



Our Journey Towards
Sustainable Beauty





“True beauty concerns our whole being, inside and out. It does not come merely from our appearances, but emanates from our inner selves. Beauty appeals to our sense of aesthetics, yet it shines from the values we hold.”

Sa Sa’s mission has always been to empower its customers with the essence of beauty, inspiring them to make life itself beautiful.

For years, Sa Sa has been providing cosmetic products to customers of different ages, skin types and spending preferences. Our commitment to bringing beauty to our customers is deeply rooted in our company ethos, and evident across our efforts: from our initial focus on “beautiful yet economical”, to the diverse product portfolio covering mass-market, premium and trendy brands we offer today.

We believe that, to pursue beauty in its fullest sense, we must also share it with our employees, our environment and our community; and so, making life beautiful is, for us at Sa Sa, both a passion and a responsibility.”

Dr KWOK Siu Ming Simon, SBS, JP
Chairman and Chief Executive Officer

Dr KWOK LAW Kwai Chun Eleanor, BBS, JP
Vice-chairman



Our Journey towards Sustainable Beauty

Our Purpose: Making Life Beautiful

Making life beautiful for our customers is Sa Sa's purpose. From our humble beginning as a 40-square-foot family-run cosmetics store, to now being a leading retail group in Asia, this purpose has guided the sustainable development of our business. At Sa Sa, we firmly believe that to ensure the long-term success of our business, we must share our purpose with society – *making life beautiful* for our employees, our environment, and our community.



Personal and attentive service to every customer

Over the past ten years of Sa Sa's journey towards sustainable beauty, our efforts in caring for the community and the environment have been widely recognised. However, we are aware that we are only at the beginning of our journey, with much room for improvement.

We understand that driving sustainable development requires a holistic approach. We have therefore renewed our governance structure this year, establishing a new Sustainability Steering Committee with a view to integrating our purpose of *making life beautiful* into more aspects of our operations. The Committee, chaired by Mrs Melody Kwok-Chan, Vice President, Corporate Strategy and Development, is directly accountable to the Board of Directors and supported by a number of working groups championed by selected department heads, which is a big step forward from our former governance structure.

Making life beautiful articulates our steadfast pursuit of bringing beauty to different stakeholders, while enabling the sustainable development of Sa Sa's business. We look forward to working with our many partners and stakeholders to bring the following aspects of a beautiful life to society.

Making Life Beautiful for People: Fulfilling Careers, Quality Experiences

Our goal is for everyone, be it our customers or our employees, to realise the aspiration of *making life beautiful* at Sa Sa. It has always been Sa Sa's core business aspiration to provide our customers with a diverse range of quality cosmetics, so that they can pursue their own aspirations in beauty. Achieving this goal requires each and every member of our staff to work together to provide the best possible services to our customers, maintain the high quality of our products, and respond to the evolving needs of our customers.



Trends and Challenges:

- Keen Competition for Talents: Given both competition for new talent and the changing career expectations of young professionals, staff turnover is a challenge faced by all businesses in the retail sector, including Sa Sa.
- Changing Retail Landscape: The rise of e-commerce and digitalisation are disrupting traditional retail businesses, bringing new opportunities but also new forms of competition. Today's customers not only focus on the range and quality of products, but have increasingly high expectations of their experience as consumers.
- Ageing Population: The population of those who are 65 or above in Hong Kong is forecast to double, from 12% in 2011 to 24% in 2031; in other words, in roughly ten years from now, one in four residents in Hong Kong will be aged 65 or above.¹
- More Discerning Consumers: Consumers are more conscious of healthy and sustainable lifestyles, and increasingly factoring these concerns into their purchasing decisions.



Our Commitments in Response:

- Invest in the training and development of our talents, equipping them with the skills to manage the ever-changing needs and expectations of our customers.
- Review the compensation and benefits of our employees regularly, providing the right rewards in the form of discretionary bonuses, sales incentives and commissions, and opportunities to become a shareholder.
- Maintain the high quality of our products by implementing strict quality control.
- Keep our finger on the pulse of the market, providing up-to-date and diverse products to meet the needs of customers of all ages and backgrounds.
- Promote the digitalisation of our retail business by encouraging our employees to leverage social media and digital channels to enhance customer experience. We will also explore new channels for online sales.



Our Progress This Year:

- Established a working group for talent development under the stewardship of our new Sustainability Steering Committee, responsible for looking into the root causes of turnover and exploring strategies to improve employee wellbeing.
- Applied to register our Beauty Consultant Training Programme under the Government's Qualifications Framework, allowing our employees to acquire a formal (QF-recognised) professional qualification upon completion of the training programme.
- Pledged to ensure the safety and quality standards of around 18,000 stock keeping units (SKUs) that we currently house. We achieved zero cases of product recall this year.
- Were named the most sought-after brand amongst tourists in the Hong Kong Service Awards 2019², recognising the quality of our customer service.
- Explored how technological advances, including Big Data, the Internet of Things and emerging retail management platforms, might enhance our customers' experience.

¹ Hong Kong Population Projections 2017-2066, Census and Statistics Department of HKSAR.

² Organised by East Week, the award scheme aims to recognise businesses and brands that offer high quality products and services through public voting.

Our Journey towards Sustainable Beauty

Preserving the Beauty of the Planet

As a forerunner in cosmetic retailing, we realise that our daily operations bring about adverse impacts on the environment, whether directly or indirectly. Environmental protection is therefore one of the key factors governing our decision-making. We are committed to implementing measures to protect the environment, throughout our product value chains and operations. These measures include conserving energy and water, as well as reducing waste and greenhouse gas emissions, in line with the principle of sustainable development.



Trends and Challenges:

- Rising Environmental Concern among the Public: Awareness of environmental issues is rising amid aggravating environmental challenges, and with it, expectations of businesses to manage their impacts responsibly.
- Build-up of Plastic Waste: In Hong Kong, 2,000 tonnes of plastic waste ends up in the city's landfills every day. As these landfills are approaching full capacity, the Government will implement the municipal solid waste (MSW) charging scheme to incentivise businesses and the public to reduce waste.
- Growing Threat of Global Warming: According to the Special Report on Global Warming of 1.5°C, the recently published report by the United Nations' Intergovernmental Panel on Climate Change (IPCC), the rate of global warming in the past five years (2014-2018) reached a historical high. It is imperative that the international community makes considerable efforts to address this.



Our Commitments in Response:

- Play our part in mitigating the climate crisis, as a member of the global village.
- Look for ways to reduce our carbon footprints, from the refurbishment of old stores to the design of new shops.
- Endeavour to reduce the waste we generate, and reuse and recycle what we can.
- Promote environmental awareness among our employees and build a culture of conservation.



Our progress this year:

- Enhanced employee engagement in environmental issues, through events including:
 - Green Lunch – We rallied 300 employees to attend four seminars to learn about issues concerning wastes and plastic pollution while enjoying delicious vegetarian lunch and learning about eco-friendly products.
 - Green Christmas – We held a disposable utensil-free Christmas Party, where 90% of guests responded to our call by bringing their own reusable utensils with them.
- Worked towards a zero-waste aspiration at our logistics centre: all cardboards, stretch film and pallets at the logistics centre were processed for recycling.
- Honoured our 2016 pledge by successfully banning plastic microbeads in all exfoliating and cleansing products sold at Sa Sa by the end of 2018.



Beautifying the Community

The success of our business is closely linked to the success of the communities in which we operate, as they provide the markets, resources and infrastructure that support our business to thrive. Empowering these communities to make life beautiful is our responsibility and a value long embraced by Sa Sa. We support the development of communities throughout our business operations, tapping into the resources we have, as well as engaging the talents of our people and the expertise of our community partners.



Trends and Challenges:

- Widening Poverty Gap: One in seven Hong Kong residents are living under the poverty line, a record high.¹
- Ageing Population, with More Elderly Living in Poverty: In the past nine years, the share of households with elderly has been on the rise; and in 2017, around 30% of elderly were living under the poverty line.¹
- Gender Equality: Promoting equal opportunities and rights for women and girls is part of the United Nation's Sustainable Development Goals (SDG 5).



Our Commitments in Response:

- Establish partnerships with community organisations to collaboratively respond to local needs.
- Give back to communities through engaging our talents and resources to help those in need.



Our Progress This Year:

- Partnered with Po Leung Kuk, a multi-faceted charity service provider, to launch the Sa Sa Eternal Beauty charitable programme, which promotes inter-generational communication and collaboration. Young people and senior citizens were recruited as inter-generational ambassadors in the programme's first initiative: a short-film production competition.
- 500 employees devoted a total of 738 hours to serving the community, with a focus on caring for underprivileged families and elderly, as well as women's empowerment.
- Sa Sa Making Life Beautiful Charity Fund donated HK\$4.95 million in 2018/19 towards, among others, building community development, inter-generational understanding and empowering women.

¹ Hong Kong Poverty Situation Report 2017, Census and Statistics Department of HKSAR.

