

watsons

Türkiye

Sustainability Report 2022



Content

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SOCIAL SUSTAINABILITY • ECONOMIC SUSTAINABILITY • GOVERNANCE • APPENDIX

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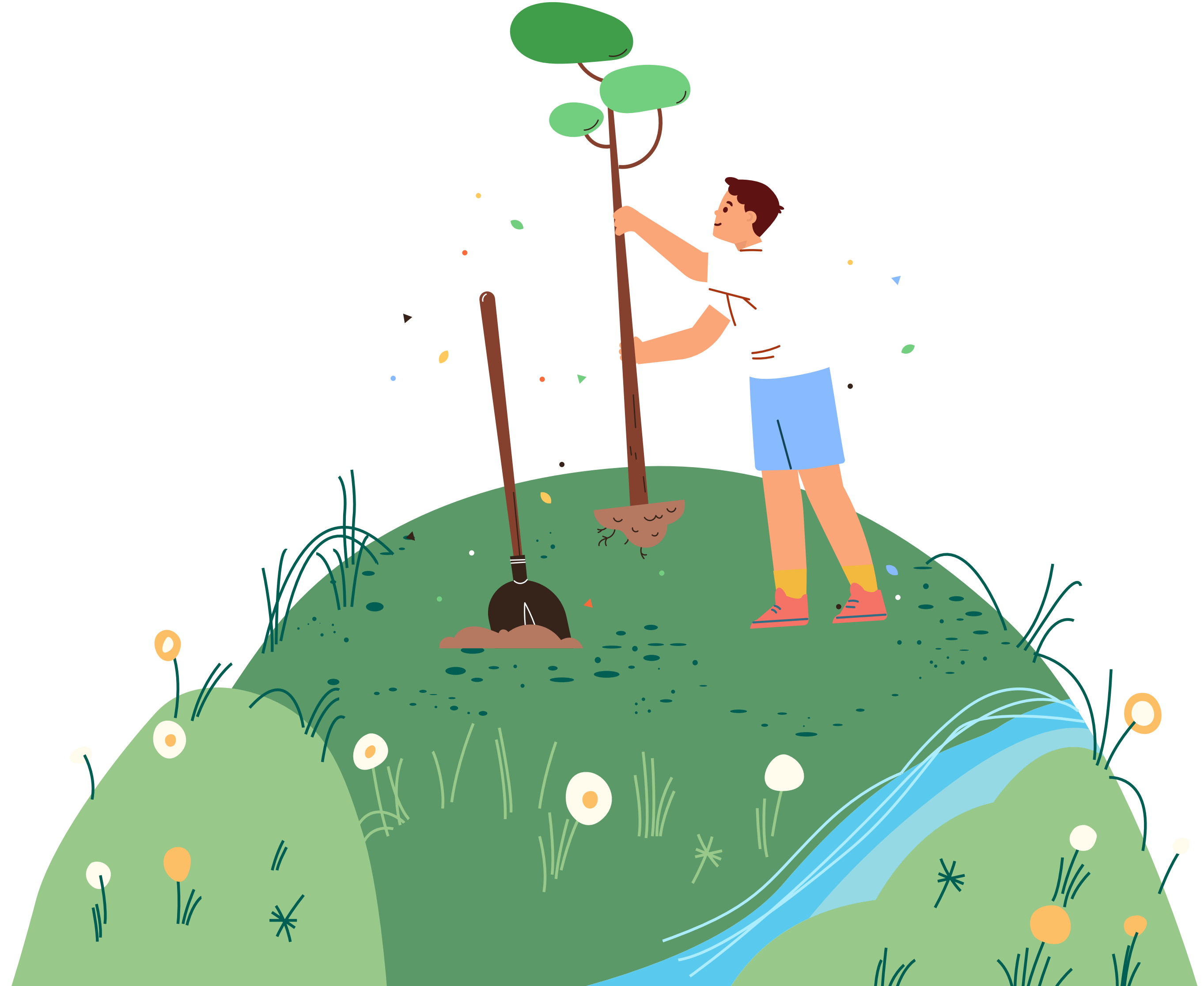
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About Our Report

At Watsons Türkiye, we have been working with the goal of creating sustainable value for our stakeholders since the day we were founded. We see our environmental and social impact as an integral part of our business strategy. Our sustainability strategy, which we turned into a business model in 2019, called **#Watsons Goodness Movement**, is our main guide in this area.

With our first sustainability report prepared within the scope of this strategy, we aimed to provide all our stakeholders with a summary of our environmental, social and economic performance and our sustainability approach. The information in the report covering the period January 1-December 31, 2022, covers all our operations in Türkiye. We have prepared our first report in accordance with GRI Standards. The report also includes the United Nations Sustainable Development Goals to which we contribute.

We prepared our 2022 report within the framework of the **#Watsons Goodness Movement** in 3 main sections. The **"Environmental Sustainability"** section included our environmental operations approach, environmental protection projects and animal welfare practices.



In the **"Social Sustainability"** section, we presented a summary of our employee development, occupational health and safety, social responsibility, gender equality practices and emergency preparedness efforts.

In the **"Economic Sustainability"** section, we have included the product quality and safety standards we apply, our practices that ensure customer satisfaction and our more sustainable product portfolio. **"Our Management Approach"** chapter provides a comprehensive summary of our corporate governance structure, risk management, business ethics approach and supply chain management structure.

You can send us your comments and suggestions on the report at

iletisimvesurdurulebilirlik@watsons.com.tr.

#Watsons Goodness Movement

#Watsons Goodness Movement, launched by Watsons Türkiye with the aim of adopting a sustainable life and raising awareness on responsible consumption, calls the entire cosmetics and personal care industry to goodness. Watsons includes sustainability in all its axes with 6 projects carried out under the umbrella of the Watsons Goodness Movement. With the **#Watsons Goodness Movement** launched with the aim of raising awareness, Watsons calls on the entire personal care and cosmetics industry to take steps to build a better future by including employees, customers, suppliers and manufacturers.

1. **Watsons Goodness Movement**
Calls you for a Better Future
2. **Watsons Goodness Movement**
Calls you to Grow Our Forests
3. **Watsons Goodness Movement**
Calls you to Grow Love for Animal

4. **Watsons Goodness Movement**
Calls you to Support Women's Labor
5. **Watsons Goodness Movement**
Calls you to Increase Women Employment
6. **Watsons Goodness Movement**
Calls you to Prefer Sustainable Living Products

About Us

AS Watson Group

Watsons is the flagship health and beauty brand of AS Watson Group. Founded in Hong Kong in 1841, AS Watson Group is the world's largest international health and beauty retailer, operating more than 16,400 stores under 12 retail brands in 27 markets with more than 140,000 employees worldwide.

Watsons is Asia's leading health and beauty retailer, operating over 8,000 stores and more than 1,500 pharmacies in 14 markets across Asia and Europe. Watsons sets the standard in the health and beauty market by providing personalized advice and consultation on health, beauty and personal care across a market-leading range of products, and by helping customers LOOK GOOD, DO GOOD and FEEL GREAT every day. Since 2009, Watsons has been the #1 drugstore/cosmetics chain brand in Asia.

Watsons Türkiye

Watsons Türkiye is one of Türkiye's leading beauty and personal care chains with nearly 350 stores in 60 cities. Over 3,000 Watsons employees, we aim to make a positive difference in the lives of our customers with the products and services we offer.

OUR PURPOSE & VALUES

Our Look Good, Do Good, Feel Great purpose encompasses health and beauty, body and soul, self and appearance. Together with our customers, we inspire holistic acts of well-being, positivity, care and kindness for people, our communities and our planet. These actions come to life through the three titles of our sustainability program.



Go Green

Let's do good together to protect our planet.



Go Smile

Let's spread smiles around the world and bring joy to millions of people.



Go Empower

Empower each other to enrich lives.

Our awards in 2022 / 15 awards

Great Place To Work
Certified Program

ALFA Awards
"Consumer Brand of the Year"
award in the
Personal Care/Cosmetics
category

Istanbul Marketing Awards
Small Budget Digital
Marketing Campaign

Şikayetvar Diamond
1st prize in the category of
"Cosmetics Store Chain" at the 7th
ACE Awards for Brands with the
Best Customer Satisfaction

ACE of M.I.C.E. Awards 10th
MASTERS of Event
Best Guerrilla Event

BrandVerse
Awards SocialBrands Data
Analytics Awards /
Silver award in the "Stores"
category

Secretcv.com is the Star of HR
Secretcv.com HR's Best Video
Job Posting

Marketing Türkiye
The ONE Awards Integrated
Marketing Awards
"Reputation of the Year" in
the "Chain Cosmetics Store"
category

Capital Magazine's 9th Women
Friendly Companies Survey
Women Friendly 100 Companies
and Women Manager Friendly
100 Companies List

Two Awards From The Hammers Awards
Bronze Award in the "Best Customer
Experience Team" category
Silver Award in the category of
"Those Creating Wonders with
Optimum Budget"

Istanbul Marketing Awards
Influencer Utilization
Single Campaign Award

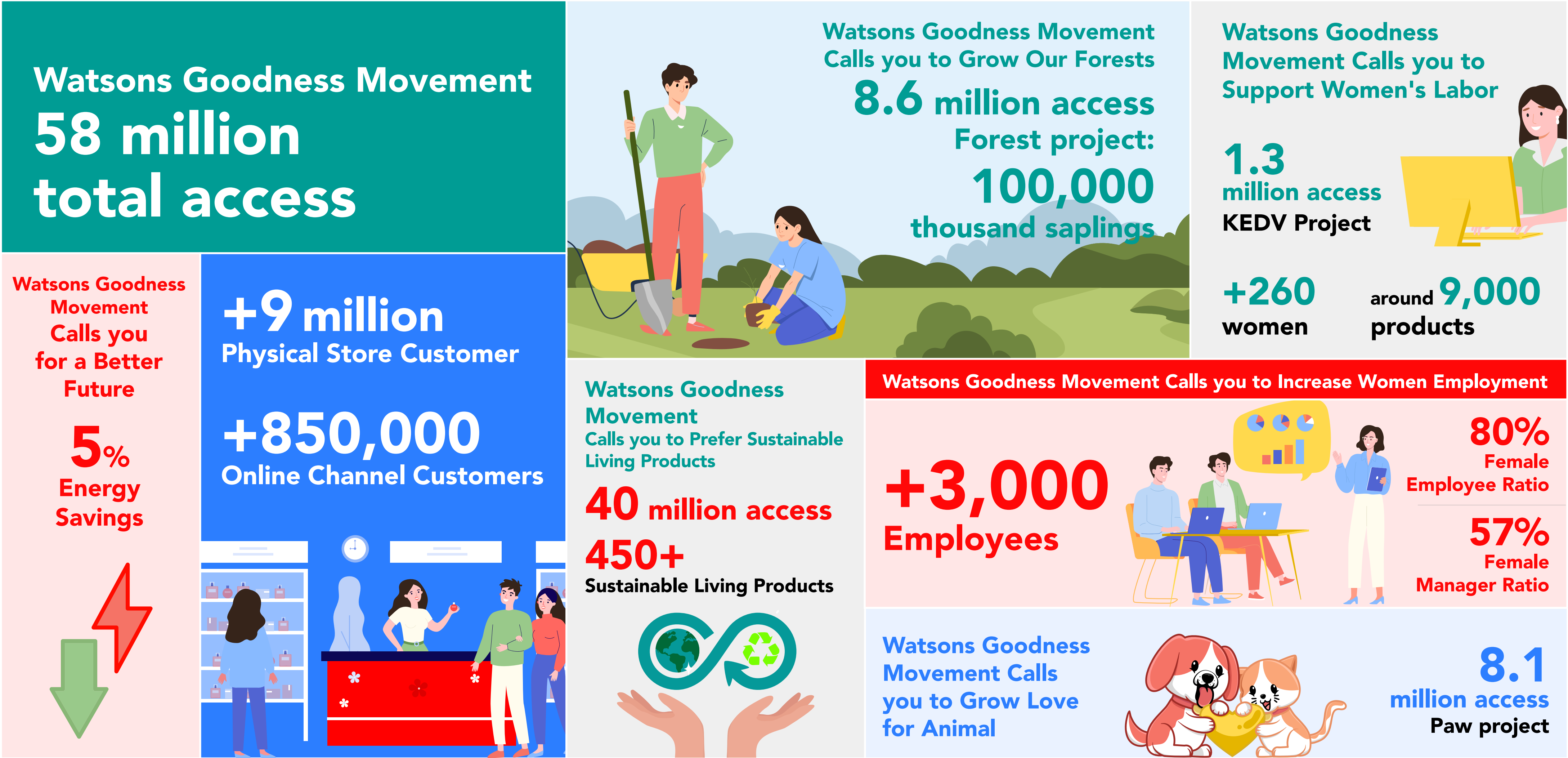
Women Friendly Brands 2022
Awareness Awards
Women Entrepreneurs and
Supporting Women's
Power Award

Fast Company & Turkcell Global
Bilgi Awards Customer
Experience Research in the
"Personal Care / Cosmetics"
category 1st Prize

Türkiye Reputation
Academy / G250 Youth Index
Young People's Brand /
1st place in the
"Cosmetics" category



Highlights in 2022



A Message from our General Manager

In an era where conscious consumerism, environmental management and social concerns are at the forefront, Watsons Türkiye adopt as a mission to responsible corporate practices and a commitment to a sustainable future. We are proud to present the Watsons Türkiye Sustainability Report 2022, a comprehensive document that not only showcases our unwavering commitment to sustainability, but also outlines our achievements, challenges and goals for the future in this vital area.

As Türkiye's leading health and beauty retailer, we recognize the profound impact our operations can have on the environment, the well-being of our employees, communities we serve and economy. This report is a testament to our continuous efforts to minimize our carbon footprint, enhance social well-being and make a positive contribution to the world we live in.

The report includes our ongoing initiatives to reduce waste, save resources and promote sustainable practices across all Watsons Türkiye business processes and operations. In addition, there are projects carried out within the scope of [Watsons Goodness Movement](#) with its employees, customers and stakeholders to promote a culture of sustainability, transparency and responsibility.

Our sustainability journey is not without its challenges and we believe that we need to openly share our progress, setbacks and lessons learned along the way. This report aims to provide a transparent and honest account of our sustainability efforts, emphasizing our commitment to continuous improvement.

At Watsons Türkiye, we recognize that sustainability is not just a choice, but a responsibility that we share with our employees, customers, suppliers, manufacturers and the global community. As you read this report, we invite you to join the [Watsons Goodness Movement](#).

Thank you for your trust and support for our sustainability efforts. Together, we can make a meaningful difference in the world.

Yours sincerely,

Mete Yurddas
Watsons Türkiye General Manager



Our Sustainability Commitment


As Watsons Türkiye, we make sustainable choices and we implement products and practices that make it easier for our customers to make sustainable choices.



Our sustainability strategy, which we call **#Watsons Goodness Movement**, helps us integrate sustainability into our corporate culture. We work harder every day to achieve our country targets set within the scope of the AS Watson Group sustainability strategy. Our goal is to continue our work as an organization that adds positive value to the lives of our customers, is preferred by our employees and gives confidence to our business partners. We continue this journey without compromising on the following principles.

As a member of the AS Watson Group, we support the UN Global Compact and integrate its requirements into all our policies and processes.






watsons

watsons
GOODNESS MOVEMENT
CALLS YOU FOR A
BETTER FUTURE!


