approach	How different stakeholder groups are identified, and how they are involved in relevant decisions and/or kept informed	3.1 Stakeholders 6.3 Stakeholder dialogue
MATERIAL TOPICS			
GRI 3 - MATERIAL TOPICS			
GRI 3-1	Process to arrive at the material topics	Explanation of the method applied to determine the material topics. How (potential) opportunities and risks were identified in the value creation process, and which stakeholders were involved.	3.2 Material topics 5.1 Risk management 6.2 Explanation of materiality and definitions
GRI 3-2	List of material topics	List of material topics and explanation of differences from previous reporting periods	3.2 Material topics 6.2 Explanation of materiality and definitions
GRI 3-3	Management of material topics	For each material topic based on the organisation's activities and business relationships: A description of positive and negative impacts, policy and commitment, actions to manage and improve this impact, how progress is measured, and how stakeholders are involved in this process.	See GRI 3-3 below per material topic
CLIMATE CHANGE			
GRI 3-3	Management of material topics	Description of the activities and objective on the topic 'Climate change'	4.1 Climate change 4.10 Connectivity
GRI 302-1	Energy	Energy consumption within the organisation in joules	4.1 Climate change
GRI 302-4	Energy	Energy-saving measures	4.1 Climate change
GRI 305-1	Emissions	Direct greenhouse gas emissions (scope 1)	4.1 Climate change
GRI 305-2	Emissions	Indirect greenhouse gas emissions (scope 2)	4.1 Climate change
GRI 305-3	Emissions	Other indirect greenhouse gas emissions (scope 3)	4.1 Climate change
GRI 305-4	Emissions	Intensity of greenhouse gas emissions	4.1 Climate change
GRI 305-5	Emissions	Reduction of greenhouse gas emissions	4.1 Climate change
WASTE			
GRI 3-3	Management of material topics	Description of the activities and objective on the topic 'Waste'	4.2 Waste 4.10 Connectivity
GRI 306-1	Waste	Waste production and impacts	4.2 Waste
GRI 306-2	Waste	Management of waste-related impacts	4.2 Waste
GRI 306-3	Waste	Waste produced	4.2 Waste
GRI 306-4	Waste	Waste not sent to landfill	4.2 Waste
GRI 306-5	Waste	Waste to waste disposal	4.2 Waste

GRI	TOPIC	EXPLANATION	REFERENCE
LESS ENVIRONMENTAL IMPACT OF INGREDIENTS AND PRODUCTS			
GRI 3-3	Management of material topics	Description of the activities and objective on the topic 'Less environmental impact of ingredients and products'	4.3.a. Less environmental impact 4.10 Connectivity
ASW 2	Own objective	Raw materials that meet sustainability requirements	4.3.a. Less environmental impact
GRI 306-1	Waste	Waste production and impacts	4.3.a. Less environmental impact
GRI 306-2	Waste	Management of waste-related impacts	4.3.a. Less environmental impact
GRI 308-2	Assessment of suppliers on environmental aspects	Negative environmental impact of the supply chain and actions taken	4.3.a. Less environmental impact
SOCIALLY RESPONSIBLE SOURCING OF PRODUCTS			
GRI 3-3	Management of material topics	Description of the activities and objective on the topic 'Socially responsible sourcing of products'	4.3.b. Socially responsible sourcing 4.10 Connectivity
ASW 3	Own objective	The percentage of own-brand products from high-risk countries where social audits have been demonstrably conducted via BSCI (or equivalent) and where 100% (NIV) have attained a BSCI overall C score (or equivalent)	4.3.b. Socially responsible sourcing
GRI 414-2	Assessment of suppliers on social aspects	Negative social impact of the supply chain and actions taken	4.3.b. Socially responsible sourcing
CUSTOMER AWARENESS OF SUSTAINABILITY			
GRI 3-3	Management of material topics	Description of the activities and objective on the topic 'Customer awareness of sustainability'	4.4 Customer awareness of sustainability 4.10 Connectivity
ASW 1	Own objective	Description of initiatives to help customers make sustainable and healthy choices	4.4 Customer awareness of sustainability
GRI 417-1	Marketing and labelling	Requirements for product information and labelling	4.4 Customer awareness of sustainability
DIVERSITY, EQUITY AND INCLUSION			
GRI 3-3	Management of material topics	Description of the activities and objective on the topic 'Diversity, equity and inclusion'	4.5 Diversity, Equity & Inclusion 4.10 Connectivity
GRI 405-1	Diversity and equal opportunities	Employees who are distanced from the labour market	4.5 Diversity, Equity & Inclusion
GRI 405-1	Diversity and equal opportunities	M/F diversity of board and employees	4.5 Diversity, Equity & Inclusion
EMPLOYEE WELL-BEING			
GRI 3-3	Management of material topics	Description of the activities and objective on the topic 'Employee well-being'	4.6 Employee well-being 4.10 Connectivity
GRI 403-2	Health and safety at work	Hazard identification, risk assessment, and incident investigation	4.6 Employee well-being
GRI 403-6	Health and safety at work	Improves employee health	4.6 Employee well-being
GRI 403-9	Health and safety at work	Work-related injuries	4.6 Employee well-being
GRI 404-2	Training and education	Programmes to enhance employee skills	4.6 Employee well-being
SOCIAL ENGAGEMENT			
GRI 3-3	Management of material topics	Description of the activities and objective on the topic 'Social engagement'	4.7 Social engagement 4.10 Connectivity
ASW 4	Own objective	Donations to clients and charities	4.7 Social engagement



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Any questions about our report or sustainability policy?

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