A New Chapter in Our Journey

Looking Back on Our Steps So Far

- 
2010
 - Set up guidelines for installing LED light bulbs in all of our new stores and existing stores under refurbishment.
- 
2011
 - Became a constituent of Hang Seng Corporate Sustainability Benchmark Index for the first time.
 - Published our first Environmental, Social and Governance (ESG) Report.
 - Founded the Staff Recreation Club.
- 
2013
 - Founded the Sa Sa Making Life Beautiful Charity Fund and Sa Sa Sincere volunteer team.
 - Established the ESG Taskforce.
- 
2015
 - Started to apply for the Recognition of Prior Learning (RPL) qualification to certify our training under the Government's Qualifications Framework. To date, 320 of our employees have acquired qualifications levels 2 to 4.
 - Earned the recognition for being in our 10+ years as a Caring Company.
 - Pledged to spend the levy collected from the Plastic Shopping Bag Charging Scheme (fully implemented in Hong Kong that year) on environmental related causes.
- 
2016
 - Organised the Glocal Greenovation Challenge, a competition focusing on finding innovative solutions for environmental protection with funds collected from the Plastic Shopping Bag Charging Scheme. The 3-day event was a cross-sector collaboration supported by the Environment Bureau, and organisations from the business, academic and nonprofit sectors.
 - Received the "Sustainability Excellence Awards" and the "Hong Kong Corporate Governance Excellence Awards 2016" jointly organised by The Chamber of Hong Kong Listed Companies and the Centre for Corporate Governance and Financial Policy of Hong Kong Baptist University.
- 
2017
 - Staged the Sa Sa Charity Concert, helping Po Leung Kuk to raise HK\$2 million through donations from attendees, matching these donations dollar for dollar ourselves.
- 
2018
 - Banned plastic microbeads in all exfoliating and cleansing products sold at Sa Sa.
 - Held our place in Hang Seng Corporate Sustainability Benchmark Index for the eighth consecutive year.
 - Our 2017/18 ESG Report received a Hong Kong Management Association Best Annual Reports Awards – Citation for ESG Disclosure.
- 
2019
 - Upgraded our ESG Taskforce into a new Sustainability Steering Committee to strengthen the Group's commitment to sustainability and refine our direction.

A New Direction for Sustainable Development at Sa Sa

We are aware that expectations of the role of business in today's society are changing. Global trends, such as digitalisation and global warming, are coinciding with local challenges, such as escalating amount of waste, more extreme temperature and more frequent extreme weather events including typhoon and flooding. Together, these are radically affecting the approaches and perceptions of all players, including consumers, employees, investors and regulators, as well as civil society and non-profit organisations.

To keep ahead of the curve and grasp new opportunities, while embracing inevitable challenges, Sa Sa must tactically examine its progress to date, its position now, and its strategy for the future. It must also enhance its governance efficiency, increasing its agility in readiness for the next stage of its journey for beauty.

Sa Sa made significant progress this year, particularly through a series of sustainable development workshops where the Board of Directors discussed and analysed the relevant social, environmental and commercial trends shaping our future business landscape, and reviewed the company's strategy and direction accordingly.

The Board concluded that the most pressing issue was the setting up of a proper governance structure that could provide leadership and clear directions to enable mid- and longer-term planning for sustainable development. The answer was to create a new Sustainability Steering Committee, which will preside over mid- and long-term planning and execution.

Introducing the New Sustainability Governance Structure



The SSC is chaired by Mrs Melody Kwok-Chan, Vice President for Corporate Strategy and Development. Members of the Committee include heads of department from training and people development, human resources, sales operations, marketing, legal and company secretarial, and administration. In consultation with the Executive Committee, work is in progress developing plans for prioritised issues, including waste management, electricity consumption, single-use plastic, product packaging, and talent development.

We believe that in order to integrate the concept of sustainable development into our business operations and pursue our objectives, each and every member of our staff has to pull their weight for sustainability in their daily work. The SSC has therefore included those responsible for talent management and development in the hope of enhancing employee participation to create a sustainable – and beautiful – future together.

“Sa Sa is establishing itself as a forerunner in Hong Kong’s cosmetic retail sector by embracing the opportunities that sustainable development brings. Not only will we become more systematic in promoting sustainable development, but in doing so we can set an example for other businesses to follow.”

Mrs Melody Kwok-Chan
Chairman of Sustainability Steering Committee



Incorporate Sustainability in Sa Sa’s Risk Management Framework

We plan to link our assessment of ESG risks to our existing enterprise risk management framework (for details please refer to the Enterprise Risk Management Report in (pages 135 to 143)), integrating the company’s sustainable development with that of its communities. This will also enable us to conduct risk management in a more systematic and comprehensive manner, developing and overseeing short, mid, and long-term objectives in response to the expectations of different stakeholders.

Making Life Beautiful for People



Management Trainees from Class of 2018

Frontline Service from the Heart

“Whereas other competitors are concerned with the hardware, we are more attentive to the software of Sa Sa: our staff and our service. We advocate the belief that if we put our heart into every aspect of our job, and success will follow. If all our staff are fully invested in their jobs, customers will feel their passion and be drawn to us.”

Our Aspirations

Beauty begins within each one of us. If we wish to create beautiful experiences for our customers, we must first create beautiful experiences for our colleagues. At Sa Sa, we aim to make every employee’s career and every customer’s experience a journey towards beauty.

Sa Sa has for years invested a great deal of time, money and effort in equipping its staff with relevant skills and understanding, with the aspiration that they will become leading lights in the cosmetic retail sector. We also place great pride in offering our staff opportunities to realise their full potential to grow and shine.

Our Challenges

In the face of keen competition for talents and changing expectations of the labour force, high staff turnover is a common challenge across the retail sector. The fast-changing landscape of retail businesses, with the rise of e-commerce, present both new opportunities and new sources of competition that put traditional retail business models to the test. Customers expect retailers not only to deliver the *quality* they desire, but also the *experience*.

Our Approach

Our talent development and retention strategies and policies play an important part in helping us prepare for these challenges while pursuing our purpose of *making life beautiful*.



Employment Policy¹



Health and Safety Policy¹



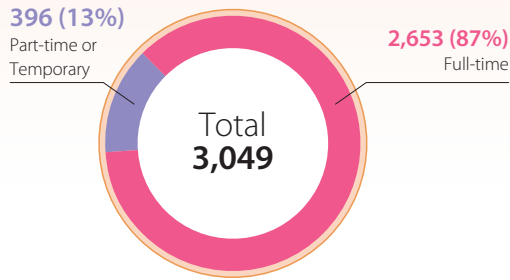
Training and People Development Policy¹

¹ To ensure these policies are effective and relevant, the responsible department reviews them periodically, assessing their effectiveness when addressing relevant risks in operations. Sa Sa complied with all relevant laws and regulations relating to employment, labour and data privacy during the year.

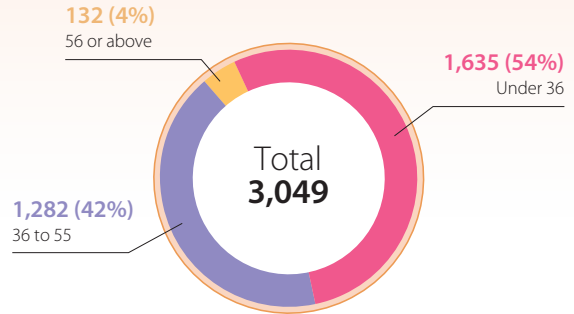


Employee Profile¹

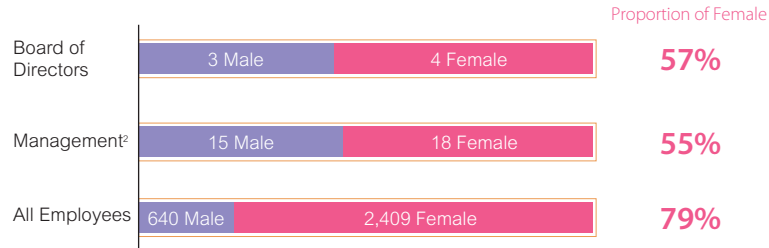
Employee Numbers by Employment Type



Employee Numbers by Age Group



Employee Numbers by Gender



Junior Beautician Trainee Graduates 2018

¹ We have refined the scope to cover employees' figures for Hong Kong and Macau operations only, in line with our overall ESG reporting scope.

² For the purpose of the ESG report, "management" refers to senior management on page 65 of this annual report, and all vice-presidents, department directors and associate directors.

Developing Talent Towards Shared Goals

Our people are the foundation of a sustainable future for Sa Sa, and so we have well-established learning and development plans. Our frontline staff received on average 300 hours of professional training, and are well supported in their pursuit of a career and a life that makes them shine. Our learning and development programmes help to ensure that our employees are attuned to our customer’s ever-changing expectations, and are equipped to meet them.

We seek to ensure that our trainings meet the present-day needs of our business. Online trainings are provided through our own Beautiversity platform to help our employees continually acquire new skills and know-how, with a focus on building and maintaining strong relationships with our customers.

Beautiful beginnings for our frontline staff

Sa Sa provides a clear career development path for frontline staff. It takes on average six years for a Sales Trainee to be promoted to Assistant Shop Supervisor, Shop Supervisor or Sales Supervisor.

Frontline Development Path



Outstanding Big Sister and Brother / Shop Trainer Programme

Big Sisters and Brothers can further develop their skills with the aim to become a team leader or shop supervisor at Sa Sa. They acquire knowledge of personnel management in preparation for promotional or other opportunities.

🕒 Core: 27 hours
Advanced: 6 hours
Total: 33 hours

Big Sister and Brother

There are more than 200 Big Sisters and Brothers in Sa Sa currently. This scheme aims to develop our experienced colleagues into coaches to train junior colleagues, thereby enabling the transfer of valuable knowledge and mentorships for the junior staff. Each Big Brother or Big Sister will guide one or two of their junior colleagues. Through coaching others, the Big Sisters and Brothers can also learn new skills to prepare themselves for shop supervisor role.

🕒 Core: 16 hours
Advanced: 12.5 hours
Total: 28.5 hours

Beauty Consultant

It takes about 10 months to be promoted from Sales Trainee to Beauty Consultant, and continuous training will be provided:

- Advanced product knowledge
- Sales techniques and customer psychology
- Advanced customer service

🕒 Core: 35 hours
Advanced: 41.5 hours
Total: 76.5 hours

Junior Beautician Trainee

We hire candidates with one to two years’ work experience for this role, and provide six months’ training which includes:

- Make-up techniques
- Sales techniques
- Practical English
- Customer service
- Product knowledge

During the year, 80 staff members have completed the curriculum and entered a new stage in their beautiful career.