We call for the protection of our environment by committing to reduce our greenhouse gas emissions by **50.4%** and our electricity consumption by **30%** by the year 2030.



watsons

watsons
GOODNESS MOVEMENT
CALLS YOU TO
GROW OUR FORESTS!


We plant hundreds of thousands of saplings every year and are committed to planting a total of **1 million saplings** across our country by 2030.



watsons

watsons
GOODNESS MOVEMENT
CALLS YOU TO SUPPORT
WOMEN'S LABOR!


Watsons, which connects customers with locally-made products crafted by women's cooperatives, supports the sale of thousands of products each year without pursuing a profit.



watsons

watsons
GOODNESS MOVEMENT
CALLS YOU TO INCREASE
WOMEN EMPLOYMENT!

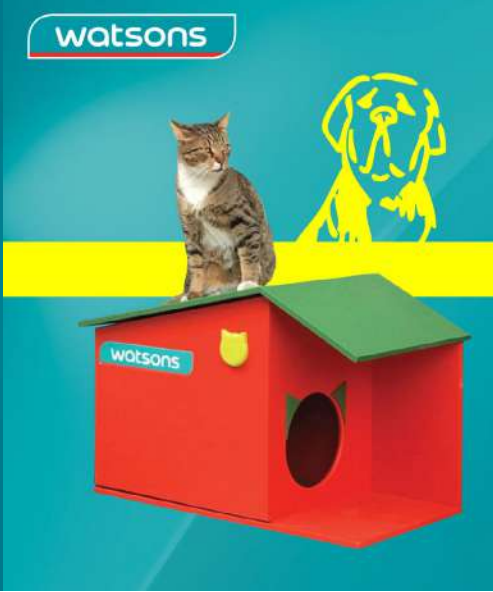
Watsons, prioritizing women's participation in the workforce with **80%** female employees and **60%** of middle and upper management positions held by women, encourages its suppliers in this regard and annually rewards the top three producers with the highest rates.



watsons

watsons
GOODNESS MOVEMENT
CALLS YOU TO PREFER
SUSTAINABLE LIVING
PRODUCTS!

Watsons has created Sustainable Living sections in its stores and online channels, featuring thousands of sustainable products. The company is encouraging everyone to choose environmentally friendly products.



watsons

watsons
GOODNESS MOVEMENT
CALLS YOU TO GROW
LOVE FOR ANIMAL!

Since 2019, through its Paw Friends Watsons project, Watsons has provided food, water bowls, and shelters at the front of its stores. Additionally, by offering treatment and food support to shelters and forests, Watsons is fostering a greater love for animals.

Environmental Sustainability

We will continue to reduce our carbon footprint by using energy-efficient technologies, turning to renewable energy sources and choosing sustainable logistics options.

We are committed to minimizing waste generation, increasing recycling rates and striving for a circular economy in our operations and supply chain.

We will produce, supply and promote sustainable products with reduced packaging and environmental certificates.



Social Sustainability

We are committed to being a positive force in the communities we serve, creating lasting positive change and supporting women's labor and women's employment.

We will uphold the highest ethical standards in all our business and promote fair labor practices, diversity and inclusion in our workforce and supply chain.

We will continue to adhere to transparent and responsible corporate governance principles that ensure accountability and integrity in our decision-making processes.



Economic Sustainability

We encourage our customers to live more sustainably with information and sustainable product choices that enable them to make sustainable purchasing decisions.

We are committed to offering more and more products and services every day by continuously expanding our sustainable product alternatives.

We regularly assess and report our sustainability performance and set measurable targets to ensure continuous improvement.

We actively collaborate with industry peers, NGOs and government agencies to address common sustainability challenges and promote positive change.



By fulfilling these commitments, we aim to be responsible corporate citizens who actively contribute to a more sustainable, equitable and prosperous world. We recognize that sustainability is an ongoing journey

and we are committed to developing and adapting our practices to align with the ever-changing needs of our planet and society.

We believe that together we can make a meaningful difference and we can build a brighter, more sustainable future.

Our Sustainability Journey

Watsons' brand perception research shows that Millennials and Generation Z expect brands to set goals that will benefit the world. In the brand perception of new generation customers, brands that carry out sustainability activities, emphasize concepts such as inclusion and diversity, and provide solutions to the climate crisis stand out. At Watsons Türkiye, 78% of our customers are Millennials and Generation Z.

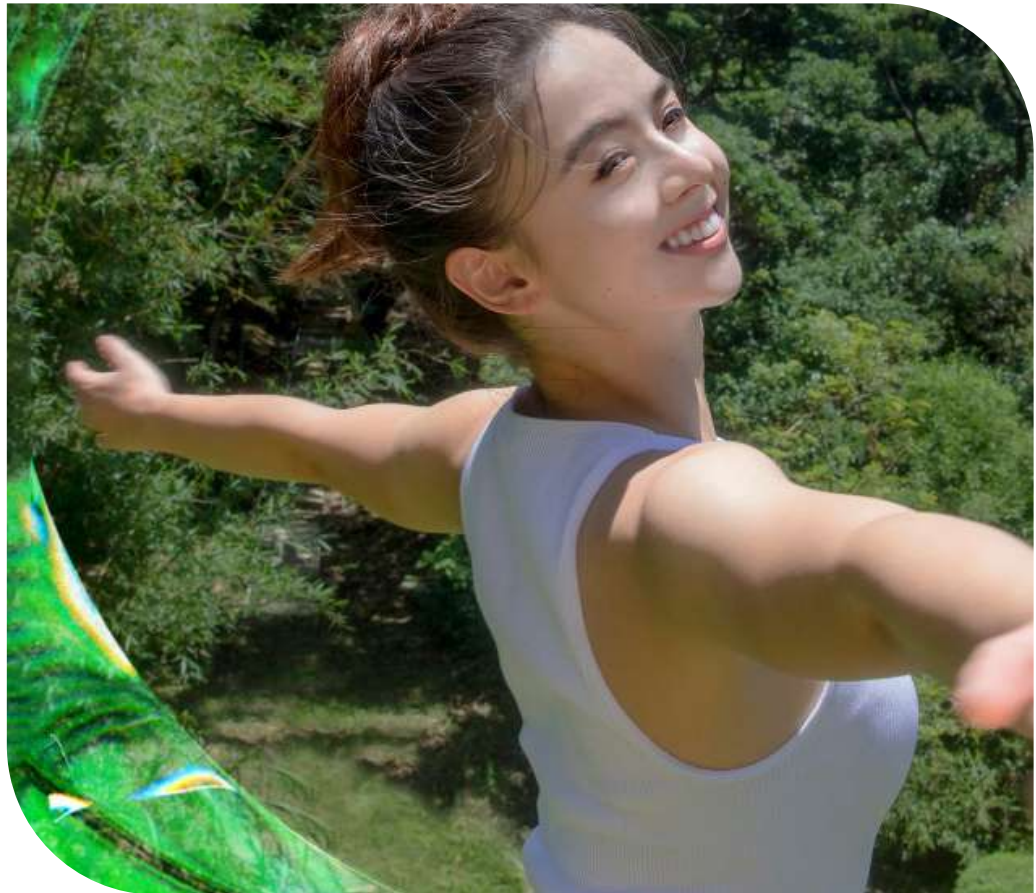
As Watsons Türkiye, we have been conducting sustainability projects under the umbrella of #Watsons Goodness Movement since 2019 under 6 main headings in order to meet the expectations of our customers, to create a brand perception that is sensitive to the environmental, social and economic needs of the world and to reinforce this perception.

With the #Watsons Goodness Movement, we take responsibility in all axes of sustainability and take strong steps to achieve a more sustainable life. In order to localize AS Watson Group's sustainability mission and maintain our "love brand" perception, we started our sustainability efforts by focusing on Türkiye's main problems as a result of the research conducted on our customers. As a result of our sustainability efforts, we also benefit our own economic sustainability by being the first choice of our customers with the perception that "Watsons is the leading retail cosmetics and personal care brand that embraces all areas of sustainability".

We took action to explain the concept of sustainability, which is new for our sector, to our stakeholders and to ensure that more than 100 suppliers, manufacturers and employees take steps on this path. With the aim of guiding the sector, we explain the concept of sustainability to our employees, customers, suppliers and manufacturers and ensure that they internalise it. We set a condition for our suppliers to increase the ratio of female employees. We incentivise our manufacturing companies with the highest ratio of female employees with awards. In order to break the perception that sustainable products are expensive, we offer our Sustainable Living products with affordable prices and special campaigns, and ensure that these products are preferred by customers. In this way, we change the shopping habits of customers with sustainable alternatives and direct customer behaviour towards sustainability. Every year, we declare one month as Sustainable Living Month and we highlight our sustainable products with campaigns and communication activities throughout the month.



At Watsons Türkiye,
78%
of our customers
are Millennials
and Generation Z.



Corporate Memberships

- Animal Rights Federation (HAYTAP)
- Turkish Foundation for Combating Erosion, Reforestation and Protection of Natural Habitats (TEMA)
- Foundation for the Evaluation of Women's Work (KEDV)
- Anatolian People and Peace Platform (AHBAP)

Our Sustainability Management Structure

In order to implement our sustainability strategy at Watsons Türkiye, we have established 7 Sustainability Committees under the leadership of the Sustainability Unit. The committees, which consist of volunteer employees from all departments, internalize the sustainability mission and work towards this goal, meet regularly every quarter throughout the year to exchange views and take action for the [Watsons Goodness Movement](#).

Duties and Responsibilities of Sustainability Unit

Watsons Türkiye Sustainability Unit is responsible for monitoring and coordinating the activities of the committees. The Sustainability Unit is responsible for monitoring and coordinating the activities of the committees. Quarter of the year in the field of sustainability. Sustainability communication reports are shared with the management team on a monthly basis. All studies carried out is also shared with global sustainability teams of AS Watson Group.

All company employees are informed about sustainability efforts through weekly sustainability bulletins, and AS Watson Group is informed about sustainability efforts through quarterly, half-term and annual reports.

In 2022, under the umbrella of [Watsons Goodness Movement](#), 6 environmental, social, economic projects were carried out. 360 communication activities related to these projects, Sustainability Reports were prepared monthly and reported to the management.

The Sustainability Unit provided sustainability-themed trainings to the employees of the head office, store and Distribution Center. The unit defined the duties and responsibilities of the employees. In the Neighbour Card project carried out with the Sustainability Unit and Şişli Municipality, 1,085 kg of plastic waste was collected, and food was provided to stray animals with the income obtained from recycling.

Duties and Responsibilities of Sustainability Committees

Each committee works under the leadership of the relevant Watsons Türkiye Director. All Committees are assigned targets for 2023, 2025 and 2030. Towards these targets activities are carried out in parallel with AS Watson Group targets. More than 100 sustainability targets are set at Watsons Türkiye. The management team is responsible for quarter of the year in the field of sustainability. Sustainability communication reports are shared with the management team on a monthly basis. All company employees are informed by weekly sustainability bulletins, AS Watson Group is informed quarterly, half-yearly and annual reports about sustainability activities.

Committees are directed by the directors in the management team, and Sustainability Unit is informed about current developments every quarter of the year.



The Sustainability Annual Report is prepared in light of the outputs of the committees. Within the scope of our goal of including sustainability performance indicators in the performance evaluation process of Watsons employees, Key Performance Indicators (KPIs) showing sustainability performance have been assigned to some units. In addition, a Sustainable Life Ambassador has been assigned to each of our stores, and the job description conducted. The management team is involved in the Performance Evaluation process. Numerical targets are also analysed and included in the performance.

Our Sustainability Committees Led by the Sustainability Unit

- 1. Zero Waste Committee
- 2. Product and Packaging Committee
- 3. Reuse and Green Stores Committee
- 4. Digital Transformation Committee
- 5. Employee Engagement Sustainability Committee
- 6. Logistics Committee
- 7. Energy Efficiency Committee

In 2022,
78 tons
of waste was
recycled and
1 million TL
in revenue was
generated from
recycling and recovery
activities.



Our committees' fields of activity and 2022 activities:

Zero Waste Committee: The Zero Waste Committee works to develop strategies for the recovery and reuse of all types of recyclable materials such as paper, plastic and glass. It reviews processes in all internal areas of the company and develops strategies to minimize waste generation. The Committee works to collect and re-cycle waste and contributes to the development of zero waste awareness within the organization. In 2022, 78 tons of waste was recycled, generating TL 1 million in savings from recycling and recovery activities.

Energy Efficiency Committee: The Energy Efficiency Committee develops strategies to reduce energy consumption and works for the adaptation of energy efficient technologies and practices. It conducts research to ensure that the electricity consumed is provided from renewable energy sources and contributes to the use of sustainable resources and the development of energy efficiency awareness within the organization.



Digital Transformation Committee: The Digital Transformation Committee supports the implementation of green and paperless office practices by contributing to the digitalization projects of business processes prioritized by the management. It identifies all printed processes that cause paper waste, checks the suitability of the infrastructure for digitalization, and works to digitize the necessary processes. In processes that cannot be fully digitized, it ensures that the use of recycled paper is preferred. In line with the demand of business units, 10 of the 15 projects planned for 2022 were successfully implemented with the follow-up and support of the committee. The committee's efforts resulted in paper savings and operational convenience.

...► Please See Digitalization and Information Security Practices

Employee Engagement Sustainability: The Employee Engagement and Sustainability Committees supports the development of programs and training content to contribute to employee welfare. It develops Human Resources policies with a sustainability approach and implements projects to increase employee loyalty and motivation. Contributes to increasing the ratio of female employment and female managers in the company through social sustainability efforts.

In 2022, the Committee carried out activities within the scope of the "Good, Better, Best" Health and Welfare Standards. Seminars and trainings were organized to protect the physical and mental health of employees. Employees were provided with free psychological and dietitian support. A basketball club was established, and communication with employees was kept active through social events and sustainability publications.

Reuse and Green Stores Committee: The Reuse and Green Stores Committee ensures that investment and environmental costs are reduced by recycling and reusing materials such as metal wall units, metal island units, back-of-case cabinets, check-out counters, Distribution Centre shelves, lighting, etc. in stores. Carries out studies for the use of "reuse" products produced from recycled materials in the stores planned to be opened. Works towards obtaining certificates such as "Green Office" and "LEED" by increasing the reuse rate of materials such as metal equipment, electrical materials, lighting and mechanical materials.

In 2022, 23 new stores opened during the year featured at least one recycled material. The reuse rate for metal appliances exceeded 50%. The reuse rate for metal equipment in new and refurbished stores was 40%.

In 2022,
night deliveries
were made to
125
stores, creating less
traffic congestion
and saving
12,900
liters of fuel.



Logistics Committee: The Logistics Committee produces solutions to reduce carbon emissions through its efforts to create a sustainable supply chain and ensures route optimization for supply routes. It develops alternative strategies by conducting studies in areas such as the use of new generation vehicles with low negative environmental impact and lightening vehicle weights.

In 2022, night deliveries were made to 125 stores, creating less traffic congestion and saving 12,900 liters of fuel.

Product and Packaging Committee: The Product and Packaging Committee is responsible for working towards replacing plastic packaging and bags in e-commerce processes with FSC-certified paper, reducing the rate of single-use plastic in distribution centres, and switching to packaging containing sustainable raw materials.

Work carried out in 2022:

- ➔ Paper use per order in e-commerce was reduced by 15.8% and plastic use by 21%."Sustainable paper" packaging was preferred as much as possible for our own branded products.
- ➔ Our use of RSPO-certified palm oil in our locally manufactured own-brand products containing palm oil increased to 45%.
- ➔ Local suppliers that produce with Watsons brands had a 93% rate of passing a valid social compliance audit.