🕒 186 hours

Sales Trainee

We target high school graduates with no prior work experience. The four-month training includes:

- Basic knowledge of cosmetics
- Opportunities to conduct actual sales
- Sales and communication techniques

🕒 90 hours





80 staff members have completed the curriculum of Junior Beautician Trainee during the year and are ready to begin a new chapter in their beautiful career as professional beauty consultants.

Nurturing Sa Sa's Future Leaders

Sa Sa is dedicated to training university graduates and senior members of staff with the potential to become future leaders at Sa Sa, *making life beautiful* under the company's mission.

Management Trainee (MT) Programme

- An 24-month programme
- Running for 16 years since 2004
- For recent university graduates who are looking for challenges
- Provides training on adaptability, team-work and problem-solving skills

2018/19

Applications **299** Programme Duration **24** months

Final Intake **14**

MT Programme, catering to the different aspirations of future talent. In 2018/19, MTs were recruited with a view to joining the following departments:

Sales Operations

Category Management and Product Development

Marketing

Logistics



“ I joined the MT programme after graduating from university in 2016. My biggest takeaway from the past two and a half years, working in a store with a big team, is learning how to manage people. In the past, I often looked at different issues from my own perspective. My supervisor at the time taught me to use empathy, stepping into others' shoes to ask, “How would I feel if someone else did this?” .

After the MT programme and assessment, I have now become a store supervisor. The skills I learnt through the programme have helped me immensely in my ability to lead a team. ”

Ceci Yu – Assistant Supervisor
(former MT from class of 2016)



“When I started at Sa Sa, I didn't expect to work here for 30 years! I didn't have a long-term plan when I graduated: all I had in mind was to find a job. I enjoyed wearing make-up, had a tiny bit of knowledge on skin care, and heard that the income wasn't too bad, so I tried to apply. Not until after I got the job, and learned that Sa Sa had a clear route of promotion, did I realise that I should plan for my own future.”

Carol Cheng – Senior Supervisor
Has been working for Sa Sa for over 30 years

Recognition of Professional Qualifications under Qualification Framework

Some Sa Sa professional beauty consultants have served our customers for over a decade. To better recognise their expertise in this area, Sa Sa participates in the Recognition of Prior Learning (RPL)¹ programme under Hong Kong's Qualification Framework (QF). This enables them to obtain recognised qualifications based on their work experience, and facilitates their ongoing professional development.

Sa Sa has also applied for accreditation for our own Beauty Consultant training programme, further enhancing the career potential of our talents.

Overseas Placement

Staff with three or more years' experience may be stationed overseas to assist with developments in other places and broaden their horizons. Staff have been posted to Macau, Mainland China, Singapore and Malaysia.

Corporate Successor Programme

In order to unleash the potential of experienced staff, Sa Sa will soon launch a Corporate Successor Programme. Heads of departments will select the best middle management staff members to receive structured support from our human resources team to further enhance their performance and equip them to become the company's future leaders.

Ongoing Professional Development and Education

Sa Sa provides up-to-date training to help our colleagues acquire professional certifications and become the most well-rounded talents in the industry, thereby enhancing the professional standards of the wider cosmetic retail sector. Sa Sa also collaborates with post-secondary institutions to attract and nurture future talents for the cosmetic retail industry.



Award ceremony for QF



Since the introduction of the RPL Initiative in 2015/16

We have put forward **320** staff members

for the RPL (QF Levels 2-4)

100% success rate: all **123** staff members put forward were awarded qualifications under the RPL

¹ Recognition of Prior Learning (RPL) is a mechanism under the Qualification Framework (QF) that provides an alternative route for practitioners to obtain QF-recognised qualifications based on their on-job insights developed over several years. Such mechanism facilitates their subsequent progression in continuous learning. Assessments under the RPL in Retail and Beauty industry are conducted by the Vocational Training Council.

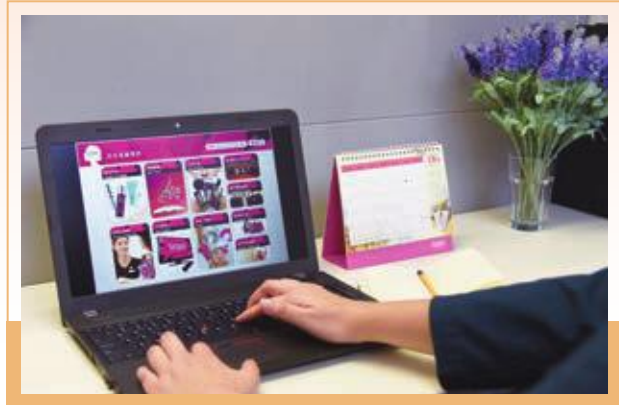


E-Learning Platform

Our e-learning platform Sa Sa Beautiversity provides multimedia training, from the use of WeChat store, to updates on market trends such as popular healthcare products, as well as softskills training. The platform provides a total of 236 flexible and up-to-date training courses.

Continued Education Subsidy

In addition to the training and development programmes, a subsidy of HK\$10,000 or 30% of their salary is offered to each employee for pursuing courses of their choice¹.



Sa Sa Beautiversity helps staff develop new skills and acquire knowledge

Nurturing Talents for the Future

84 students were awarded internship opportunities in 2018/19.

The Business-School Partnership Programme (BSPP) of the Education Bureau
Provides students with internship opportunities, allowing them to gain two-day of frontline experience, deepening their understanding of the industry.

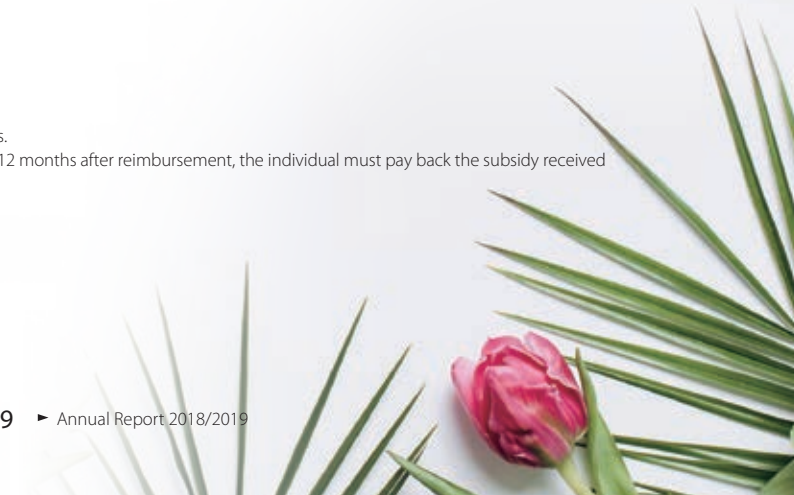
5 students received training in 2018/19.

VTC Earn & Learn Scheme
Provides paid internship opportunities or tuition sponsorship for students to receive on-the-job training while studying, nurturing a new generation of retail specialists.

682 students received professional training in the two-year cooperation commenced in 2016.

Social etiquette and personal grooming courses with IVE Business Administration Discipline
Sa Sa's professional Beauty Consultants conduct training courses on personal grooming and professional image building to students.

¹ The conditions applied are that:
a. The course should be deemed relevant to their duties by their supervisors.
b. If an individual's employment with Sa Sa is voluntarily terminated within 12 months after reimbursement, the individual must pay back the subsidy received during the 12 months immediately preceding the termination date.



Beauty at Work Through Wellbeing and Exchange

Sa Sa seeks to infuse the pursuit of beauty into different aspects of our employees' experience, from their compensation and benefits, to our workplace and internal communications. Our goal is to support our employees to realise their aspiration of *making life beautiful* through being part of the Sa Sa family.

Staff turnover is a common challenge faced by the industry. A new working group on talent development is set up under the Sustainability Steering Committee to look into this challenge and more systematically review and formulate initiatives to improve employee retention.

We Listen and Respond

We listen to our frontline staff, learning from their first-hand experience interacting with the customers to develop new business strategies. We promote two-way internal communications by providing multiple channels for engaging with employees, so that we can understand their needs and expectations, and provide adequate and timely responses.

| Channels | Participants | Details |
|--|--|---|
| Board Meetings | Board of Directors | Five Board and 18 Board Committee meetings were held this year to ensure that interests of major stakeholders were addressed and key strategic priorities were clearly defined. |
| Management meetings | Management team | Monthly management meetings ensure continuous alignment of operations to the Company's strategic priorities and weekly meetings involving core business units ensure continuous alignment of efforts between business units. |
| Grand breakfast meeting | All frontline staff, and senior and middle management from the office | An annual morning meeting where all frontline staff from over 100 shops in Hong Kong and Macau led by different line managers gathered to interact with senior and middle management from the office, with the objective of sharing major strategic directions for the year and reinforcing the support provided by the backend office to the customer facing frontline. The topic this year is 'Unite, strive and focus to achieve great results'. |
| Supervisor meetings | All shop supervisors and representatives from key business units | A meeting of all shop supervisors with the office management team is held monthly, so that regular realignment of priorities can be discussed and followed. |
| Line meetings of each Operation Managers | Frontline staff, heads or representatives from core business units in the office | Held three times a year, purpose of which is to enable shop staffs led by the same Operation Managers to meet and exchange idea and share experience. |
| Internal Newsletters | All staff members | An internal e-newsletter providing updates on ESG issues at Sa Sa is sent to all staff members every quarter, and to all frontline staff every month. |
| Staff Recreation Club | All staff members | All staff are invited to join a broad range of recreational activities each year, such as karaoke, barbecues, and baking workshops. |
| Green workshops and activities | All staff members | Various green-themed activities are organised every year to engage staff members in caring for the environment. |

Remuneration and Benefits

We review Sa Sa's remuneration package annually. We offer discretionary bonuses as well as sales bonuses, commissions, share options and share awards to reward good performance. Relevant details are set out in the Employment Policy and Employee Handbook.¹ In the fiscal year 2018/19, the Group invested around HK\$1,170 million in employees compensation and benefits, representing about 14% of annual sales turnover of the entire Group.

Sa Sa also reviews staff welfare policies regularly. For example, some of our staff could benefit from support in their daily commute. During the year, we offered 12 shuttle bus routes to and from our offices or logistics centre to make commuting during peak hours less of a hassle for our employees. Two additional shuttle bus routes were introduced in the financial year commencing April 2019.

Our human resources department meets with frontline staff from time to time to gather their feedback and report their views to the management team.

A Safe, Healthy and Harmonious Workplace

The Health and Safety Committee, led by the head of human resources with members from various departments, is responsible for monitoring the implementation of the Health and Safety Policy. It sets out the roles of employer and employees in maintaining a safe and healthy work environment, and is reviewed periodically to ensure continuous updates and improvements. A module on preventing workplace injury is included in the staff induction. There was zero non-compliance with health and safety regulation in 2018/19.

This year, in order to further enhance workplace safety for our logistics staff, we provided free safety shoes in our warehouses, and introduced a policy stipulating that all staff and visitors must wear safety shoes or safety-shoe covers before entering the warehouse. We have also introduced vacuum chucks (a safety device for lifting and moving heavy objects) to make moving heavy objects safe and easy, greatly reducing the potential risk of injury.

Apart from occupational safety, the mental wellbeing of our staff is also of great importance, especially given our emphasis on quality of service within the world of cosmetic retail. In 2019, Sa Sa introduced a stress assistance hotline, available to all staff, to help them manage the pressures they face from their work and personal lives.

Sa Sa is committed to creating and maintaining a fair and inclusive workplace. The Employment Policy² clearly states the importance of maintaining an inclusive and harmonious workplace that is free of discrimination, physical or verbal harassment against any individuals with regards to race, religion, colour, gender, physical or mental disability, age, birth place, marital status, sexual orientation or any other status protected by applicable law.

Sa Sa's anti-bribery policy and practices³ help to ensure a fair and upright work environment. We recorded zero non-compliance incidents relating to anti-corruption and bribery during the year. Our Internal Audit and Management Services department is responsible for the implementation of the policy. More details can be found in the Enterprise Risk Management Report.



Newly introduced safety initiative at logistic centre – vacuum chuck

¹ Which includes:

- a. Recruitment, remunerations and welfare
- b. Performance reviews and promotion
- c. Working hours and rest periods
- d. Staff dismissal and end of contract arrangements

² We condemn all forms of exploitation of children, do not recruit child labour, and adhere to the minimum age provisions of applicable laws and regulations. The Company also supports the elimination of all other forms of forced, compulsory or bonded labour.

³ Our Whistleblowing Policy provides the necessary mechanisms for employees to report misconduct within the company. Our Gifts and Entertainment Policy, Conflict of Interest Policy and Guidance on Prevention of Bribery Ordinance manage and prevent possible bribery and conflicts of interest.

Beautiful Experiences for Our Customers



Offering in-depth skin analysis to customer with skin scanner

Our Aspirations

We are dedicated to satisfying the needs and expectations of our customers by offering a diverse range of high quality products, providing attentive shopping experiences, and supporting our customers to pursue their aspirations for a beautiful life.

Our Challenges

The arrival of the New Retail era, characterised by the widespread application of Internet of Things along with demand to synergise online and offline retail, is disrupting the cosmetic retail industry, bringing new opportunities and unknowns.

Our Approach

How can Sa Sa stand out in this new era while maintaining the high standards of our products and services? We are formulating a series of initiatives to respond to these new challenges and plan to invest more into the following areas to create seamless customer experiences on different platforms:

- Integrate Big Data to analyse and better understand the consumption patterns, preferences and expectations of our customers.
- New Point of Sale system which will be quicker, and able to match promotional offers with customers preference, and shortening check-out time
- Provide interactive shopping experiences by applying the Internet of Things to elements such as browsing and trying products.



Product Recall Cases

Number of Suppliers by Geographical Region:

| | |
|---------------|----------------|
| Hong Kong | 346 (53.2%) |
| Asia (ex. HK) | 181 (27.8%) |
| Europe | 97 (14.9%) |
| America | 17 (2.6%) |
| Others | 9 (1.4%) |

“When customers choose to shop at Sa Sa, they have cast their vote of confidence in the quality of our products.”

Safeguard Beauty through Product Quality and Safety

Sa Sa currently houses around 18,000 SKUs, responding to the needs of customers of all ages and backgrounds. Quality is always our first priority. Our teams in category management and product development, quality control, frontline sales and customer service work together to ensure the quality and safety of each and every product we carry. As in the past, there is no incident of product recall or non-compliance due to safety or health issues this year.

Many of our key supply chain processes, including logistics, category management and product development, as well as marketing and customer service are certified by independent third parties, meeting requirements such as ISO quality control standards (ISO 9001:2015). Our preference is to work with suppliers with impeccable track records, and we plan to develop our own code of conduct for suppliers in the coming year to further enhance the management of our supply chain.



Here are some of the ways we seek to ensure customers are satisfied with our products and services:

- Our products underwent stringent quality control before they are put up for sale.
- Majority of our products originated from countries or regions with stringent regulations governing cosmetic and personal care products, including the European Union, the United States, Japan and South Korea.
- We commit to having products with at least six months of shelf life for sale in our stores (except food and pharmaceutical products, which have shorter shelf life due to their nature).
- Through various methods including the vendors' evaluation, contractual measures, quality control undertaken at the warehouse and monthly checking undertaken at the shops, we ensure that only authentic and quality products with a reasonable shelf life are offered to customers.
- We provide our suppliers with updated lists of ingredients that are prohibited or restricted in major jurisdictions.
- Should there be potential quality, safety or health issues with our products, Sa Sa's senior management team is directly involved in the investigation and management of the issue. We will always err on the side of caution and may remove the products in issue from the shelves pending the outcome of a thorough investigation when it comes to product authenticity or safety.

Apart from strict safety and quality monitoring of our products, we encourage our suppliers to continuously improve their performance in respecting the environment and wider society. We also require warranties on the protection of intellectual property and third-party rights¹ in most of our contracts with suppliers and service providers.

Create High Standards of Customer Experiences

We endeavour to provide high quality and worry-free services to our customers, through these measures:

- 30-Day Purchase Guarantee to ensure a satisfying purchase experience for customers across all our sales platforms.
- Mystery shoppers programme across all stores to objectively assess the quality of service. This helps us identify the strengths in our customer service, as well as room for improvement.
- Customer experience training for frontline staff; providing on-site guidance and information to improve customer service.
- Customer complaints and investigation process², which is carried out whenever complaints regarding the quality of products or services, or incidents reports, are received. Responses are duly provided to customers.
- Privacy of personal data is safeguarded by strictly complying with the Personal Data (Privacy) Ordinance. We commit to using the customer information we collect only for the purpose intended and notified.



Recognition for quality customer services.

Award-winning Service

Hong Kong Retail Management Association (HKRMA) **"Service and Courtesy Awards"** 2018

- The Best Team Performance Award – Bronze Award
- Excellent Service Star (Cosmetics & Nutritious Products) – 3 award winners
 - Gold Award – Supervisory Level
 - Silver Award – Junior Frontline Level
 - Bronze Award – Junior Frontline Level

HKRMA **Mystery Shopper Programme** 2018

Excellence Award – La Colline
Service Retailers of the Year (Beauty Products/Cosmetics Category) – La Colline

East Week **"Hong Kong Service Awards 2019"**

Voted for the tourists' choice award by public

¹ We have strict policies to prohibit downloading movies, music and pirated softwares.

² During this financial year, we received a total of 111 complaints regarding the quality of products and service and 150 customer appreciation.

Preserving the Beauty of the Planet



New and upgraded logistic facilities to improve operational efficiency.

Setting the Tone from the Top

“While still at the start of our sustainability journey, we have been taking ESG considerations seriously in our daily work. To be more strategic about our progress, we are crafting targets for sustainable development, especially concerning energy efficiency, waste and plastic reduction, and talent development. We believe that these initiatives will pave the way for Sa Sa’s long-term development.”



Dr LOOK Guy
Chief Financial Officer and Executive Director

Our Aspirations

As a leading cosmetic retail group, we are committed to protecting the environment by integrating environmental considerations into our decision-making, and implementing appropriate measures to minimise the direct and indirect adverse impacts on the environment brought about by our daily operations.

Sa Sa strictly observes all applicable environmental laws and directives¹ and commits to supporting the Government in the implementation of environmental policies.

Our Challenges

Part of the impact of climate change includes more frequent and more severe extreme weather events that may have a direct impact on our sales and on the wellbeing of our stakeholders. They also put the supply and cost of our products – as well as the productivity and reliability of our supply chain – at risk. Sa Sa should take a proactive stand to prepare for these foreseeable challenges.

Our Approach

Sa Sa employs a workforce of over 3,000 in Hong Kong and Macau, and understands that the successful implementation of our environmental policies hinges on the support of each member of staff. During the year, we sought to embed caring for the environment in the DNA of Sa Sa. We must all work together to build a corporate culture that is mindful of resource conservation, and to play our part in preserving the beauty of the planet.

¹ During 2018/19, we received no reports of non-compliance.

Reducing Our Carbon Footprint

Tackling climate change is listed as a priority in Sa Sa's Environmental Policy. Global warming reached a historical high in the past five years (2014-2018). Extreme weather has affected the world, and Hong Kong is no exception. Our products cover more than 700 international cosmetic brands, and are sourced from 27 countries around the world; this makes disruption to logistics and supply due to extreme weather events a risk to our business. Typhoons, thunderstorms and heavy rainfall also have a direct impact on our sales. It is imperative that we devise flexible and effective contingency measures to manage these anticipated risks.