6 main projects carried out under the umbrella of Watsons Goodness Movement

	Watsons Goodness Movement Calls you for a Better Future		Watsons Goodness Movement Calls you to Grow Our Forests
	Watsons Goodness Movement Calls you to Support Women's Labor		Watsons Goodness Movement Calls you to Increase Women Employment
	Watsons Goodness Movement Calls you to Grow Love for Animal		Watsons Goodness Movement Calls you to Prefer Sustainable Living Products

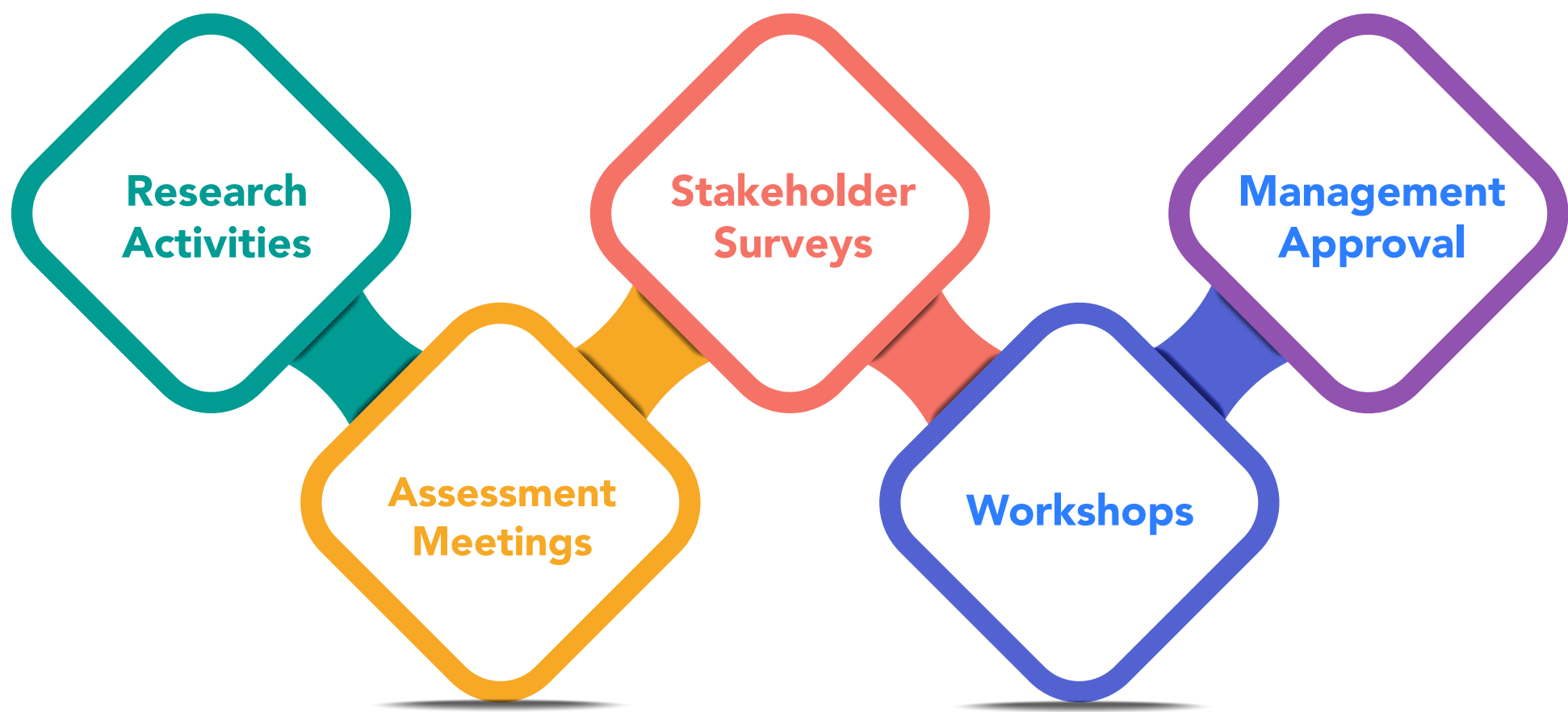
...► For project details, please visit the relevant section of the report.

Our Material Issues

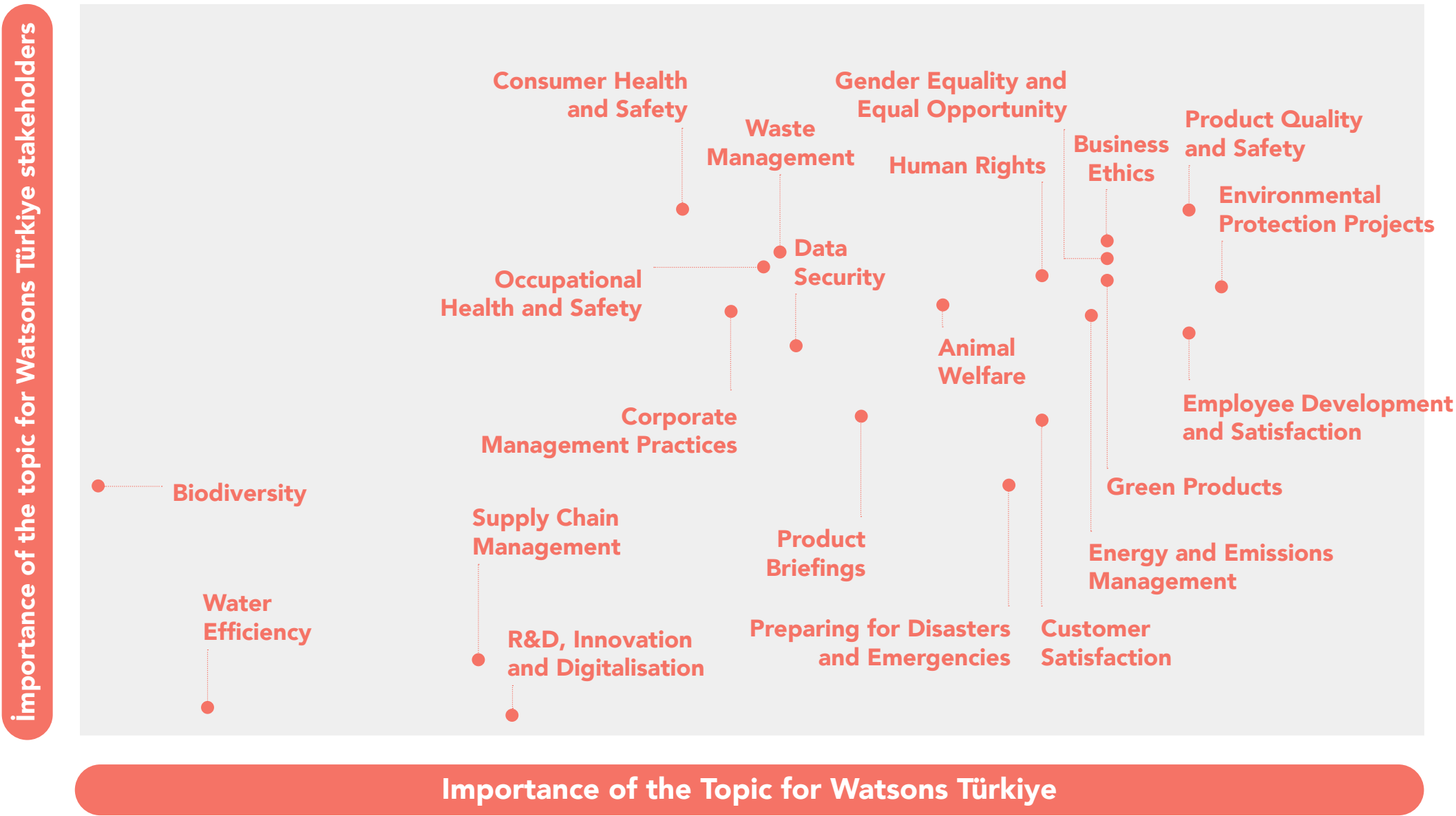
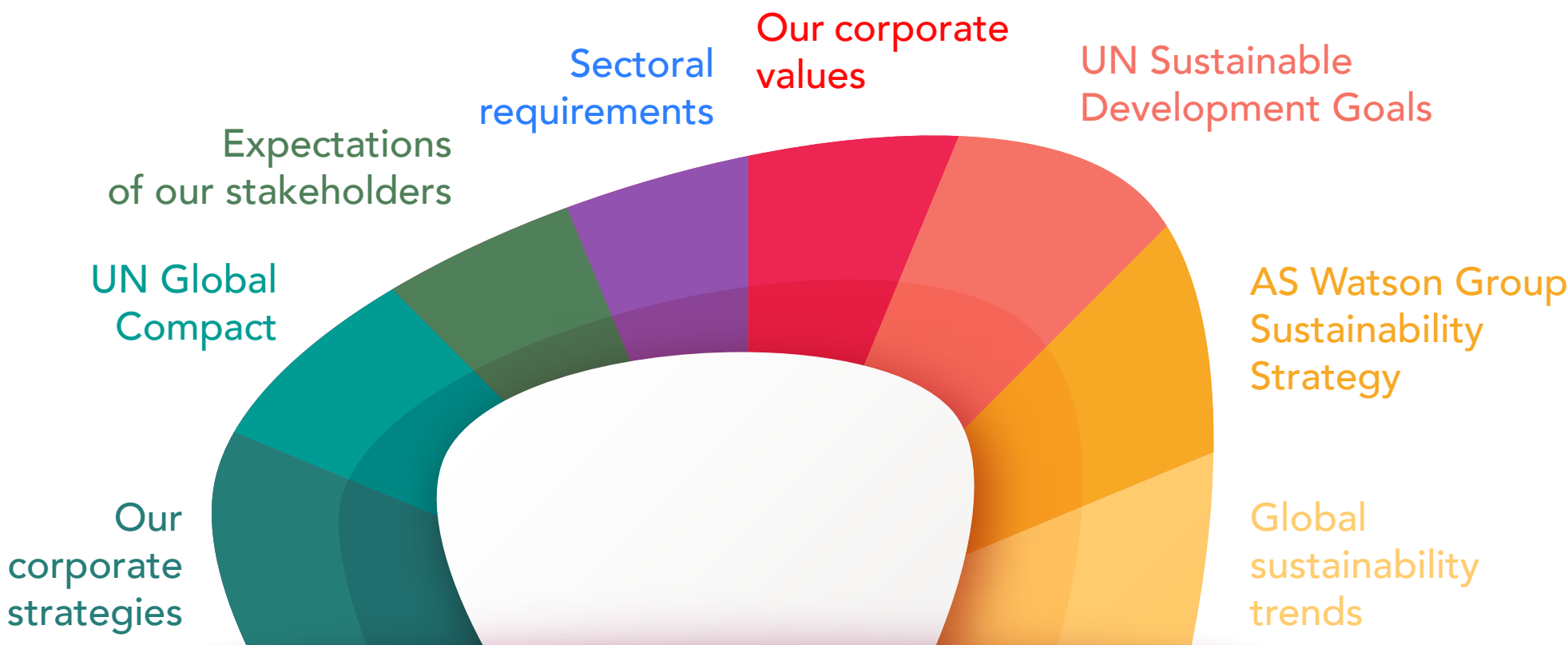
While preparing our 2022 Sustainability Report, we reviewed our sustainability priorities.

- ✓ In the materiality study, we first created a wide universe of topics.
- ✓ We submitted the issues we identified to the evaluation of our employees and external stakeholders through online surveys.
- ✓ Participants also discussed global trends that could impact Watsons Türkiye's business model and the UN Sustainable Development Goals to which the company should contribute.
- ✓ With our survey, we reached 365 stakeholders, including our colleagues, customers, business partners and suppliers.
- ✓ We evaluated the survey results in a workshop, where we identified our material issues, global sustainability trends that are likely to affect our business processes, and the UN Sustainable Development Goals to which we contribute.










Our Materiality Process and Contribution to Sustainable Development Goals.



Sources we consulted while determining our sustainability priorities







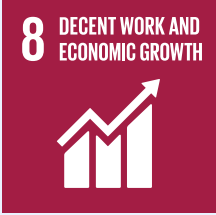


Our Sustainability Roadmap

Our Material Issue	Watsons Türkiye Targets	Our Efforts	SDGs We Contributed to
Environmental Sustainability			
Energy and Emissions Management	Reduce scope 1 emissions by 50.4% by 2030 from a 2018 base year	We are working to reduce direct emissions from sources we own or control (use of fossil fuels such as natural gas or gasoline or emissions from fuels used in company-owned vehicles, emissions from refrigerants).	  
	Reduce scope 2 emissions by 50.4% by 2030 from a 2018 base year		
	Reduce Scope 3 emissions from purchased goods and services, upstream transportation and distribution, and use of sold products by 58% per Hong Kong dollar value added by 2030 from a 2018 base year		
	33% of its suppliers by emissions covering purchased goods and services, upstream transportation and distribution will have science-based targets (SBTs) by 2027	Helping selected local suppliers to adopt Science Based Targets (SBTi) by 2027.	
Green Operations	Increase the proportion of reused materials in new and renovated stores	In 2022, at least one reused material was preferred in all our newly opened stores.	   
		Achieved 40% reuse rate in metal equipment.	
Waste Management	Recycling, reusing or converting all waste generated in distribution centres, stores and offices into energy	In 2022, 1 million TL savings was generated from recycling and recovery activities, 78 tons of waste was recycled.	 