The Hong Kong Government has already followed Mainland China in adopting carbon reduction as a priority objective in its environmental policy. As a member of the Hong Kong community and the global village, Sa Sa will give its full support to the implementation of relevant climate policies and contribute to the effort in tackling climate change and other environmental challenges.

Since 2012/13, Sa Sa has been monitoring and managing the greenhouse gas emissions attributable to our business operations¹. In 2018/19, our operations produced 14,873 tonnes of carbon dioxide equivalent (CO₂e), a decrease of nearly 6% in absolute terms, compared with the 2017/18 emissions of 15,867 tonnes.

Our carbon intensity per floor space in 2018/19 rose by 13.3% to 255 kg per square metre as compared to 2017/18. This was due to a lower than normal intensity recorded in 2017/18 because of temporary enlarged floor area due to parallel run of two logistic centres when we were relocating our logistic centre by phase from Chai Wan to Kwai Chung. Although the intensity increased in 2018/19 as compared to a low base from the previous year, an overall downward trend on carbon intensity is observed from the baseline year of 2014/15.



Environmental Policy

Compared to our baseline year (2014/15)

Floor Area²

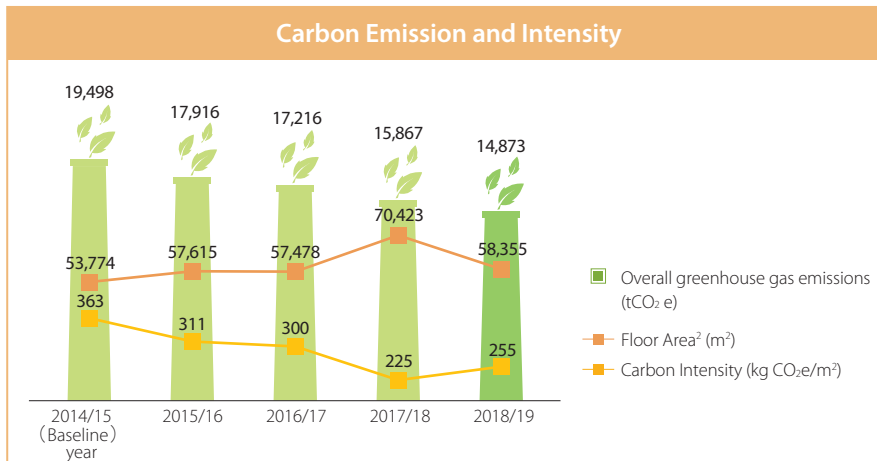
8.5%

Carbon Emission

23.7%

Carbon Intensity

29.8%



As of 31 March 2019, Sa Sa operated a total of 118 stores in Hong Kong and Macau. While our business is growing steadily – our total floor area² increased by 8.5% since 2014/15 – our overall GHG emissions decreased by 23.7% over the same period, while carbon intensity per square metre of floor area decreased by 29.8%. We are pleased to see our persistent effort in energy and carbon reduction over the years are paying off. We will continue to look for opportunities to further carbon reductions in our operations.

¹ Our carbon emissions are calculated in accordance with the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong (2010 Edition) issued by the Electrical and Mechanical Services Department and Environmental Protection Department, which is the recognised standard for carbon reporting.

² The 'reported' floor area is the average over the year, rather than area at the end of each year. It included gross floor area of the office, all stores (including sales area and non-sales area) and logistic centre. This is calculated by adding up the gross floor area at the end of each month, and then dividing the total by 12. This gives us a more accurate picture of our carbon/electricity intensity as we might opened/closed a number of stores during the year.

Conserving Precious Resources

Tackling Energy Consumption

Energy consumption through electricity (Scope 2 emissions) is the source of more than 97% of total carbon emissions within our operations. Among Sa Sa's main operation facilities, retail stores are responsible for most of the energy consumed, accounting for 80.2% of the total, followed by logistics facilities (13.1%) and offices (6.6%).¹

In 2018/19, our overall electricity consumption dropped by 3.3% compared to the previous fiscal year. However, as outlined in the previous section (page 85), our energy intensity per floor space rose by 16.7% as compared to the previous year.

2018/19

Energy Consumption

3.3%

compared to previous year

Energy Intensity

403 kWh/m²

Energy Efficiency Improvements

We have put in place extensive energy conservation measures at our logistics facilities, offices and retail stores.

These measures include replacing the original appliances with energy-efficient alternatives, replacing traditional lightbulbs with LED lights, as well as independent control of ventilation in different interior zones, and clearly identifying the different lighting zones in the staff seating plans with a view to eliminating idle lights after office hours.

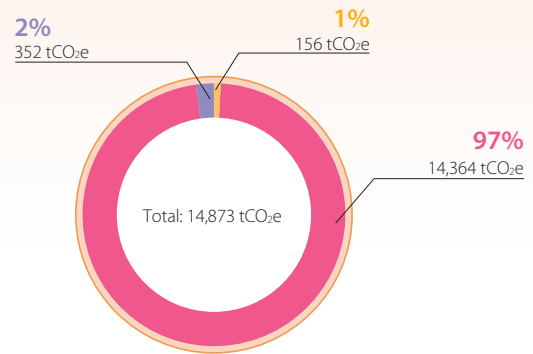


Sa Sa is among the early adopters and signatories of the Environment Bureau's Charter on External Lighting, a charter that urges retailers to switch off external lighting to minimise light pollution for nearby residences. Sa Sa has since installed timers at its facilities to ensure that the external lighting systems of our stores are switched off after midnight or earlier as far as practicable.



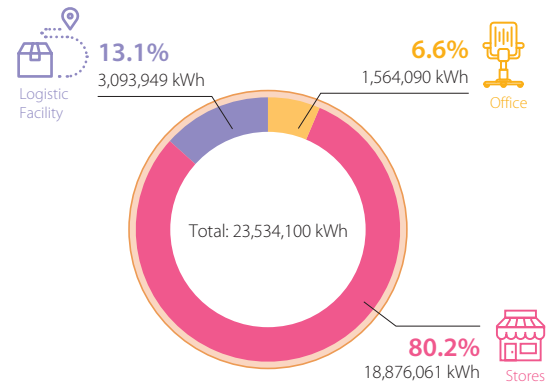
WWF's Low-carbon Office Operation Programme 2018 / 2019 – Silver Award

Carbon Emission by Scope 1,2,3



- Scope 1 - Company-owned transport fleet and employee-owned vehicles used for business purposes
- Scope 2 - Electricity consumed in our stores, headquarters and logistics facilities
- Scope 3 - Paper disposal in landfill, business air travel, fresh water supply and sewage treatment, and transport fleet owned by external logistics providers

Energy Consumption by Facility Type¹



¹ Due to rounding, percentage may not add up to 100%.



LED Lights for Eight More Retail Stores

Our retail stores are responsible for the majority of our operation's electricity consumption. We therefore introduced a policy, back in 2010, to stipulate the use of LED lights in the design of all new stores and the refurbishment of existing stores. In 2018/19, eight more retail stores replaced traditional illumination systems with LED lights, adding up to a total number of 120 stores lit entirely by LEDs, or 84% of all our stores in Hong Kong and Macau. This measure has proved highly effective. For example, three of our stores in North Point, Jordan and Tuen Mun recently participated in the LED makeover and saw a reduction in electricity consumption by 31%, 22% and 19% respectively, avoiding 80,302 kWh of electricity and HK\$92,000 of utility costs.

Since 2009/10, our stores have also been implementing a policy of switching on only half of the lights outside business hours to conserve electricity.

Our persistent efforts to save energy over the years have led to a 17.8% decrease in electricity consumption per floor area across our stores when compared to the 2014/15 baseline year – a clear path of electricity reduction for four consecutive years.



84% of our stores are now equipped with LED lightings

We have installed LED lights in

84%
of our stores.

Reducing Emission for a Low Carbon Future

Although the proportion of coal in the fuel-mix for Hong Kong's electricity generation has been decreasing, this carbon-intensive fuel remains the main source of power generation for both electricity companies operating here. Efficient use of electricity is therefore critical to reducing our carbon footprint.

Electricity also accounts for a considerable part of our operation costs, and so reducing our consumption brings significant benefits to us, both financially and environmentally. To help us improve our energy efficiency, we invited the two power companies in Hong Kong to audit the electricity consumption of our warehouses and offices and share best practice recommendations. Facilities which implemented the recommendations saw a year-on-year reduction of 10% in electricity use. In addition, we are using CLP's smart metering service, Meter Online, to monitor our real-time energy consumption, enabling us to devise more targeted measures to exercise control on electricity use and peak demand. Through the newly established taskforce on operational excellence, under the Sustainability Steering Committee, we will look into opportunities for deploying more energy efficient measures.

Water Resource Management

Although our cosmetic retail operation does not have significant direct impact on water, it is an important resource in the value chain, especially during the production of the cosmetic products and their use by consumers. We therefore included water conservation in our Environmental Policy.

Besides these steps to influence our indirect impacts, we actively monitor water consumption in our offices, retail stores and logistics centre. We have placed reminders next to the water faucets to remind our staff to conserve water. The relocation of some independent retail stores into shopping malls has also contributed to lower water use in our toilets. We are reaping the early rewards of our effort: in 2018/19, our water intensity was 16,198 per square meter of floor area, a 38.9% reduction from 2017/18.

Responsible Sourcing in the Pursuit of Beauty

As part of our commitment to the quality of our consumer products, it is important that we take into consideration their environmental impacts. One impact attracting global scrutiny is plastic pollution: a devastating problem for the world's oceans and marine life. We are concerned about the use of plastics in our business operations and have implemented measures to reduce the impact on biodiversity and the environment, thereby preserving the beauty of the ocean.

Taking a Lead on Microbeads in Cleansing Products

Microbeads are plastics of less than 5mm in length or diameter. In the past few decades, microbeads were widely introduced in cleansing and exfoliating products for facial and body use. Recent research studies showed that microbeads put marine life and people's health at risk. Some countries and multinational brands have banned, or are taking steps to eliminate, the use of microbeads in exfoliating and cleansing products.



Our Position on Microbeads

In 2016, Sa Sa introduced a policy to ban the use of microbeads¹ in all our cleansing and exfoliating products by the end of 2018, regardless of whether the products are manufactured or distributed by us. This enabled us to join hands with our customers in protecting marine life and people's health. Sa Sa was among the first cosmetic retailers in Hong Kong that pledged to phase out the use of microbeads in the cleansing and exfoliating products we carry. This exemplary move set an example for industry peers to follow, and fostered discussions among Government and industry to regulate the sale of these products.

Microbeads are also commonly found in cosmetic products such as sunscreen lotion, eyeshadow, eyeliner, lipstick and foundation. There is currently no substitute for microbeads in these products. Sa Sa seeks to maintain a balance between providing quality products for our customers to pursue their personal beauty and preserving the beauty of the ocean. We would continue to monitor international studies on the environmental impacts of personal skincare and cosmetic products that contain microbeads and regularly review our policy on this.

Our Own-brand Products

Since 2016, Sa Sa has conducted thorough review of the ingredients used in our own-brand products. We implemented a voluntary disclosure process with our suppliers and learnt that microbeads were used in nine products. We immediately took them off the shelf, and began the process to source alternative ingredients to replace microbeads in these products.

Other Products

Whilst we often do not have direct control over the ingredients in the products we carry, there is also no regulatory requirements in Hong Kong stipulating the disclosure of microbead use in product descriptions. Nonetheless, we took the following steps in an effort to fulfill our commitment to ban microbeads in all exfoliating and cleansing products that we carry:

- 1) Required close to 200 suppliers to report the use of microbeads in the products they supply to Sa Sa.
- 2) Examined 2,179 products, of which 24 were found to contain microbeads and were taken off the shelf immediately.
- 3) Engaged with distributors and agents, encouraging them to persuade the product manufacturers to cease using microbeads.
- 4) Strengthened product inspection and risk management to protect Sa Sa's reputation.



Maintain high quality of our products

¹ Microbeads have different definitions in the world. Sa Sa took reference from the Microbead-Free Waters Act of 2015 of the United States and banned the use of eight kinds of substances that are widely defined as microbeads, including Polyethylene (PE), Polyethylene terephthalate (PET), Polymethyl methacrylate (PMMA), Polytetrafluoroethylene (PTFE), Nylon-6, Nylon-12, Polyurethane (PUR) and Acrylates copolymer. Sa Sa noted that a number of regional governments would, from time to time, update the list of microbeads recommended to be banned. Where possible, we would conduct timely review of our guidelines on product ingredients.

Choosing the Right Partners, Adhering to International Standards

As one of the leading cosmetics retail groups in Asia, we take our corporate responsibility seriously. We also encourage our suppliers to adopt responsible and sustainable practices with respect to a range of environmental and social issues outlined in our Responsible Product and Supply Chain Policy. We have included these expectations in our current ISO-certified process of engaging with new suppliers. This process gives preference to suppliers which integrate considerations for environmental conservation, protection of endangered species, protection of labour rights and welfare, equal opportunities, non-participation in animal testing, and responsible sourcing into their own operations. When choosing logistics partners for the distribution of goods from our centre warehouse to our stores, environmental protection is one of our selection criteria.



Responsible Product
and Supply Chain Policy

Encouraging Our Customers to Reduce Their Plastic Bag Usage

In compliance with the Product Eco-responsibility Ordinance (Cap. 603) of Hong Kong, Sa Sa charges customers HK\$0.50 for every shopping bag. In 2018/19, Sa Sa distributed around 3.01 million plastic bags¹ to its customers, a 5% year-on-year increase. The increased use of shopping bags was due to the growth of our business, with 3.6% more transactions than the previous year. The average number of shopping bags per transaction was 0.18, a 1.4% increase on the previous year.

Sa Sa has pledged to invest funds from the plastic bag levy to promote environmental awareness. Last year:

- We produced Eco Meal Kits which were gifted to around 3,000 employees which were also available to customers to buy at our stores, in a bid to encourage them to reduce the use of disposable plastic takeaway boxes and cutlery.
- We sponsored the Green Hackathon organised by the Hong Kong Retail Management Association to raise environmental awareness and promote the sustainable development of retail.

Since the implementation of the plastic bag levy on 1 April 2015, Sa Sa has allocated close to HK\$1 million in collected funds to raise environmental awareness among consumers. The Government will review the effectiveness of the plastic bag levy in 2019 and plans to increase its scope. We are looking into ways to engage and incentivise our customers to avoid the use of plastic shopping bags.

¹ Our shopping bags are made of paper sourced from sustainably and responsibly managed forests and certified by the Forest Stewardship Council (FSC). The plastics content of the shopping bags are made from oxo-biodegradable material to minimise their impact on the environment.



Our professional logistics team

“We don’t see implementing environmentally friendly policies as a burden to our logistics department. Introducing measures to reuse carton boxes, or recycle cardboards and stretch film, has not only helped to save the environment, but also helped us save cost and time: a win-win for our business and the environment.”

Reducing Waste at Source

In 2017, every Hong Kong resident sent, on average, close to 530 kg of municipal waste to landfill – a record high in 27 years according to the Environmental Protection Department¹. The Government has set a goal to lower the amount of waste disposed to landfill to 0.8 kg per person per day (or 292 kg per person per year), a 55% reduction. Sa Sa is committed to supporting our city in achieving this goal. During the year, we continued to implement our strategy to *reduce, reuse and recycle* across our logistics centre, retail stores and offices, in

an effort to minimise waste disposal to landfill.

We understand that a substantial source of our waste comes from the packaging materials that protect our products during transportation: most of the products we procure are first sent to our logistics centre before being distributed to individual retail stores. We have therefore looked into ways to reduce the waste we generate through this distribution process, and have implemented a series of measures in our new ATL Logistics Centre, which commenced operations in September 2017.



Pallet wrap machine



Carton boxes reuse



- Our logistics and operations teams continuously evaluate packaging materials used during delivery and identify opportunities for cutting down the use of packaging material.
- Pallet wrap machines are used to reduce stretch film consumption in wrapping loaded transportation pallets.
- Since last year, whenever our stores replenish our 20 best-selling products, the order must be a multiple of the quantity contained in a carton box. This measure reduces the use of materials in re-packaging the products. Not only does it benefit the environment, it also helps us reduce the time cost in handling the packages.



- Carton boxes are reused. After the merchandise is unloaded at our retail stores, most carton boxes are sent back to the logistics centre. Each carton box is used on average four times before being recycled.

¹ Monitoring of Solid Waste in Hong Kong 2017



Stretch film recycling



All used cardboards, stretch film and pallets at the logistics centre are handled by our recycler, with the recycling rate close to 100%.

Recycle
100%

Quantity recycled in 2018/19
Carton Boxes 232.6 tonnes
 Transporting products from the logistics centre to stores

Pallets 6.2 tonnes
 Moving and lifting products

Air Packaging 14.5 tonnes
 Filling up empty space in carton boxes to reduce product damage due to displacement during transportation

Stretch film
 Wrapping carton boxes on pallets

Proper Waste Classification and Handling

Damaged goods and goods close to or past their expiry are managed by our logistic team according to the following procedures:

Solid and Liquid (e.g. paper masks and shampoo)

When we reached a certain quantity of solid and liquid waste, we submit a Disposal of Special Waste at Landfills Admission Ticket to the Environmental Protection Department. The waste is only sent to landfill through our vendors after we receive approval.

Chemical Waste (e.g. perfume, hair spray)

When our chemical waste reaches a certain quantity, we notify the Chemical Waste Treatment Centre (CWTC) to make arrangements for disposal.



Room for Improvement

The design of the ATL Logistics Centre incorporates a range of energy efficient and environmentally friendly features, including an air conditioning system operating with variable speeds, enhanced building insulation, and the use of fans to aid air circulation. These measures make temperature and ventilation control more effective and energy efficient. However, while the full deployment of automated logistics facilities have increased the productivity of our logistics centre, this has unfortunately also increased our electricity consumption. Our annual electricity consumption at the logistics centre was 12.5% higher than the previous year. We have therefore collaborated with CLP Power, our electricity provider, to apply Meter Online service to monitor our electricity usage at half-hourly intervals, helping us to better understand our consumption patterns and identify ways to reduce our use in future.



Our frontline logistics staff

Engaging Employees to Create Change

Listening to Frontline Experiences

Sa Sa launched a survey across our stores in Hong Kong and Macau in early 2018 to better understand their current waste management practices, and prepare for the imminent enforcement of the new Municipal Solid Waste (MSW) Charging Scheme. The exercise helped us estimate the cost of MSW Charging to our business. It also provided useful insights for us to develop more effective waste reduction measures. From the 75 responses collected, we found that almost half of our stores did not have a habit of recycling their waste, while 75% of waste disposed were recyclable, of which more than half was paper. We also noticed a trend that stores with a higher staff turnover tended to generate more waste. Our frontline employees shared their feedbacks that the key impediments to more robust waste separation and recycling were:



Insufficient storage space and lack of in-store recycling facilities



Lack of recycling facilities near the stores



A perception of waste separation and recycling being time-consuming



Lack of environmental awareness among employees

In response to this feedback, we have conducted waste sampling at our stores to systematically review our waste performance and practices. We are also coordinating with relevant property management companies and cleaning service providers to facilitate recycling effort in our stores. Waste management is one of the focus areas of the new operations working group established under the Sustainability Steering Committee. The working group will take the lead in coordinating waste reduction effort across our stores. In addition, we will provide our subcontractors with guidance to ensure that waste created during renovations is properly handled by authorised waste disposal vendors.