Our Material Issue	Watsons Türkiye Targets	Our Efforts	SDGs We Contributed to
Environmental Protection Projects	Supporting environmental protection projects that will reduce the environmental impact of our operations every year Reaching 1 million sapling donations in 2030	In 2022, we donated 76,580 saplings to TEMA Foundation and ÇEKÜL.	<div><div>13CLIMATE ACTION</div><div>15LIFE ON LAND</div><div>17PARTNERSHIPS FOR THE GOALS</div></div>
Animal Welfare	Improving the welfare of stray animals By 2030, to install kennels and food and water bowls for cats and dogs in 200 of our stores	With the Paw Friendly Watsons project, 25 of our stores have cats and cats dog kennels and food & water bowls.	<div><div>15LIFE ON LAND</div><div>17PARTNERSHIPS FOR THE GOALS</div></div>
Social Sustainability			
Employee Development and Satisfaction	Diversification of employee welfare programs	In 2022, we implemented a total of 9 programmes including seminars.	<div><div>1NO POVERTY</div><div>3GOOD HEALTH AND WELL-BEING</div><div>4QUALITY EDUCATION</div><div>5GENDER EQUALITY</div><div>8DECENT WORK AND ECONOMIC GROWTH</div><div>10REDUCED INEQUALITIES</div><div>16PEACE, JUSTICE AND STRONG INSTITUTIONS</div><div>17PARTNERSHIPS FOR THE GOALS</div></div>
	Adding sustainability performance indicators to the performance evaluation process	Sustainability Leaders were identified at Headquarters, Stores and distribution centres. Necessary trainings were organized.	
Gender Equality	To be an organization with high social diversity where everyone can develop themselves	Our female employee ratio was 80% and our female manager ratio was 57%.	<div><div>5GENDER EQUALITY</div><div>8DECENT WORK AND ECONOMIC GROWTH</div><div>10REDUCED INEQUALITIES</div></div>

Our Material Issue	Watsons Türkiye Targets	Our Efforts	SDGs We Contributed to
Occupational Health and Safety	Providing a safe and healthy workplace for all our employees	We raised OHS awareness by organizing trainings and audits throughout the year.	<div><div>3GOOD HEALTH AND WELL-BEING</div><div>4QUALITY EDUCATION</div><div>8DECENT WORK AND ECONOMIC GROWTH</div><div>12RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div>
Human Rights	100% social compliance with our own branded product suppliers	We carried out audits throughout the year.	<div><div>5GENDER EQUALITY</div><div>8DECENT WORK AND ECONOMIC GROWTH</div><div>10REDUCED INEQUALITIES</div><div>16PEACE, JUSTICE AND STRONG INSTITUTIONS</div><div>17PARTNERSHIPS FOR THE GOALS</div></div>
Business Ethics	Absolute compliance with laws and regulations	We organized trainings throughout the year.	<div><div>8DECENT WORK AND ECONOMIC GROWTH</div><div>10REDUCED INEQUALITIES</div><div>16PEACE, JUSTICE AND STRONG INSTITUTIONS</div></div>
Preparing for Disasters and Emergencies	Preparation of road maps for all disasters and emergencies that may affect our country	Our 508 employees received 1,096 hours of Disaster and Emergency Training.	<div><div>3GOOD HEALTH AND WELL-BEING</div><div>4QUALITY EDUCATION</div><div>8DECENT WORK AND ECONOMIC GROWTH</div><div>12RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>16PEACE, JUSTICE AND STRONG INSTITUTIONS</div></div>
Economic Sustainability			
Product Quality and Safety	"0" tolerance for non-conformities in product quality	Our Quality Assurance teams conducted supplier audits and product testing to ensure that our products are safe and of high quality.	<div><div>8DECENT WORK AND ECONOMIC GROWTH</div><div>12RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>16PEACE, JUSTICE AND STRONG INSTITUTIONS</div><div>17PARTNERSHIPS FOR THE GOALS</div></div>

Our Material Issue	Watsons Türkiye Targets	Our Efforts	SDGs We Contributed to
Consumer Health and Safety	"0" recalls on own-brand products	We did not recall any of our products in 2022.	
Product Information	"0" non-compliance due to inadequate/incorrect information	In 2022, we were not penalized for irregularities in product information.	
Sustainable Products	Increasing the variety of Sustainable Living Products, we offer to our customers every year	Our RSPO certified product ratio reached 45%. We offered more than 450 sustainable living products to our customers.	   
	Reducing plastic consumption	We preferred sustainable paper packaging for our own-brand products as much as possible.	
Customer Satisfaction	To be the company that best understands customer expectations and needs	Our customer satisfaction rate was over 90%.	

Communication with our Stakeholders

We consider it our corporate responsibility to provide accurate and timely information to all our stakeholders, and we maintain two-way stakeholder communication through numerous platforms tailored to different stakeholder groups. We increase our corporate know-how through numerous non-governmental organizations, global and sectoral initiatives we are a member of and support.

We are in contact with all our stakeholders through online and offline communication methods such as satisfaction surveys, meetings and social media. We regularly conduct customer satisfaction surveys every year. We actively use social media channels.



Environmental Sustainability



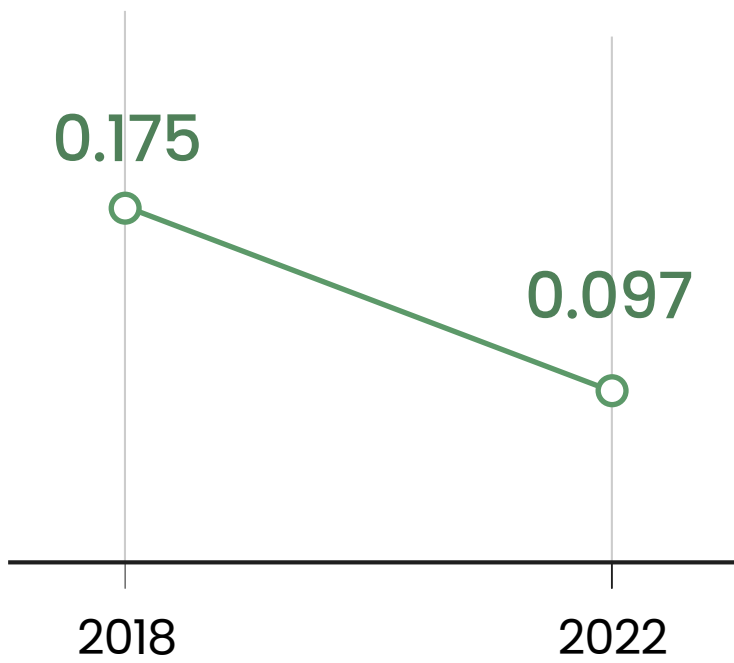
1. Watsons Goodness Movement
Calls for a Better Future

As Watsons Türkiye, we are the first brand in the beauty and personal care retail sector to embrace sustainability, take action and lead the sector. In 2019, we called on the entire beauty and personal care retail industry to take steps to build a better future by including our employees, customers, suppliers and manufacturers with the [#Watsons Goodness Movement](#), which we launched with the aim of adopting a sustainable life and raising awareness about responsible production and consumption. In this context, we continue our environmental projects under the umbrella of [Watsons Goodness Movement Calls for a Better Future](#).

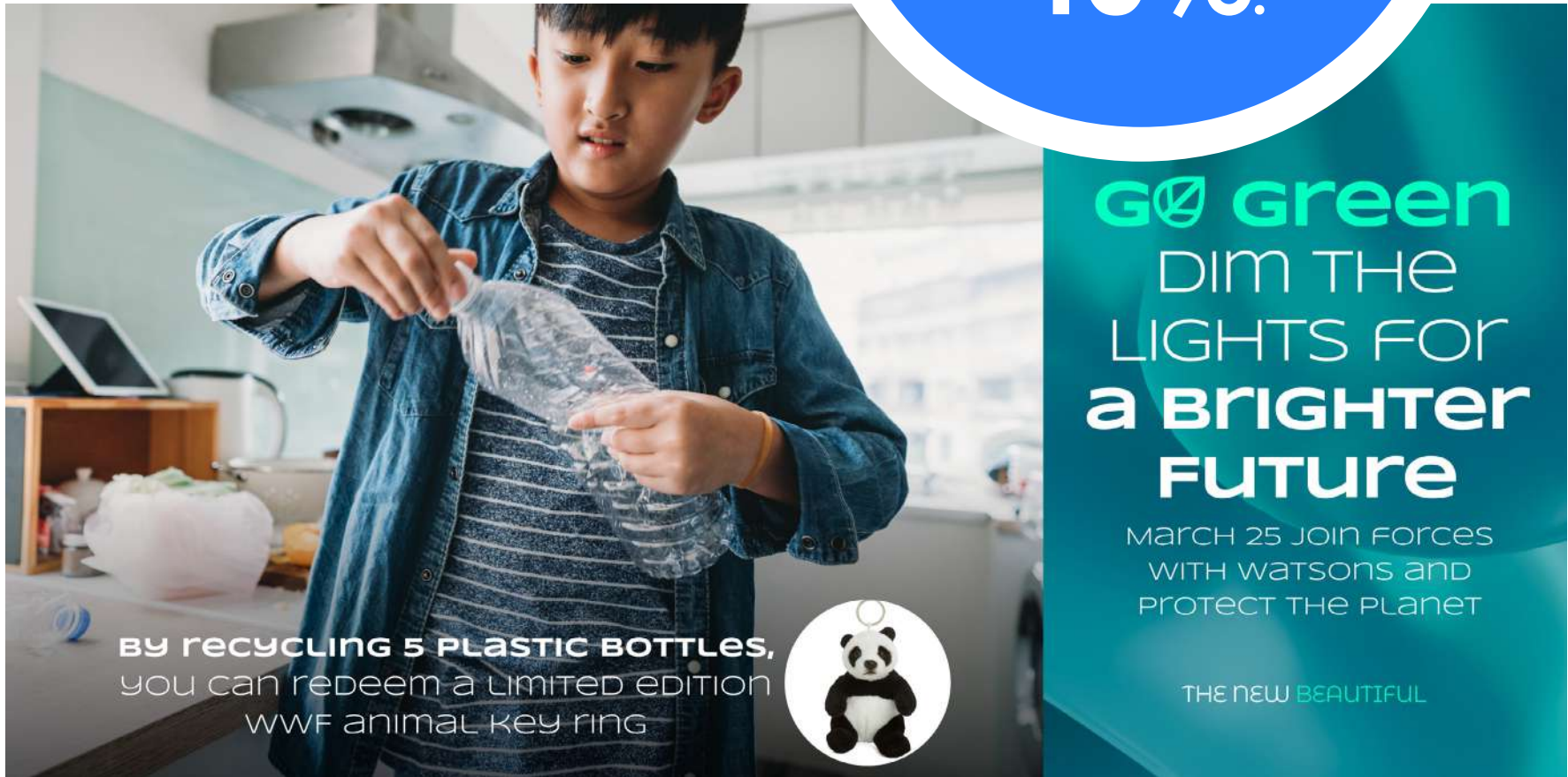
At Watsons Türkiye, we are working to identify and reduce our greenhouse gas emissions from our operations. Due to our industry, our stores, logistics operations and office operations account for a large part of our environmental impact. In this context, we attach importance to energy efficiency projects and strive to reduce our environmental impact. Our total Scope 1 and Scope 2 greenhouse gas emissions in 2022 resulting from our operations are 7,134 tCO₂e. Compared to 2018 base year, our Scope 1 and Scope 2 emissions decreased by 40%.

As Watsons Türkiye, we are working to minimise energy wastage by reducing our energy consumption and identifying areas where energy is used unnecessarily. Our energy intensity decreased by 37% compared to 2018.

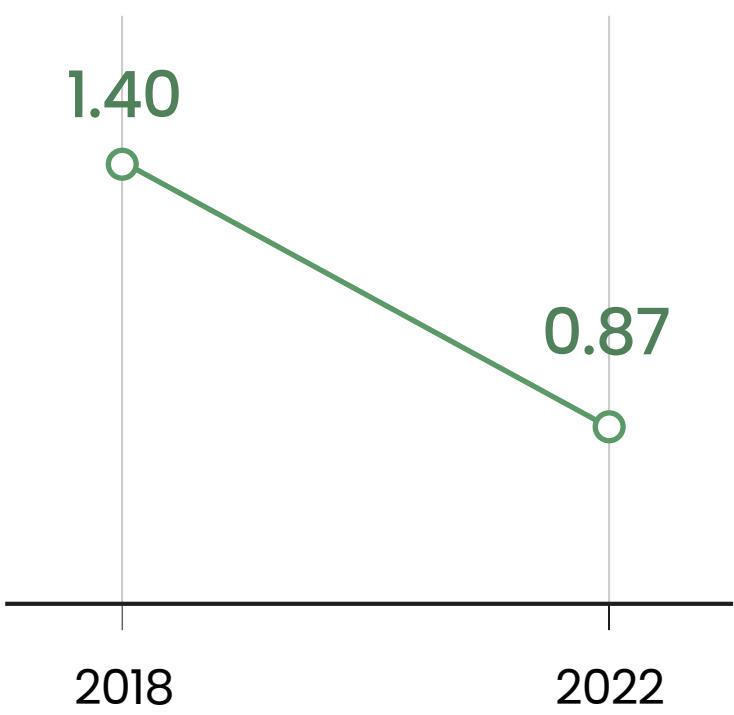
Emission Intensity
(Scope 1 & Scope 2 tCO₂e/m²)



Compared to 2018 base year, our Scope 1 and Scope 2 emissions decreased by **40%.**



Energy Intensity (GJ/m²)



1. Watsons Goodness Movement
Calls for a Better Future

We strive to manage our wastes responsibly by monitoring them according to the legislation. In this context, we include all recyclable waste from Head Office, Distribution Center and Stores in the waste management system and recycle them. We dispose of our hazardous wastes in a fitting manner. Our total waste amount for 2022 is 1169 tons. While our non-hazardous waste amount is 1146 tons, our hazardous waste amount is 23 tons. Depending on our sales amount over the years, a change in our waste amount has also been observed.

AS Watson's overall goal is to eliminate unnecessary packaging, prevent over-packaging and phase out PVC by 2030. AS Watson as the parent company sets these targets and it is noteworthy that Watsons Türkiye is fully aligned with and supports these initiatives. In addition, AS Watson is a signatory to the Ellen Macarthur Foundation's New Plastics Economy Global Commitment since 2020. To further emphasise our commitment to sustainability, we aim to use at least 20% recycled plastic content in our plastic packaging by 2025. We are also committed to reducing Scope 1 and Scope 2 greenhouse gas emissions by 50.4% by 2030 compared to the 2018 base year.

We are working to achieve our country targets set by AS Watson Group as part of its sustainability strategy.

We integrate the sustainability mission into all functions through Sustainability Committees that include all our employees, and we take reducing the carbon footprint in our processes and responsible production as the basis of our way of doing business.

AS Watson Group Target	Watsons Türkiye Target
AS Watson Group is a signatory of the Ellen Macarthur Foundation's New Plastic Economy Global Commitment since 2020. The requirements of the commitment are: Eliminating unnecessary packaging by 2030, avoiding over-packaging and phasing out PVC; ensuring that we use a minimum of 20% recycled plastic content in plastic packaging by 2025.	To achieve our Group's goals, we work in line with our "less, better plastic" strategy and develop practices to reduce the use of plastic in our own branded products, e-commerce system, distribution centres and stores.
By 2030, it aims to reduce Scope 1 and Scope 2 emissions by 50.4% compared to the base year 2018.	We are working to reduce our Scope 1 emissions at the same rate as our group. At the same time, we will reduce our Scope 2 emissions by 69.7% by 2030 to contribute to the Scope 2 target. By 2030, we will achieve this goal by switching to 100% renewable energy and reducing our electricity consumption by 30%.
Reduce scope 3 emissions from purchased goods and services, upstream transportation and distribution, and use of sold products by 58% per Hong Kong dollar value added by 2030 from a 2018 base year and 33% of its suppliers by emissions covering purchased goods and services, upstream transportation and distribution will have science-based targets (SBTs) by 2027	To achieve these goals, we are helping selected local suppliers to adopt Science Based Targets (SBTi) by 2027.
By 2030, it aims to recycle, reuse or convert all waste generated in distribution centres, stores and offices into energy.	We adopt the same goal with our Group. We try to implement recycling / reuse or energy conversion methods to reduce the waste going to landfill to zero.

1. Watsons Goodness Movement
Calls for a Better Future

Greener Stores

We strive to accelerate our transformation towards stores with lower environmental impact by reducing our carbon emissions and waste. Through our transformation to greener stores, we aim to promote a culture of sustainability in the day-to-day operations of retail stores, drive our customers towards more sustainable products and lifestyles, accelerate energy efficiency and the transition to renewable energy, and increase responsible material use and recycling.

As part of our Greener Store Framework, we inspire a culture of sustainability by increasing our knowledge on sustainability and making our daily actions more sustainable. We use more sustainable designs and materials in the construction processes of the stores. In sales processes, we embrace the sustainability approach and direct our customers to our cloth bags to reduce the use of plastic bags and encourage a sustainable lifestyle. We reduce our energy consumption to reduce greenhouse gas emissions and develop new ways to reduce energy consumption. We are building a safer and healthier environment for our employees and customers. We reduce waste from products and store equipment and recycle end-of-life store equipment.

We recycle all recyclable waste from the stores by including it in the waste management system. This recycling is managed by the affiliated business center in our Shopping Mall Stores and by our OHS team in our Street Stores. As a hygiene measure during the pandemic, we stopped the use of bottled water and glass water consumed by our employees as part of zero waste management and switched to the use of carboy water. In order to contribute to recycling, we collect and recycle deformed uniforms worn by employees during work, electronic waste from all locations, and documents in the archives that are not needed. As part of our contribution to zero waste management, we digitize the documents that need to be signed and filled out in stores.



1. Watsons Goodness Movement
Calls for a Better Future

We prefer a minimum of 20% of the equipment used in our newly opened and renovated stores within the scope of the circular economy model from reused materials. Instead of the equipment in our stores that are in the renovation period or in our closed stores being scrapped, we renovate them and reuse them in our renovated or newly opened stores. Our reuse rate for only metal equipment in stores that are renovated/newly opened during the year is approximately 40%.

Within the scope of energy and emission management in stores; we check the invoices of all stores on a monthly basis and create an action plan according to the amount of consumption. By following these actions, we reduce consumption at the end of the year and save 3% of our annual consumption. By installing a monitoring device on the electricity meter in the top 50 stores that consume the most electricity, we ensure that the electricity consumed is monitored instantly, and thanks to the alarms we create, we save 1% of our annual consumption. In 234 stores, we use timed sockets for beverage refrigerators. In this way, the refrigerators do not operate during the hours when the store is closed and we save 0.2% of our annual consumption by reducing energy waste.

In the Logistics Committee's 2022 study, route optimization was carried out and deliveries were made to our 125 stores at night. This resulted in less traffic congestion and 12,900 liters of fuel savings.

We encourage our office employees to take environmental responsibility by involving them in environmental awareness.

We raise awareness of our employees and take necessary actions on issues related to heating and cooling systems, paper consumption, food consumption, office supplies, electricity consumption, transportation, water consumption, etc.

As part of effective waste management, we send unused cartridges and fluorescents to the distribution center in the head office and stores and dispose of them in accordance with the hazardous waste regulation. We recycle recyclable waste. As part of waste management, we completely stopped the use of disposable cardboard cups in the office with the 'Use Your Own Cup' project. We reduced the use of plastic cups by distributing glass water bottles to all employees.



Our reuse rate for
only metal equipment
in stores that are
renovated/newly
opened during the
year is approximately
40%.

2. Watsons Goodness Movement Calls you Grow Our Forests

Within the scope of [Watsons Goodness Movement](#) Calls to Grow Our Forests project, we bring thousands of saplings to the soil every year in cooperation with NGOs. Each sapling planted in the soil helps prevent CO₂ emissions, which is the biggest cause of the climate crisis. The 76,580 trees we planted in an area equivalent to 64 football fields in 2022 in cooperation with TEMA Foundation and ÇEKÜL support the fight against the climate crisis by absorbing 27 tonnes of CO₂ from the atmosphere annually. We plan the project for the long term by determining the number of saplings we will plant in 2025 and 2030 with medium and long-term goals. Within the scope of the project, we have so far planted 100,000 saplings in an area the size of 84 football fields.

Working hand in hand with our employees, customers, suppliers and manufacturers, we aim to plant a total of 1 million saplings all over Türkiye by the end of 2030. Thus, by 2030, we aim to green an area the size of 840 football fields and neutralise the amount of carbon dioxide emitted by 7,800 vehicles annually. We reached 8.6 million people in 2022 with the [Watsons Goodness Movement](#) Calls to Grow Our Forests project. With this project, we were announced as one of the top 3 donors of TEMA Foundation in 2022.

3. Watsons Goodness Movement Calls you to Grow Love for Animal

We carry out our animal welfare activities under our [Watsons Goodness Movement](#) Calls you to Grow Love for Animal project. As Watsons Türkiye, we are reaching out to environmentally conscious, paw-friendly and animal-loving customers with the Paw Friendly Watsons project that we have been conducting since 2019. As part of the project, we aim to improve the living conditions of stray animals by placing food & water bowls and kennels in front of our paw-friendly stores. Since 2020, we have placed cat & dog kennels in front of 25 of our stores. We aim to increase this number to 200 by 2030.

In cooperation with Şişli Municipality, we provide food support to stray animals with the income generated from the recycling of waste in the recycling bins we have positioned in our 11 stores in Şişli. In cooperation with Şişli Neighbor Card, more than 1 ton of waste was recycled and 100 kg of food was provided to stray animals with the income generated from this recycling. On April 4, Street Animal Day, we donated an intensive care device to Diyarbakır Silvan Animal Shelter in cooperation with HAYTAP. We continue to provide food and treatment support to shelters and forests in need throughout the year.

Since 2020, more than 25 cat and dog houses have been placed in designated stores. We aim to increase this number to **200** by 2030.



Social Sustainability

We respond to community needs and fulfill our social responsibilities in collaboration with our stakeholders to make the world a happier and healthier place for everyone.



4. Watsons Goodness Movement Calls you Support Women's Labor

As Watsons Türkiye, in cooperation with the Women's Economic Empowerment Foundation (KEDV), we bring the products produced by women's cooperatives to our customers in our stores, watsons.com.tr and Watsons obil App without making any profit in order to support women's economic empowerment and local production. With the project, which started in 2020, we have generated nearly TL 1 million in revenue by selling more than 25,000 KEDV products produced by 3 cooperatives both in front of the cash registers in stores and online channels. With this project, we have touched the lives of nearly 400 women. By 2030, we aim to touch the lives of 1,000 women by bringing 5,000 KEDV products to customers. With the [Watsons Goodness Movement](#) Calls you Support Women's Labor project, we reached 1.3 million people in 2022.

We support women's cooperatives and women entrepreneurs who create cosmetics and personal care brands in Türkiye. By featuring the products of these brands in our stores and online channels, we increase their brand awareness and support their sales.

5. Watsons Goodness Movement Calls you Increase Women Employment

We not only keep the ratio of female employees high within our own organization, but also encourage our business partners to increase the ratio of female employees. Within the scope of the [Watsons Goodness Movement](#) Calls you to Increase Women Employment project, we visit our manufacturing companies with a ratio of female employees below 50% and convey that the ratio of female employees plays an important role in supplier selection for Watsons. At the traditional Watsons Beauty and Personal Care Awards, we reward our top 3 business partners with the highest ratio of female employees since 2021.

Our Awards

Women Friendly Brands 2022 Awareness Awards
**Women Entrepreneurs and Supporting
Women's Power Award**

Capital Magazine's 9th Women Friendly Companies Survey
**Women Friendly 100 Companies and Women Manager
Friendly 100 Companies List**



Employee Development and Satisfaction

We are committed to providing our employees with a working environment that is free from discrimination, safe, supportive and encourages a culture of development. We carry out various practices to be a preferred company to work for and support the development of our employees in their career journeys with trainings.

We mainly carry out our training and development activities at Watsons Academy. AS Watson Group supports our training activities.

We manage our training and development activities under 3 main headings: Headquarters, Stores and Distribution Center. At Headquarters, we implement development plans and related training programs in line with the needs and goals of our employees within the scope of talent management.

We have a "WatsonsHello" Orientation program for new recruits in our merchandising team. All our employees in the promotion process participate in "Talent Camp Training Programs" in order to develop the competencies and professional skills for the position they will be promoted to. At our Distribution Center, we create programs for our management staff to manage themselves, their businesses and their teams within the Distribution Center Academy. For our team members, we organize seminars that will add value to their lives and raise awareness. In 2022, 3,514 employees received a total of 35,847 hours of training, with 10.2 training hours per employee.



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We receive feedback from our employees through regular employee satisfaction surveys. We evaluate this feedback with the management team and relevant functions and determine our actions for our employees. In the survey conducted in 2022, our employee satisfaction rate was 85%. Our main goal with employee satisfaction surveys is to provide our employees with a good employee experience and a working environment where they can realize their potential. The trainings and development activities organized by Watsons Academy also serve this purpose.

We regularly conduct performance evaluation processes to monitor the development of our employees. In 2022, the ratio of employees receiving performance evaluation was realized as 100%.

With our "I Have an Idea" application, where ideas from stores are evaluated, we collect our employees' suggestions for improvement about implemented processes. In the reporting period, we received 138 ideas from the stores and realized 5 of these ideas.

We follow new generation working methods. In addition to the function-based hybrid working system, all departments in the head office have the opportunity to work from home on Fridays. In addition, our head office employees benefit from the remote working practice for 2 weeks in the summer months.

Watsons Türkiye Employer Brand

As part of our efforts to become an employer brand, we pursue different communication strategies for our current and potential employees. We conduct internal communication activities for our employees and organize social activities such as New Year's Eve party, various office events, happy hours, special day celebrations (Women's Day, Mother's Day etc.). In order to reach our potential employees, we use our social media channels to share what is happening in our stores, distribution centers, head office and various practices that show that Watsons is a great place to work.

With the W-Generation internship program, we strengthen our brand at universities and train potential employees for our company. We support their continuous development with the training and development program we have created for our interns. University students who are not included in our internship program can experience our brand as potential employees through events such as interview simulations. In cooperation with AS Watson Group, we share information that reflects the international perspective of our company.



One of the objectives of the Employee Engagement Sustainability Committee is to increase employee loyalty and ensure the retention of employees in the company. In this context, we implement welfare projects under the leadership of the committee. The activities we carry out for this purpose are as follows;

- In cooperation with Avita, we provide psychological counseling services to our employees and their immediate family members free of charge. We also support the well-being of our employees in their family and private lives through voluntary trainings and webinars with different content.
- We provide nutrition counseling/dietitian services to Distribution Center and Head Office employees once a week.
- We provide discounts on holistic health services to all employees and their first-degree family members through corporate health agreements with different health institutions (within the scope of full body, eye and dental health).
- We participate in the International Corporate Games every year. We support our employees who love basketball with our Watsons Basketball Club. Through these practices, we encourage our employees to live healthy and have fun. At the same time, we aim to strengthen the bond between our employees in different locations.
- We promote healthy living by organizing activities such as yoga day, move day, walking day, cycling day.
- We organize online and face-to-face chats with expert speakers on psychological distress in emergencies, physical and mental health.
- We bring together expert psychologists and our employees in conversations about the right approach of parents towards school-age children.
- We publish weekly articles with suggestions for healthy living, motivational articles and clean nutrition recipes through an occupational physician and nutrition counselor/dietitian.

- Through Watsons Academy, we design and implement trainings where different generations can work together.
- Within the scope of Watsons Academy, we design development programs where our employees can participate in training programs that meet their needs in line with their potential and performance.
- As part of the Watsons Academy, we provide coaching support for teams and employees. We plan the coaching processes specifically for the needs of the teams.

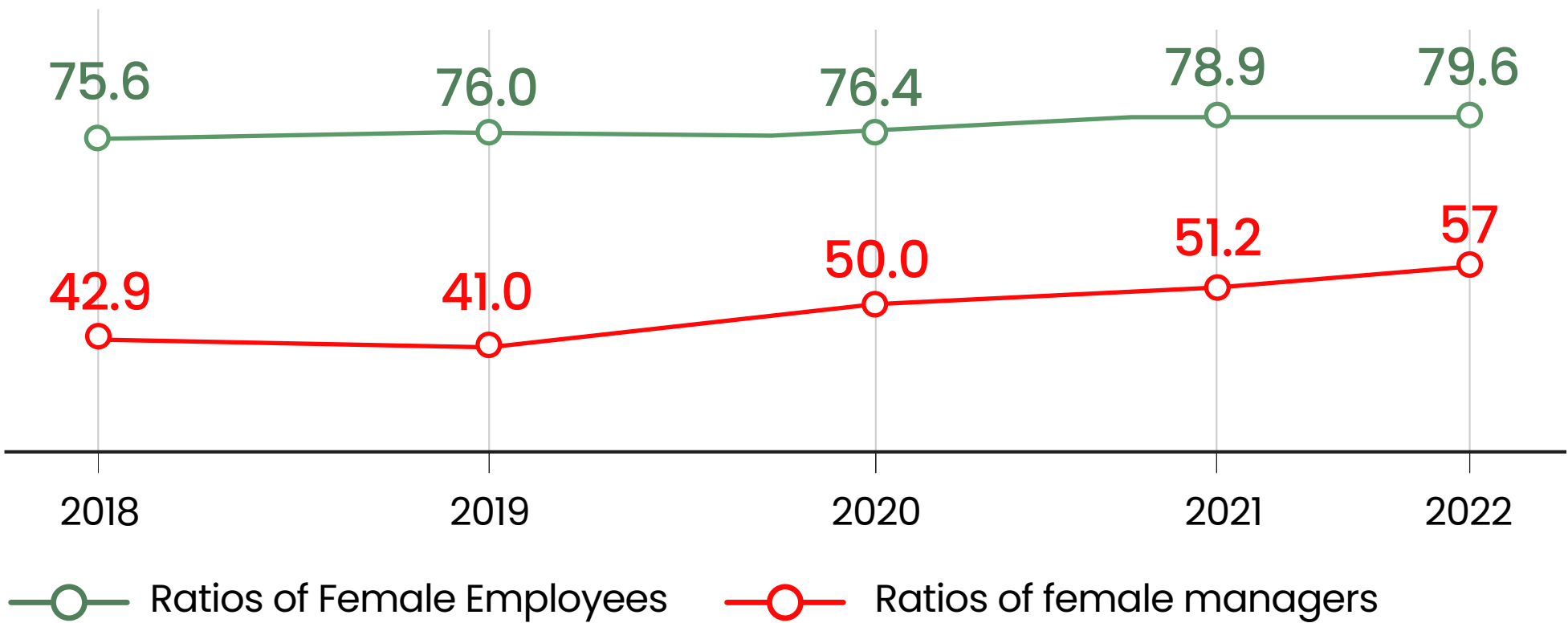


Gender Equality

As a global organisation, gender equality and inclusion are an important part of our values. We value the ideas, strengths and experiences of our employees regardless of gender, ethnicity, age, religion, sexual orientation, disability, education, socioeconomic status.

Gender equality is one of the top priorities in our sustainability approach. In this regard, we carry out activities within the scope of the #Watsons Goodness Movement and support women's employment. Our female employee ratio makes us one of the top companies employing the highest number of women in Türkiye. The ratio of female employees in our stores is 85%. When we include head office and distribution centre employees in this ratio, our female employee ratio is 80%. 57% of middle and senior management positions are held by women.

Ratios of Female Employees and Managers



We are against discrimination. We believe that a company should evaluate candidates based on their work experience, knowledge and skills.

We regularly monitor the number of disabled employees every month. We support the employment process by constantly communicating with İşkur. As of 2022, our number of employees with disabilities is 68.

We believe that we are enriched by the new ideas and perspectives that a diverse and equitable work environment brings. We are a member of a committee that includes teams from different countries on these issues and we are constantly following up to implement different practices. We are planning trainings to raise employee awareness on diversity and inclusion. We never tolerate discrimination, we carefully investigate cases in this context and manage the necessary disciplinary processes with sensitivity. In 2022, a case of discrimination was resolved through disciplinary committee evaluation and investigation processes. In order to prevent such incidents, we opened our "rotten apple" hotline. We have ensured that all our employees can directly connect to the security team and make a report.

In addition, employees can share all their requests during the field visits of the HR team. In 2022, our store visits covered all our stores with 100% coverage.