Encourage our colleagues to minimise the use of disposable plastic tableware

Every Little Helps

We began to record the amount of waste generated in our offices since 2015. This year, we generated 22,308 kg of waste, a 11.3% decrease from the previous year.

We are piloting a range of initiatives in our offices, including installing paper recycling bins and encouraging our staff to print less and to print on recycled paper where appropriate. In the past year, 22,412kg of used paper was collected for recycling. We are pleased to see these early rewards for our efforts to raise employee awareness of the importance of segregating waste at source. We are also collaborating with our printing solutions provider to adopt sustainable innovations such as “follow me printing” with a view to further reducing our paper usage.



Recycling facilities in the office

The amount of waste generated from our offices is relatively insignificant when compared to that from our logistics centre and retail stores; however, we believe that every little helps, and every little helps to build awareness and habits among our staff, who may inspire more people through their own circles of influence to join hands in preserving the beauty of the planet Earth.

Putting the Environment at the Heart of Our Communications

In 2018/19, we continued to leverage different internal communication channels to share Sa Sa’s environmental commitments, aspirations and challenges with our staff.

- Our quarterly newsletter has hosted a Green & Gorgeous column to share environmental news and daily green tips with all staff since 2012.
- Updates on environmental policies and procedures are circulated internally through various digital means.
- All new hires receive training on Sa Sa’s environmental policies to learn about the company’s ethos and how everyone can play a part in minimising our operations’ environmental impacts, sharing our commitment to preserve the beauty of the planet.



Preserving the Beauty of the Planet

Planting Seeds to Transform Behaviour

Our staff are the most valuable asset, and also the ambassadors, of Sa Sa. We therefore place great importance on enhancing the environmental awareness and engagement of our staff. We understand that our commitment to preserving the beauty of the planet requires we all mobilise as an organisation.

As waste reduction was a focus of our internal engagement programme in 2018, we organised a series of activities during the year to engage our staff in responsible waste management.



Colleagues joining the party with their own tableware

Green Christmas

For the first time, Sa Sa organised a special Christmas party with no disposable utensils provided! Before the party, we sent electronic reminders to our colleagues, reminding them to bring their own reusable utensils to the party. We also rented 500 sets of cutleries from WeUse, a tableware rental service company, as back-up. Among the close to 500 party-goers, only 50 people used the rental cutleries: 90% brought their own. Apart from Christmas party, we have also stopped providing single-use utensils in other social gatherings organised by the company, such as monthly birthday parties.

Green Takeaways

We noticed that many of our office and frontline colleagues order takeaways for lunch but do not have the habit of bringing their own reusable takeaway boxes or cutlery. This resulted in large numbers of single-use Styrofoam or plastic takeaway boxes being discarded to landfill. In response, the company's Chairman Dr KWOK Siu Ming Simon and Vice-chairman Dr KWOK LAW Kwai Chun Eleanor decided to use part of funds collected from the shopping bag levy to finance the production of reusable cutlery and foldable lunch boxes for our 3,000 employees. We can all do our part to reduce the waste we generate, and set an example for others to follow.



Colleagues supporting our Green event



Green Lunch

Each year, we organised a Green Lunch to raise environmental awareness among our frontline and office staff. This year, we invited Green Earth and SEE Network to discuss the topics of plastic pollution and the importance of reducing packaging waste. Vegetarian meals in buffet style were served at this learning and networking occasion. About 300 colleagues participated in the four activities organised this year.

Green packets for the New Year

In 2019, Sa Sa sponsored and participated in the Red Packet Reuse and Recycling Programme organised by Greeners Actions for the sixth consecutive year. Collection boxes were placed at our offices and across 50 retail stores. We collected 1,620kg of red packets during this festive season. With an average of 400 red packets per kilogram, this amounted to approximately 650,000 red packets, equivalent to saving 33 trees.¹



Sa Sa supports the Red Packet Reuse and Recycling Programme

Upcycling Waste

From turning used coffee grounds into handmade soap, to participating in a computer donation programme, we aim to support our employees to rethink 'waste' as a resource. We held a soap-making workshop, where 40 colleagues upcycled coffee grounds to produce a wonderfully exfoliating soap additive. For the 10th year, we collected unwanted computers from the office and from colleagues' donations for recycling through Caritas Computer Workshop. This year, 81 items were collected, including desktop computers, monitors, laptop computers and printers.



Coffee ground upcycling workshop



Colleagues handmaking soap with coffee ground

¹ According to the organising group, 320 million red packets are equivalent to cutting down 16,300 trees. And therefore 650,000 red packets is equivalent to 33 trees.

Inspiring Beauty in the Community



Elderly home visit to show our supportive care

"I am often deeply moved when I participate in charity work. In one of the most memorable events, we trained more than 200 elderly people to be Beauty Ambassadors. These Ambassadors then provided make-up service at homes for the elderly, and the elderly people became very beautiful and engaged. I was very affected by their smiles of joy. I believe that everyone has the right to be beautiful, and this belief reinforced my conviction to contribute to society. I hope more people can benefit from experiences like this."

Dr KWOK LAW Kwai Chun Eleanor, BBS, JP
Vice-chairman

Our Aspirations

A thriving community is a prerequisite for the success of our business. We place great importance in being a responsible corporate citizen. Giving back to empower the community to make life beautiful has been one of Sa Sa's values from the start.

Our Challenges

Since Sa Sa was founded in 1978, we have witnessed the flourishing of Hong Kong and braved different challenges along the way, together with our fellow citizens. Ageing population and wealth disparity are two key challenges afflicting Hong Kong. The elderly population continues to rise, as does the number of people in poverty. By 2030, one in four Hong Kong residents will be 65 years old or above; already, one in seven are living in poverty, a record number.

Our Chairman Dr KWOK Siu Ming Simon and Vice-chairman Dr KWOK LAW Kwai Chun Eleanor rose to success from humble beginnings. They empathise with the plight of the have-nots, and actively participate in charitable programmes in the community, especially in caring for the underprivileged elderly. The community has supported our business to grow and thrive, and will continue to do so – as long as we help it to thrive in turn.

Our Approach

We have a long-standing commitment to community development. We collaborate with community organisations to support those in need to rise above the challenges and difficulties they face in life. We are committed to our vision of *making life beautiful* and seek to become a beacon of hope for people and families in need by responding to their needs, and empowering them to make life beautiful.

Supporting Women to Develop Their Careers

About 80% of Sa Sa's employees are women, and most of our frontline staff are secondary school graduates (mostly Form 5 or 7) without any prior work experience. Their career choices might be limited by not having a formal qualification from a tertiary education institute. We offer them comprehensive on-the-job training, and a clear development path, with the potential to progress from a Sales Trainee to a Junior Beautician Trainee, then Beauty Consultant, Senior Beauty Consultant, Big Sisters or Big Brothers, Assistant Shop Supervisor, Shop Supervisor, and finally Operations Manager with oversight over 10-odd shops. For employees whose education level is not high, what Sa Sa provides is not only a job, but also a profession with prospects, and a life-long career path.



“ I was not good at studying. My career and everything I have right now was given by Sa Sa. I have to thank my line manager, Eva, who supported me and trusted me since I was 18. Eva offered me countless opportunities to grow and develop, and made me the person I am today. ”

Pinky Fu – Assistant Supervisor

Started as a Junior Beautician Trainee 13 years ago, now an Assistant Supervisor



Sa Sa supports Pink Heels Race

Pink Heels Race

Sa Sa has sponsored and participated in the Pink Heels Race for seven consecutive years, raising public awareness of breast and ovarian cancer, and the importance for women having health checks. This year, we raised a total of HK\$46,000 to support the Hong Kong Hereditary Breast Cancer Family Registry. Our colleagues even won the second prize in the 2018 “Quadrathlon Team Race”.

Breast cancer is one of most common types of cancer among women. Statistics show that one in 15 women may fall victim to breast cancer, and the mortality rate is 17.7%.¹ Sa Sa will continue to support medical research on breast cancer, contributing to efforts to develop preventive measures.

¹ 2016 Statistics from Hong Kong Cancer Registry, Hospital Authority.



Sa Sa Sincere volunteers and the youths joined to foster inter-generation harmony

Bridging the Generation Gap

Communicating across the years

Digitalisation is bringing radical change to the way we live and communicate. Rapid technological advances, that put electronic devices at the heart of many aspects of daily life, have made it increasingly difficult for the elderly to cope. Young people, on the other hand, are receptive to new technology but often neglect the importance of face-to-face interactions. These differences have led to an intergenerational gap between the old and the young.

Sa Sa has therefore collaborated with our long-term partner, Po Leung Kuk, in developing a new two-year Sa Sa Making Life Beautiful Charity Scheme, in a bid to foster cross-generational communication and collaboration. The scheme takes reference from the learning model of STEAM: science, technology, engineering, art and mathematics. Through it, we recruit both young people and the elderly as Intergeneration Ambassadors, and seek to collaboratively establish a new mode of communication across generations that are founded on care and mutual understanding. Through a series of activities, such as technology exhibitions and dramas, participants are encouraged to learn, to listen, to share and to appreciate each other.

Inspiring care through creativity

The first programme organised successfully under the scheme was an Intergeneration Video-making Competition, with the theme of *Intergenerational Care*, using film-making to explore how people of different generations can communicate harmoniously with each other. The theme is well aligned with Sa Sa's aspirations of empowering the community to make their lives beautiful.

Sa Sa's professional video production colleagues from the multi-media content management team offered three training sessions to the participants, equipping them with the basic skills, from developing the plot, to shooting and video editing, for making their own videos. Shum Shui Po was the select community for the programme.