In 2022, our store visits covered all our stores with **%100** coverage.



Employee Health and Safety

Employee health and safety is an issue that we emphasise and manage meticulously. We carry out practices and provide trainings to ensure that employees can work in a safe environment in a healthy manner. Our Occupational Health and Safety Board develops projects to ensure that employees can continue their work in safer working environments.

We ensure that our Head Office and Store employees receive 3 hours of online and face-to-face training on occupational health and safety annually, and our Distribution Center employees receive 6 hours of training annually. In the reporting period, 3,027 employees received a total of 9,732 person*hours of OHS training.

We prepare emergency plans and risk assessment reports on a location basis and inform our employees about these issues. We conduct audits at the Stores and Distribution Center, share nonconformities with the relevant managers and ensure that measures are taken. We record occupational accidents and implement preventive actions.

In all our locations, we minimize the risks that may pose a danger by conducting periodic checks of electrical and mechanical installations. At the same time, we also check the suitability of factors that will directly affect the physical health of the person such as thermal comfort, dust, noise and lighting through measurements.

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OHS training.



Preparing for Disasters and Emergencies

Watsons Türkiye has preparedness plans to ensure business continuity in case of disasters and emergencies. Emergency plans for stores, Distribution Center and Head Office are shared with the relevant department managers.

- ➔ Projects showing the roads to be followed during an emergency and the public institutions and organizations that need to be contacted and emergency exit routes are displayed in the work areas for employees to see.
- ➔ In annual OHS trainings and induction trainings, each employee is informed about emergency situations and emergency exit routes are provided depending on the location.
- ➔ Emergency drills are conducted annually at the Head Office and Distribution Center.
- ➔ Employees in the fire team at the Distribution Center are included in the professional extinguishing training and the training of the teams is renewed every year.
- ➔ Precautions are taken, especially at the high street stores and the Distribution Center, in case of possible weather conditions (flooding, snowfall, etc.).
- ➔ In high street stores where social incidents are common, gas masks are available for employees to use against chemical gases that should not be inhaled.
- ➔ The contents/trainings published by public institutions, local governments and/or non-governmental organizations about emergencies such as earthquakes are shared with employees.

In 2022, 508 employees received a total of 1,096 hours of Disaster and Emergency Training.

In the event of an emergency, we implement measures to ensure business continuity for both us and our suppliers. After the incident, we quickly contact suppliers and work out future net stock estimation figures and ensure that stocks are blocked. In line with these stocks, we support our supplier to guarantee logistics shipment. Thus, our suppliers can work with a sense of security in the purchase and shipment of raw materials.

Economic Sustainability

As AS Watson Group, the world's largest international health and beauty retailer, our aim is to create sustainable value for all our stakeholders lies at the heart of our economic success. Without compromising on product quality, we continue our activities with a responsible supply chain and a transparent corporate governance approach, taking into account the expectations of our customers.



6. Watsons Goodness Movement
Calls you to Prefer Sustainable Living Products

Products with reduced environmental impact is the focus of our product strategy and we shape all our approaches according to this goal. In order to increase product sustainability in new product studies, we aim to increase the number of products classified under the headings determined according to the Watsons Sustainability Guide.

At Watsons Türkiye, we aim to raise consumer awareness about sustainable products and to increase consumer preference for these products. We carry out our efforts in this context under the umbrella of the [Watsons Goodness Movement](#) Calls you to Prefer Sustainable Living Products project.

Within the scope of the Watsons Goodness Movement Calls you to Prefer Sustainable Living Products project, we aim to offer more sustainable products to our customers with nearly 500 Sustainable Living Products, to highlight these products in stores, watsons.com.tr and Watsons Mobile Application and to raise awareness of our customers about sustainable shopping. We encourage our customers to make sustainable choices by separating all Sustainable Living products from other products and brands and creating special areas. We also encourage our suppliers to transform their products with sustainability criteria.

We aim to increase the nearly 500 Sustainable Living Products we offer to our customers to 3,000 by 2030. We invest in Sustainable Living Products and raise awareness on sustainable shopping through campaigns, discounts and communication activities. With these activities, 90% of our customers have at least to purchase a Sustainable Living Product once.

In 100 of our stores, we have created special areas to highlight Sustainable Living Products. We encourage our customers to make sustainable choices by differentiating Sustainable Living Products from other products and brands with in-store visuals in all stores. By creating a Sustainable Living Products category in our stores, website and mobile application, we gather sustainable products under a single roof and highlight them in our communication activities.



In July 2022, we declared July as Sustainable Living month and launched a discount campaign of up to 50% on all Sustainable Living products for 1 month. These products earned our customers Watsons Card points worth half of their purchases. We achieved 33 million reach with our strong communication plan for the [Watsons Goodness Movement](#) Calls you to Prefer Sustainable Living Products project, which lasted throughout July. In 2022, we rapidly increased the share of Sustainable Living products in our turnover, and we aim to increase the growth of Sustainable Living products in our overall turnover by 1.5 times in 2023.

6. Watsons Goodness Movement
Calls you to Prefer Sustainable Living Products

Our criteria for Sustainable Living Products;



Refill, Reuse, Replace

Products that can be refilled, reused or where the original packaging or part of the product is reused to reduce waste.



Sustainable Ingredients & Materials

Ingredients and materials produced with sustainable methods (sustainable palm oil, ingredients that protect biodiversity, sustainable paper) or in the components of non-formulated products, non-recycled components are reduced / replaced with a different material.



Sustainable Packaging

It refers to products where the packaging of the product is produced using sustainable methods (recycled material bio-based plastic*, FSC / PEFC certified paper, plastic-free packaging).

**The use of bio based plastic materials are not preferred, unless they are from a traceable by product waste.*

Product Quality and Safety

Meeting customer needs and expectations is at the center of our business processes. We strive to add positive value to our customers' lives with our wide range of products that we offer without compromising our quality, health and safety criteria. We meticulously manage all processes until our products reach the shelf to ensure product and service safety and to observe quality standards. We routinely inspect our own-brand products during the time they are on the shelf. We implement the necessary practices to improve our products and processes in light of the feedback we receive from our customers.

We work with world-leading experts and researchers to deliver the highest level of product and service safety, transparency and quality with our own-brand product range. We use various traceability tools to track all the ingredients used in our own-brand products. This allows us to easily trace the raw material of the product and our suppliers.

Working to protect the health and safety of our customers, our Quality Assurance teams are made up of professionals who are experts in their fields. Our Quality Assurance teams conduct supplier audits and product testing to ensure that our products are safe and of high quality. At AS Watson Group, the suspension and removal of a product found to be risky can be done quickly (within 24 hours) if the Quality team identifies and takes the initiative to do so.

We have a detailed crisis manual that defines and guides the relevant action procedures and management responsibilities of each business unit for risky situations that may occur in product safety and consumer health.



Product Briefings

At Watsons Türkiye, we have a very wide range of products. We want to provide our customers with the right products to meet their needs. That's why we care about providing accurate and realistic information about our products. In product labeling, we make arrangements to meet all legal regulations and guideline requirements. In line with AS Watson Group's guidelines, we include all product-related information, logos and necessary explanations on product packaging. In 2022, we did not face any penalty sanctions regarding product briefing.

Sustainable Living Products

As the first retail brand in Türkiye to embrace sustainability in the beauty and personal care category, we integrate our sustainability mission into all our functions with 7 sustainability committees that include all our employees and aim to be the first choice of consumers for sustainable products. We strive to be a brand that responds to consumers' search for more sustainable products, sustainable products, informs consumers who are not sufficiently informed in this area and promotes these products.

In order to learn consumers' perspectives on sustainability and to examine their sustainable product consumption habits, we conducted a survey of 300 consumers between September 15 and September 29, 2022 with the Wise research method and implemented various projects with the aim of adapting to consumer demands and expectations.

Our “good practices” that we developed based on research results;

- ✓ According to 81% of the consumers who participated in the research, Watsons is "a brand that offers sustainable product alternatives." We offer sustainable product alternatives with our Sustainable Living Products Category.
- ✓ More than half of consumers are aware of Watsons' Sustainable Living category, Watsons Forests project and Paw Friendly Watsons project. We announce our projects with 360 communication activities.
- ✓ The vast majority of our consumers demand that products use sustainable packaging and are not tested on animals. In our Sustainable Living category, we share explanations about why the products we offer are sustainable. In our 100 stores, we bring sustainable product alternatives to our customers in special corners dedicated to sustainable products.
- ✓ Naturals by Watsons is the fourth brand that comes to mind in the field of sustainable cosmetics and skin products. We create communication plans that contribute to the sustainable brand perception of our NBW brand.
- ✓ More than half of consumers learn about sustainability from social media. We prepare regular monthly social media content to reach consumers. We communicate sustainability through press communication, outdoor, SMS and mailing applications, e-commerce channels, blog posts and in-store informative content.

Products and Packaging Improvements

We evaluate the parts of the product can be sustainable based on the "Sustainability Guide" shared by our global sustainability team. We plan to increase the number of refillable products at home. In this context;

- We provide information and follow-up to ensure that sustainable palm oil (RSPO) certified raw materials are procured for palm oil-containing products.
- There is an option to use PCR material (minimum 20%) in products such as bottles, aluminum, cans. We prefer the use of PCR material if there is no risk to product safety.
- If secondary packaging or primary box packaging is mandatory, we make sure that it is FSC or PEFC certified. We also choose FSC, PEFC certified materials for paper products.
- We choose easy to recycle materials to increase the recyclability of product packaging.
- We eliminate plastics where possible in product design.
- In the coming period, we plan to increase the number of refillable products.



Customer Satisfaction

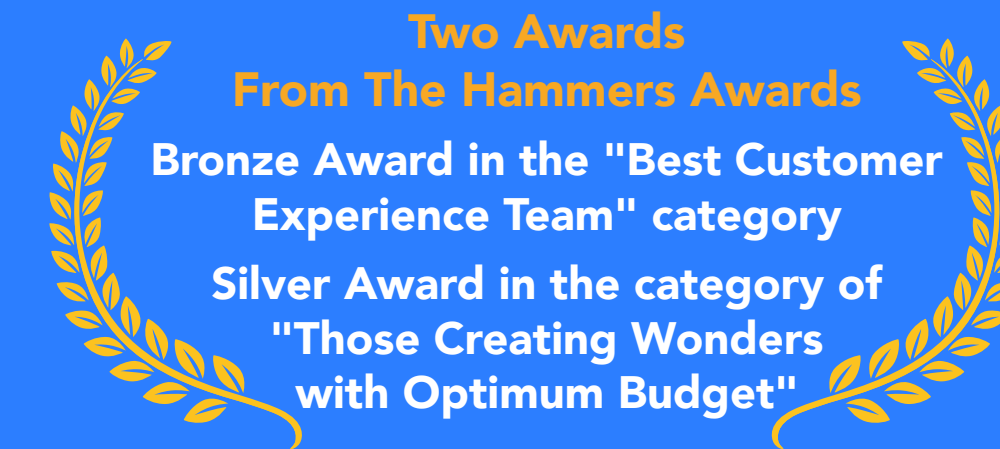
We strive to provide the best service to our customers by regularly listening to their feedback from different channels. We analyse the root causes of the most frequent complaints and work on process improvements to prevent the recurrence of the problem. We provide continuous training to our customer representatives so that they can provide the best and fastest service. Ensuring the data privacy of our customers is our top priority. During the reporting period, we did not experience any customer data confidentiality breach.

In order to provide better service to our customers, we enabled them to use their Watsons Card points for watsons.com.tr purchases in 2022. We launched our Chat-bot service in a more comprehensive way so that our customers can receive service anytime and anywhere without having to call the contact center. We made improvements in cashier services to reduce the time it takes to pay in stores.

As a result of our progress by putting customer satisfaction at the core of our processes, we have been awarded the Diamond first prize for the last three years in the category of "Brands with the Best Customer Satisfaction, Cosmetics Store Chain" in the ACE Awards organized by Şikayetvar, Türkiye's first and only platform to measure customer satisfaction, and based on the customer satisfaction survey. At the same time, we exceeded 90% in the satisfaction survey conducted by the Contact Center, where our customers evaluate the service they receive from the contact specialist.

We follow the "Ticket" system in order to take the necessary action by responding to the our customers's request/complaint appropriately. When our customers contact the Contact Center via phone or chat on any issue, a record called "Ticket" is opened. The turnaround times determined according to the content of the incoming request may vary. Depending on the content of the issue, we aim to respond to the customer within 24 hours or 72 hours. In 2022, we returned all tickets in an average of 14 hours.

Award

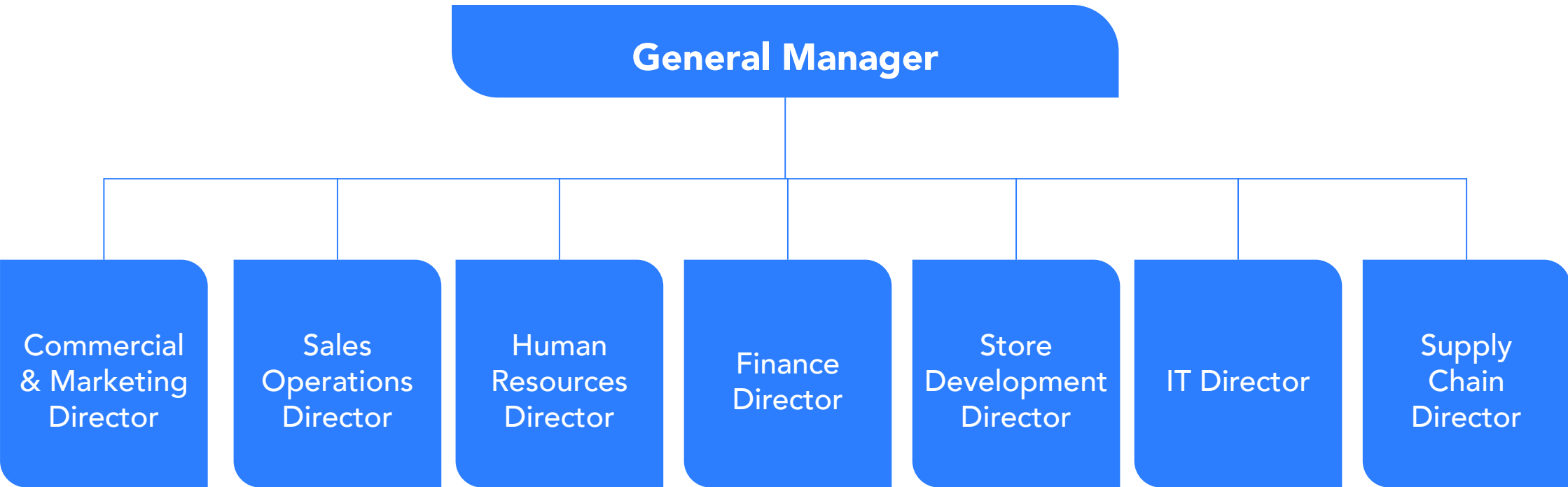


Management Structure

We work with an ethical and transparent management approach. Watsons Türkiye is a business unit of AS Watson Group*, a subsidiary of CK Hutchison Holding, a Hong Kong-based company listed on the Hong Kong stock exchange. The sole shareholder of Watsons Türkiye is AS Watson Group.

Watsons Türkiye is managed by a management team composed of department directors. Watsons Türkiye management structure:

*CKH is a listed company, while AS Watson is not.



Policies

We have a comprehensive set of policies that summarize our commitments to business ethics and sustainability and include guidelines for our day-to-day operations.

ASW Code of Conduct

Compliance with Competition Law

Corporate Social Responsibility Policy

CSR guidance on Supply Chain

Delivery Experience

"e-Commerce Controls Toolkit" monitored in electronic commerce

Group Human Resources Policy

Group Intellectual Property Policy

Group Legal Policy

Information Technology Resources Management Policy

Information Technology Usage Policy

International Procurement Policy of Own Branded Products

Personal Data Breach Crisis Management Guidelines

Personal Data Governance Policy

Personal Data Retention and Deletion Policy

Policy on Escalation of High Risk Complaints by Customer Service Centers

Policy on Monitoring of Employees

Policy on the Supply

Policy on the Use of CCTV

Public Relations and Public Engagement Policy

Raising the Bar in Customer

Retail Business Standards

Social Media Usage Policy

Sustainable Packaging Policy

Risk Management

Within the scope of risk management, we identify all kinds of risks that may jeopardize the existence, development and continuity of the company and affect the decisions to be taken or already taken during the company's activities. Watsons Türkiye is a company with a medium to below medium risk appetite.

Among the risks that are meticulously managed are damages that products may cause to customers, fines that may be issued by administrative institutions, data theft cases that may occur in the field of information systems and software, violations of competition law and disputes with commercial partners.

Internal Audit and Control

At Watsons Türkiye, we carry out internal audit and control activities to ensure compliance with corporate policies and principles as well as strategic goals.

Within the scope of internal audit and control processes, we review all processes twice a year and report them to AS Watson Group. In the event that situations contrary to the company's ethical policies, disciplinary regulations and codes of conduct are detected during this review and year-long audit activities, we make referrals to our Human Resources department.

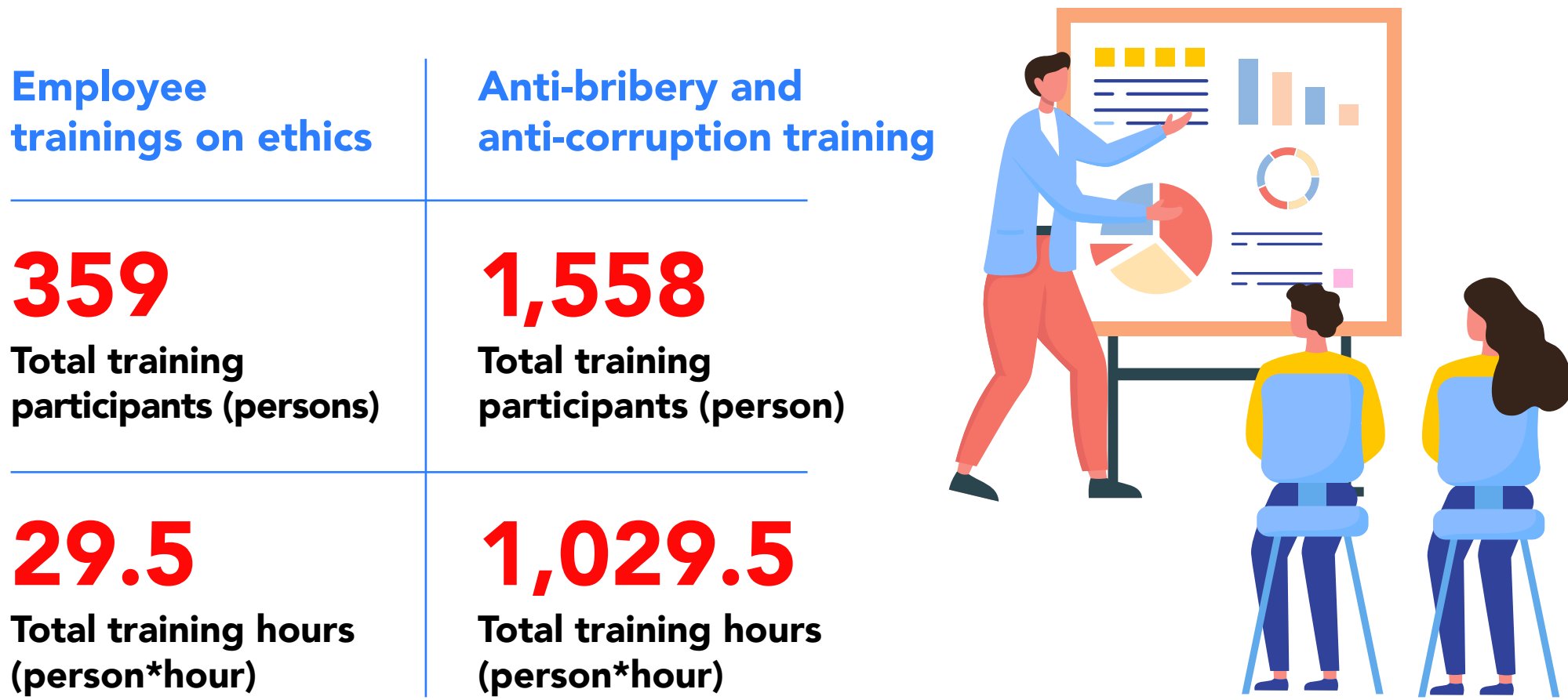
We assess the risk of bribery and corruption and take actions such as training, process controls and reminding of policies. We also fulfill legal compliance activities through tools such as trainings and raid inspections.

Business Ethics

Business ethics underpins Watsons Türkiye's strategy. We are in compliance with code of business ethics and the laws through the training we provide to our employees.

We regularly deliver the training contents created by AS Watson Group on business ethics, transparency and anti-corruption to all our employees through Watsons Academy as e-learning or face-to-face training within the scope of orientation trainings, following certain calendars. All our managers and employees are responsible for taking part in and completing these trainings when they start work. In 2022, 359 employees received ethics training and 1,558 employees received anti-bribery and anti-corruption training. During the year, our 334 managers and our 1,583 employees completed these trainings.

We monitor suggestions and complaints regarding business ethics through the Ethics Reporting Line. In 2022, the number of applications made to this line was 35, and there were no incomplete applications.



Remuneration Policy

At Watsons Türkiye, we adopt practices that are fair and in line with market conditions. We work with independent consulting companies to ensure that our remuneration is in line with the wages in the market. Inflation, economic outputs and market analysis play a role in remuneration.

When a new salary is determined or a salary increase is made, the process is carried out with the approval of the director of the relevant function, the HR Director and the General Manager. Approval is obtained from AS Watson Group during the wage increase period.

There is no gender discrimination in salary and benefits. Remuneration is based on job family and position.

Product Supply Management and Human Rights

We are aware of the need to raise this awareness in our supply chain in order to offer sustainable products. In our ecosystem, we closely monitor the social compliance and environmental performances of the manufacturers that we commission to produce for our own brand. We are against all forms of discrimination, forced and compulsory labor and child labor. We take care to protect our sensitivities on human rights and sustainability in our supply chain. We demand social compliance certificates from local producer supplier companies. In line with our "zero tolerance" approach, We terminate contract with these suppliers in case of findings that cannot be tolerated.

In order to measure and evaluate the responsible behavior of the manufacturing companies we cooperate with, we require them to have quality management system certificates, product safety certificates, valid certificates in areas such as human rights, environment, health and safety, and ethical values, and we monitor the continuity of responsible behavior through on-site audits conducted by our own technical team. We reward suppliers with the highest number of female employees and encourage them to adopt sustainability concepts such as inclusion and equality.

We categorise our suppliers as domestic and imported cosmetics suppliers. In our Watsons branded products; we supply imported products directly from AS Watson Group. In order to contribute to the economy and employment of our country, we have some of our Watsons branded products produced in our country by working with local producers. Products manufactured in Türkiye are labelled as "locally produced" on the shelf labels in the store.

We use the Amfori BEPI risk assessment system to monitor the environmental impact of our manufacturers. We encourage our manufacturers to make action plans and reduce their environmental impact, and we strive to raise awareness.

We monitor all suppliers manufacturing in Türkiye through the Amfori platform in terms of both environmental performance and social compliance.



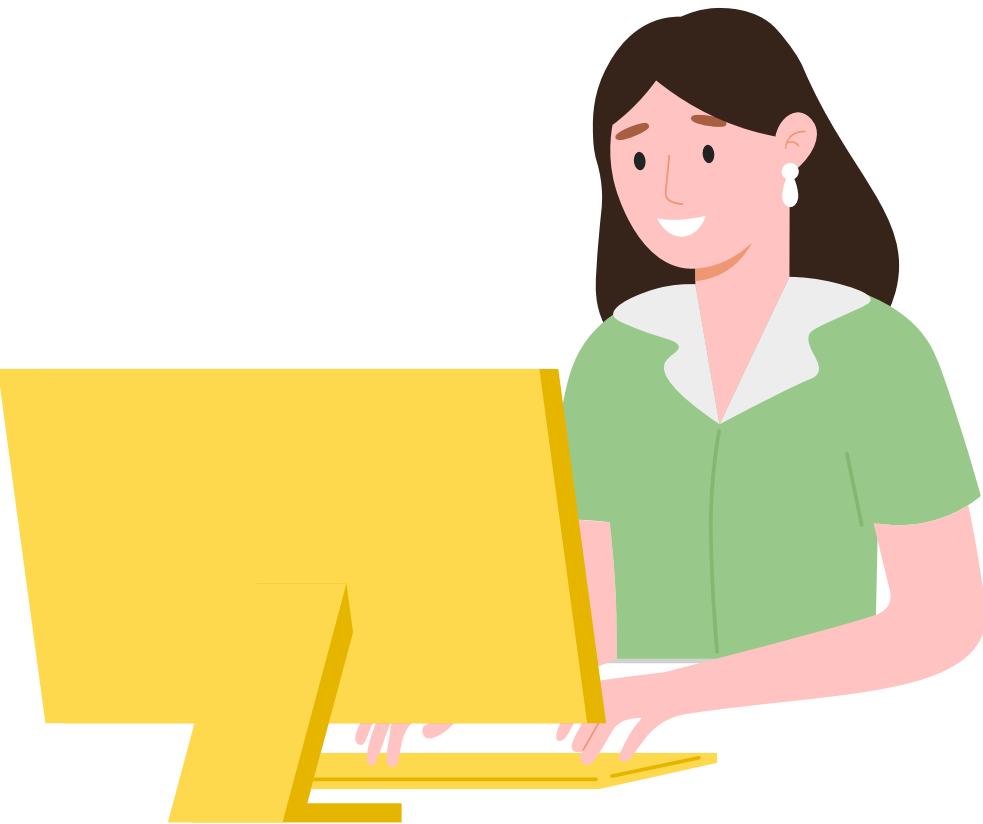
Digitalization and Information Security Practices

As a progressive company that catches up with trends, we closely follow digitalization and carry out good practices in this area to ensure that processes are reliable, fast, easy and sustainable. Within the scope of the work carried out under the leadership of the Digital Transformation Committee;

Digital sharing of responses to legal notifications through the system without the costs of paper, cargo, etc.	Since 2021, a total of 2,876 sheets of paper have been saved.
Becoming a member of the State's Digital System for the follow-up of litigation processes	Since 2021, a total of 76,334 pages of paper was saved and 12,090 TL (including VAT) of shipping costs were saved.
Making the approval process of orders through the system instead of printed paper	Since 2021, a total of 17,212 sheets of paper corresponding 60 trees have been saved.
Implementation of a meal card application suitable for virtual use	1,500 plastic cards were prevented annually. Approximately 16,500 TL was saved from shipping costs, excluding VAT.
Removing the wet-signed leave form application in annual leave processes, moving the system to the online environment, and ending the paper process.	Since 2020, a total of 29,900 sheets of paper have been saved.
Digitization of human resources processes: Digitization of notifications such as salaries, payroll, bonuses, etc., which are personally delivered by letter	8,000 sheets of paper worth 28 trees have been saved since 2020.
Digitalization of performance forms	Paper waste was prevented.
Digitalization of recruitment and termination processes	Interviews for Head Office, Distribution Centre and stores saved approximately 7,400 sheets of paper annually.
W-book Project: For the payroll department, all notices previously distributed to personnel in printed form and documents that need to be signed can be published and approved in digital environment.	A total of 524,744 sheets of paper were saved.
Secure Print: Requiring personnel who send printouts to printers to read their ID card to the printer in order to receive paper from the printer, thus preventing the waste of paper that is not received.	Paper waste was prevented.
Digital Archive Project: The ability to store pdf or visual formats of documents that are legally required to be kept for a certain period of time in a digital environment with an archive layout.	Paper waste was prevented.

We follow ISO 27001 Information security policies for information privacy and Cyber security. We take measures such as clean desk, password awareness practices, updating devices, Leak Detection and Prevention NDR, Vectra Applications Implementation, Improving Cyber Security vulnerabilities with Penetration, and provide various trainings such as Phishing Awareness Training. We moved the servers to an overseas datacenter to make the IT Ecosystem more sustainable.

We carry out an electronic waste project for our electronic waste. We scrap and deliver the accumulated electronic waste through our recycling partners. In 2022, 2,064 kg of electronic waste was recycled.



Employee Demographics	2018	2019	2020	2021	2022
Total workforce (Number)					
Direct Employment	2,885	3,000	2,794	2,815	3,027
Female	2,180	2,281	2,134	2,222	2,409
Male	705	719	660	593	618
Female Employee Ratio	75.6	76.0	76.4	78.9	79.6
Direct Workforce (Number)					
Office Employee	284	298	295	279	291
Female	146	156	172	168	182
Male	138	142	123	111	109
Field Employee	2,601	2,702	2,499	2,536	2,736
Female	2,034	2,125	1,962	2,054	2,227
Male	567	577	537	482	509
Direct Workforce by Contract Type (Number)					
Indefinite Term Employment Contract	2,844	2,960	2,721	2,761	2,968
Female	2,146	2,244	2,067	2,172	2,356
Male	698	716	654	589	612
Temporary Employment Contract	41	40	73	54	59
Female	34	37	67	50	53
Male	7	3	6	4	6
Direct Workforce by Level of Education (Number)					
Uneducated	52	53	42	32	26
Primary education	175	162	143	117	96
High School	1,447	1,518	1,436	1,470	1,654
University and Above	1,211	1,267	1,173	1,196	1,251

Employee Demographics	2018	2019	2020	2021	2022
Direct Workforce by Age Groups					
Female	2,180	2,281	2,134	2,222	2,409
18-30	1,661	1,667	1,480	1,513	1,611
30-45	490	583	616	672	746
45+	29	31	38	37	52
Male	705	719	660	593	618
18-30	414	392	329	276	296
30-45	266	299	300	281	281
45+	25	28	31	36	41
Senior Management Structure (Number)					
Female	2	2	2	3	3
18-30	0	0	0	0	0
30-45	2	2	1	1	1
45+	0	0	1	2	2
Male	5	5	6	6	5
18-30	0	0	0	0	0
30-45	2	2	2	2	2
45+	3	3	4	4	3
Mid-level Management Structure (Number)					
Female	13	14	20	18	27
18-30	0	0	0	0	0
30-45	12	13	19	17	27
45+	1	1	1	1	0
Male	15	18	16	14	18
18-30	0	0	0	0	0
30-45	15	14	15	13	17
45+	0	1	1	1	1

Employee Demographics	2018	2019	2020	2021	2022
Ratio of Female Executives	46.4	43.8	55.6	56.3	60.0
Total Number of Executives	35	39	44	41	53
Female	15	16	22	21	30
Male	20	23	22	20	23
Ratio of Female Executives	42.9	41.0	50.0	51.2	56.6
New Employee Hires (Number)	2,235	1,802	753	1,408	2,212
Female office employee	48	41	42	63	60
Male office employee	32	17	11	24	29
Female field employee	1,732	1,398	569	1,090	1,783
Male field employee	423	346	131	231	340
Employees Turnover (Number)	2,022	1,687	957	1,382	1,997
Female office employee	32	34	27	68	54
Male office employee	20	16	17	35	29
Female field employee	1,569	1,304	729	999	1,602
Male field employee	401	333	184	280	312
Employee Circulation					
Total	63%	46%	29%	41%	56%
Female	65%	47%	29%	41%	58%
Male	55%	40%	26%	44%	52%
Number of Employees on Maternity Leave	97	100	118	102	76
Number of Employees Returning from Maternity Leave	86	80	80	55	61
Number of Employees Not leaving the Job for the Last 12 Months After Returning from Maternity Leave	27	23	103	57	63
Total number of disabled employees	60	75	69	71	68
Female	22	31	30	36	34
Male	38	44	39	35	34

Occupational Health and Safety	2018	2019	2020	2021	2022
Injury Rate (%)	3.50	3.23	2.43	2.91	2.64
Lost Day Rate (%)	0.02	0.02	0.02	0.01	0.02
Occupational Disease Rate (%)	0.03	0.00	0.07	0.04	0.10
Number of Fatal Work Accidents	0	0	0	0	0

Occupational Health and Safety Trainings	2018	2019	2020	2021	2022
OHS Trainings Provided to Employees - Number of Participants	2,885	3,000	2,794	2,815	3,027
OHS Trainings Provided to Employees - Total Hours (personxhour)	9,309	9,630	9,030	9,072	9,732
Number of participants in disaster and emergency trainings	502	508	511	488	508
Total hours of disaster and emergency trainings (person x hours)	1,004	1,016	1,102	976	1,096

Supply Chain Management	2018	2019	2020	2021	2022
Number of Local Suppliers	234	196	251	239	207
Number of Abroad Suppliers	60	55	52	47	44
Total Number of Suppliers	294	251	303	286	251
Local Supplier Rate (%)	79.6	78.1	82.8	83.6	82.5
Abroad Supplier Rate (%)	20.4	21.9	17.2	16.4	17.5

Employee Development	2022
Employee Trainings - Number of Participants (person)	
Female office employee	337
Female field employee	2,321
Male office Employee	243
Male field employee	613
Employee Trainings - Total Hours (personxhour)	
Female office employee	7,534
Female field employee	20,503
Male office employee	2,854
Male field employee	4,956
Employee Trainings on Ethics	
Total Training Participants (person)	359
Total Training Hours (personxhour)	29.5
Anti-Bribery and Anti-Corruption Trainings	
Total Training Participants (person)	1,558
Total Training Hours (personxhour)	1,029.5

Environmental	2018	2019	2020	2021	2022
Total m² (office+stores+warehouse)	67,384	69,891	70,002	71,061	73,611
Energy Management					
Natural Gas (GJ)	555	701	479	254	507
Diesel (GJ)	6,207	6,073	4,706	4,936	5,746
Electric Power (GJ)	87,476	41,794	32,988	37,080	58,101
Total Energy Consumption (GJ)	94,238	48,568	38,173	42,270	64,354
Energy Intensity (GJ/m²)	1.40	0.69	0.55	0.59	0.87
Emissions					
Scope					
Scope 1 (tCO ₂ e)	495.4	492.8	378.5	384.3	458.1
Scope 2 (tCO ₂ e)	11,321.9	5,409.3	4,269.6	4,459.1	6,675.9
Scope 3 (tCO ₂ e)	-	-	-	-	101,188.4
Total	11,817	5,902.1	4,648.2	4,843.4	108,322.3 ²
Scopes 1 & 2 (tCO ₂ e)	11,817	5,902.1	4,648.2	4,843.4	7,134.0
All Scopes (tCO ₂ e)	11,817	5,902	4,648	4,843	108,322
Emission Intensity (Scope 1&2 tCO ₂ e/m²)	0.175	0.084	0.066	0.068	0.097
Waste Management					
Total Hazardous Waste (ton)		33.1	14.2	21.8	23.3
Total Non-Hazardous Waste (ton)	955.8	783.1	464.0	668.9	1145.8
Total Waste (ton)	955.8	816.2	478.2	690.6	1169.0 ³
Waste Intensity (ton/m²)	0.014	0.012	0.007	0.010	0.016

¹ The reason for the increase compared to the previous year is the normalisation process after the pandemic and the increasing number of stores.

² The reason for the increase compared to the previous year is the inclusion of scope 3 emissions.

³ The reason for the increase compared to the previous year is the increase in sales with the normalisation process after the pandemic.

Statement of Use
Use of GRI 1
Applicable GRI Sector Standard(s)

Watsons has reported in accordance with the GRI Standards for the period 1 January 2022-31 December 2022
GRI 1: Foundation 2021
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GRI Standard / Other Source	Disclosure	Location	Omission		
			Requirement (S) Omitted	Reason	Explanation
GRI 2: General Disclosures 2021	2-1 Organizational details	About Us, p. 2			
	2-2 Entities included in the organization’s sustainability reporting	About Us, p. 1			
	2-3 Reporting period, frequency and contact point	About Us, p. 1			
	2-4 Restatements of information	GRI Content Index: There is no restated information in the report.			
	2-5 External assurance	GRI Content Index: There is no external audit was received during the reporting period.			
	2-6 Activities, value chain and other business relationships	About Us, p. 2			
	2-7 Employees	Performance Indicators, Employee Demographics, p. 44			
	2-8 Workers who are not employees	GRI Content Index:Outsourcing support is obtained for Warehouse, IT, Finance and Supply Chain functions in line with the needs. The average number of employees is 90 and varies throughout the year. Companies can direct beauty experts to Watsons stores to increase sales of their own brands. In 2022, the number of employees working at Watsons stores is 269.			
	2-9 Governance structure and composition	Management Structure, p. 40			
	2-10 Nomination and selection of the highest governance body	Management Structure, p. 40			
	2-11 Chair of the highest governance body	GRI Content Index:Watsons Türkiye General Manager Mete Yurddaş			
	2-12 Role of the highest governance body in overseeing the management of impacts	Our Sustainability Management Structure, p. 10-13			
	2-13 Delegation of responsibility for managing impacts	Our Sustainability Management Structure, p. 10-13			
	2-14 Role of the highest governance body in sustainability reporting	Our Sustainability Management Structure, p. 10-13			
	2-15 Conflicts of interest	GRI Content Index: Watsons Employee Handbook: "Conflict of interest situations can cloud your judgement and impair your ability to be objective and impartial. You should avoid all situations where a conflict of interest may arise and report actual or potential conflicts of interest to your Manager as soon as possible."			
	2-16 Communication of critical concerns	About Our Report, p. 1			

For the Content Index - Essentials Service, GRI Services reviewed that the GRI content index is clearly presented, in a manner consistent with the Standards, and that the references for disclosures 2-1 to 2-5, 3-1 and 3-2 are aligned with the appropriate sections in the body of the report.

GRI Standard / Other Source	Disclosure	Location	Omission		
			Requirement (S) Omitted	Reason	Explanation
GRI 2: General Disclosures 2021	2-17 Collective knowledge of the highest governance body	Our Sustainability Management Structure, p. 10-13			
	2-18 Evaluation of the performance of the highest governance body	Our Sustainability Management Structure, p. 10-13			
	2-19 Remuneration policies	Renumeration Policy, p. 42			
	2-20 Process to determine remuneration	Renumeration Policy, p. 42			
	2-21 Annual total compensation ratio	GRI Content Index: It cannot be disclosed for confidentiality reasons.	2-21 a; 2-21 b; 2-21 c	Confidenti- ality con- straints	
	2-22 Statement on sustainable development strategy	Our Sustainability Commitment, p. 6-9			
	2-23 Policy commitments	Our Sustainability Roadmap, p. 15-18			
	2-24 Embedding policy commitments	Our Sustainability Management Structure, p. 10-13; Our Sustainability Roadmap, p. 15-18			
	2-25 Processes to remediate negative impacts	Our Sustainability Roadmap, p. 15-18			
	2-26 Mechanisms for seeking advice and raising concerns	Customer Satisfaction, p. 39; Business Ethics, p. 41; Employee Development and Satisfaction p. 28-30			
	2-27 Compliance with laws and regulations	Risk Management, p. 41; Internal Audit and Control, p. 41; Business Ethics, p. 41			
	2-28 Membership associations	Corporate Memberships, p. 9			
	2-29 Approach to stakeholder engagement	Communication with our Stakeholders, p. 19			
	2-30 Collective bargaining agreements	GRI Content Index: There are no employees covered by collective bargaining agreements.			
GRI Standard / Other Source	Disclosure	Location	Omission		
			Requirement (S) Omitted	Reason	Explanation
Material Topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Our Material Issues, p. 14			
	3-2 List of material topics	Our Sustainability Roadmap, p. 15-18			
Environmental Sustainability					
Energy and Emissions Management					
GRI 3: Material Topics 2021	3-3 Management of material topics	Watsons Goodness Movement Calls for a Better Future , p. 21-22			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Watsons Goodness Movement Calls for a Better Future , p. 21; Energy Management, p. 48			
	302-3 Energy intensity	Watsons Goodness Movement Calls for a Better Future , p. 21; Energy Management, p. 48			
	302-4 Reduction of energy consumption	Watsons Goodness Movement Calls for a Better Future , p. 21-24			

GRI Standard / Other Source	Disclosure	Location	Omission		
			Requirement (S) Omitted	Reason	Explanation
Material Topics					
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Watsons Goodness Movement Calls for a Better Future , p. 21; Emissions, p. 48			
	305-2 Energy indirect (Scope 2) GHG emissions	Watsons Goodness Movement Calls for a Better Future , p. 21; Emissions, p. 48			
	305-3 Other indirect (Scope 3) GHG emissions	Emissions, p. 48			
	305-4 GHG emissions intensity	Watsons Goodness Movement Calls for a Better Future , p. 21; Emissions, p. 48			
	305-5 Reduction of GHG emissions	Watsons Goodness Movement Calls for a Better Future , p. 21-22; Green Stores, p. 23-24			
Green Operations					
GRI 3: Material Topics 2021	3-3 Management of material topics	Watsons Goodness Movement Calls for a Better Future , p. 21-22			
Waste Management					
GRI 3: Material Topics 2021	3-3 Management of material topics	Life Cycle Assessment, p. 38			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Life Cycle Assessment, p. 38			
	306-2 Management of significant waste-related impacts	Life Cycle Assessment, p. 38			
	306-3 Waste generated	Waste Management, p. 48			
	306-4 Waste diverted from disposal	Life Cycle Assessment, p. 38			
Environmental Protection Projects					
GRI 3: Material Topics 2021	3-3 Management of material topics	Environmental Sustainability, p. 21-25			
Animal Welfare					
GRI 3: Material Topics 2021	3-3 Management of material topics	Watsons Goodness Movement Calls you to Grow Love for Animal, p. 25			
Economic Sustainability					
Product Quality and Safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	Product Quality and Safety , p. 36			
Consumer Health and Safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	Product Quality and Safety , p. 36			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Product Quality and Safety , p. 36			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Product Quality and Safety , p. 36			

GRI Standard / Other Source	Disclosure	Location	Omission		
			Requirement (S) Omitted	Reason	Explanation
Material Topics					
Product Information					
GRI 3: Material Topics 2021	3-3 Management of material topics	Product Briefings, p. 37			
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Product Briefings, p. 37			
	417-2 Incidents of non-compliance concerning product and service information and labeling	Product Briefings, p. 37			
	417-3 Incidents of non-compliance concerning marketing communications	Product Briefings, p. 37			
Sustainable Products					
GRI 3: Material Topics 2021	3-3 Management of material topics	Watsons Goodness Movement Calls you to Prefer Sustainable Living Products, p. 34-35			
GRI 301: Materials 2016	301-3 Reclaimed products and their packaging materials	Watsons Goodness Movement Calls you to Prefer Sustainable Living Products, p. 34-35			
Customer Satisfaction					
GRI 3: Material Topics 2021	3-3 Management of material topics	Customer Satisfaction, p. 39			
Social Sustainability					
Employee Development and Satisfaction					
GRI 3: Material Topics 2021	3-3 Management of material topics	Employee Development and Satisfaction, p. 28-30			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Employee Demographics, p. 46			
	401-3 Parental leave	Employee Demographics, p. 46			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Employee Development and Satisfaction, p. 28-30			
	404-2 Programs for upgrading employee skills and transition assistance programs	Employee Development and Satisfaction, p. 28-30			
	404-3 Percentage of employees receiving regular performance and career development reviews	Employee Development and Satisfaction, p. 28-30			
Gender Equality					
GRI 3: Material Topics 2021	3-3 Management of material topics	Gender Equality, p. 31			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Gender Equality, p. 31; Employee Demographics, p. 44-46			
	405-2 Ratio of basic salary and remuneration of women to men	Remuneration Policy, p. 42			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Gender Equality, p. 31			
Occupational Health and Safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	Employee Health and Safety, p. 32			

GRI Standard / Other Source	Disclosure	Location	Omission		
			Requirement (S) Omitted	Reason	Explanation
Material Topics					
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Employee Health and Safety, p. 32			
	403-2 Hazard identification, risk assessment, and incident investigation	Employee Health and Safety, p. 32			
	403-3 Occupational health services	Employee Health and Safety, p. 32			
	403-4 Worker participation, consultation, and communication on occupational health and safety	Employee Health and Safety, p. 32			
	403-5 Worker training on occupational health and safety	Employee Health and Safety, p. 32			
	403-6 Promotion of worker health	Employee Development and Satisfaction, p. 28-30; Employee Health and Safety, p. 32			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee Health and Safety, p. 32			
	403-8 Workers covered by an occupational health and safety management system	Employee Health and Safety, p. 32			
Human Rights					
GRI 3: Material Topics 2021	3-3 Management of material topics	Product Supply Management and Human Rights, p. 42			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Product Supply Management and Human Rights, p. 42			
GRI 409: Forced or Compulsory Labor 2016	409-1 Zorla veya Cebren Çalıştırma Vakaları Bakımından Belirgin Risk Teşkil Ettiği Belirlenen Faaliyetler ve Tedarikçiler	Product Supply Management and Human Rights, p. 42			
GRI 204: Procurement Practices 2016	204-1 Yerel tedarikçilere yapılan harcamaların oranı	Product Supply Management and Human Rights, p. 42			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Product Supply Management and Human Rights, p. 42			
	308-2 Negative environmental impacts in the supply chain and actions taken	Product Supply Management and Human Rights, p. 42			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Product Supply Management and Human Rights, p. 42			
	414-2 Negative social impacts in the supply chain and actions taken	Product Supply Management and Human Rights, p. 42			
Business Ethics					
GRI 3: Material Topics 2021	3-3 Management of material topics	Risk Management, p. 41; Business Ethics, p. 41			
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Internal Audit and Control, p. 41; Business Ethics, p. 41			
	205-3 Confirmed incidents of corruption and actions taken	Business Ethics, p. 41			
Preparing for Disasters and Emergencies					
GRI 3: Material Topics 2021	3-3 Management of material topics	Preparing for Disasters and Emergencies, p. 32			

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