Shum Shui Po is one of the districts with the most severe age-related problems in Hong Kong. Here, many elderly are living alone and in poverty with inadequate social support. Through this programme, we want to let the elderly know that society has not forgotten them.

“The elderly are sometimes regarded as a ‘burden’ to society. At Sa Sa, we believe it is essential that society becomes more inclusive across the generations. We hope that the Sa Sa Making Life Beautiful Charity Scheme can encourage young people and children to interact with the elderly and understand their genuine situations and needs. We believe that this can plant the seeds of inclusion, fighting prejudice against the elderly and improving their status and wellbeing in our society.”



Elderly home visit to express our care



Youths being coached to prepare for the video-making competition



Winners of the Intergeneration Video-making Competition

'Warm Heart', Champion of the Student Group

Through blackboard drawings and reflections on moments of life in Shum Shui Po, this video tells a story to share the message of inclusion. In particular, it encourages young people to initiate the first step to connect with the elderly.



'Grandma and Granddaughter', Champion of the Open Group

Filmed with a granddaughter's mobile phone, this winning video records her journey of revisiting Shum Shui Po with her grandmother. Through the grandmother's recollections of growing up in Shum Shui Po, the video aims to impress on the audience the importance of cross-generational understanding.



Inspiring Beauty in the Community

Joining Hands for a Stronger Community

Employee volunteering is an integral part of our community engagement strategy. This year, we engaged close to 500 employees across the company and devoted a total of 738 hours to serve those in need in the community, making our society a more beautiful place. We also organised 12 employee volunteering programmes.

In 2019/20, we will continue to invest and participate in different community service and charitable giving programmes, including supporting our long-term partners Po Leung Kuk and Community Chest in their work to make a difference in the community, and rallying our employees to pitch in and serve the community.

Celebrating Our Seasons with the Elderly

Hong Kong population is ageing rapidly. In just over a decade, the population of those aged 65 or above is expected to increase from 18 % in 2018 to 26% in 2030. We have a long-standing commitment to caring for the elderly, in particular those living alone and without adequate support. We work closely with Po Leung Kuk on District Elderly Campaign. Apart from offering charitable donation to support their work, we also engage our volunteer team to visit and serve the elderly, bringing beauty to the life of these elderly.



Our colleagues took part in the community visit



Sa Sa Sincere volunteers and their families paid home visit to elderly sharing festival spirit

- During the last Tuen Ng Festival and Mid-autumn Festival, members of Sa Sa Sincere volunteer team and their families visited the elderly living in Tseung Kwan O in June and September, sharing gifts and celebrating with the elderly.
- In December, Sa Sa Sincere volunteers also participated in the community visit to Tseung Kwan O, arranged by Po Leung Kuk. Our volunteers brought along gifts and daily essentials for the elderly, helping them to get ready for the Winter Solstice.
- For Chinese New Year, our employees and their families also paid home visits to the elderly in Tseung Kwun O, bringing gifts and sharing the festive spirit with them.

Coming Together to Alleviate Poverty

Sa Sa has worked closely with different community organisations over the years, participating in a wide range of fundraising activities, including runs and walkathons organised by the Community Chest and Po Leung Kuk to support the underprivileged in Hong Kong and rural parts of Mainland China.

Sa Sa Sincere runners and cheerleaders took part in the Heifer Race to Feed 2018, which aims to alleviate poverty in Mainland China. We achieved encouraging results, winning the championship in Male 10K Run and 4th prize in Female 10K Run, and coming tenth in the 1km x 5 Relay Run. Altogether, we raised HK\$100,000 for donation to Heifer.



Sa Sa participated in different charity walk and run activities

Volunteering with Sa Sa Sincere

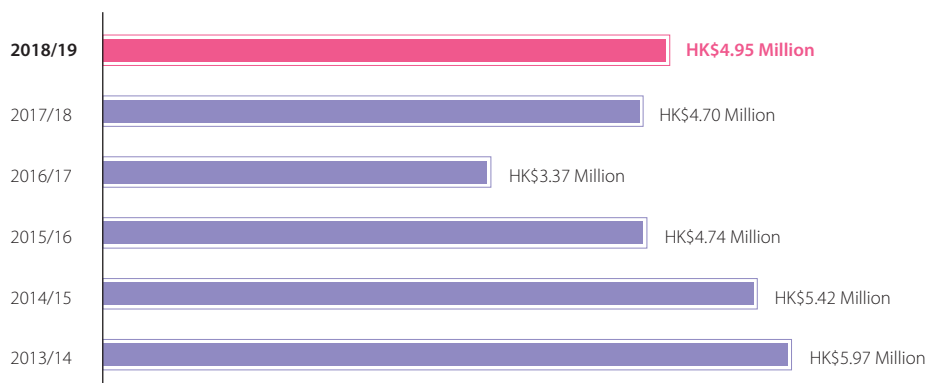
Sa Sa Sincere volunteer team was established in 2013 with the aim of bringing together colleagues who share the passion of caring for the community to jointly make a difference in our society. To encourage staff to take part, colleagues and their family members are awarded certificates of attendance and supermarket coupons as a token of recognition for their support.

To further our commitment to the community, we formed a Charity Committee in 2016 and invited representatives from all major departments to join. The committee provides a platform for colleagues to exchange ideas on how we may work together to inspire more positive change in the community.



Sa Sa Making Life Beautiful Charity Fund

Established in 2013, Sa Sa Making Life Beautiful Charity Fund seeks to make life beautiful in the community by fostering intergenerational harmony and empowerment. Under the leadership of our Chairman Dr KWOK Siu Ming Simon and Vice-chairman Dr KWOK LAW Kwai Chun Eleanor, the fund donated HK\$4.95 million in 2018/19 to causes promoting the wellbeing of the elderly and underprivileged families, as well as the empowerment of youth and women.



About this Report

The Scope of the Report

This is the seventh ESG Report of Sa Sa International Holdings Limited, covering Sa Sa's progress and highlights in sustainable development from 1 April 2018 to 31 March 2019.

Unless otherwise stated, the ESG Report covers Sa Sa's operations in Hong Kong and Macau only. These markets represent the core of all our operations, contributing to more than 80% of the Group's turnover in the year that ended on 31 March 2019.

The Standards and Assessment of the Report

This Report is prepared in accordance with the 'Comply or Explain' and 'General Disclosure' provisions in the ESG Reporting Guide, which can be found under Appendix 27 to the Listing Rules of HKEx. We confirm that this Report has adopted, and is in full compliance with, the 'Comply or Explain' and 'General Disclosure' provisions. Reference to the relevant KPIs can be found in the HKEx ESG Reporting Guide Content Index (pages 106 to 107).

Feedback

Readers are invited to share their thoughts and suggestions on our ESG Report or our sustainability performance by filling out the online survey, or emailing us at esg@sasa.com.



Understanding Our Priority Issues

The key to assessing our ESG strategy in terms of meeting stakeholders' needs is the alignment of our vision with issues that are of significant importance to them. In the Materiality Assessment completed in 2016/17, we classified the top 30% of all issues identified (14 out of 46) as "most material" by combining the views of all key stakeholders on what is important to them. In addition, by reviewing the top ten important issues for each key stakeholder and identifying issues that were not covered under "most material" issues, we have compiled a list of eight "moderately material" issues. This process ensures that the strong concerns of any single stakeholder will be addressed in our subsequent strategies and actions, even if they may not align with the views of other key stakeholders.

For ease of reference in the rest of this report, the most material and moderately material issues are classified collectively as Key Issues, around which our activities, reviews and planning are centered.

In the process of developing our sustainability framework in 2019, we plan to further engage with our key stakeholders such as employees and customers to ensure that our priority issues align with their key concerns.



Key Issues

The 22 issues prioritised by our stakeholders are listed here, alongside where they are addressed in this Report.

| Employment and Labour Practices | Operating Practices |
|---|---|
| (addressed under “Making Life Beautiful for People” section) <ul style="list-style-type: none"> • Staff Benefits, Welfare, Holidays and Working Hours • Staff Training and Capacity Building • Performance Review and Promotion • Employee Engagement and Social Dialogue • Corporate Governance¹ • Staff Retention, Turnover and Dismissal • Equal Opportunity, Non-Discrimination, Staff Diversity and Human Rights • Occupational Safety, Health and Security | (under “Making Life Beautiful for People” section) <ul style="list-style-type: none"> • Product Responsibility, Health and Safety • Quality Customer Service and Management • Quality Assurance • Supply Chain Management • Consumer Data Protection and Privacy¹ • Legal Compliance in Operation¹ |
| Community Investment | Environmental Protection |
| (under “Beautifying the Community” section) <ul style="list-style-type: none"> • Charity, Community Involvement & Investment | (under “Preserving the Beauty of the Planet” section) <ul style="list-style-type: none"> • Eco-friendly Products and Services • Waste Management and Recycling of Waste • Environmental Awareness • Use of Natural Resources • Water Resources, Consumption, Discharges and Sustainable Management • Energy Consumption and Efficiency • Compliance with Environmental Regulations |

¹ For details please refer to the CG Report (pages 108-134) and the ERM Report (pages 135-143).

Sustainability Data Statement

| Social ¹ | | 2018/19 | |
|---|-------|--------------|--|
| Total headcount in Hong Kong and Macau | | 3,049 | |
| By gender | | | |
| Male | | 640 | |
| Female | | 2,409 | |
| By age group | | | |
| Under 36 | | 1,635 | |
| 36-55 | | 1,282 | |
| Over 55 | | 132 | |
| By employment type | | | |
| Full-time | | 2,653 | |
| Part-time / temporary | | 396 | |
| Average hours of training per employee and percentage (%) of employees who received training² | | 13.6 (59.0%) | |
| By gender | | | |
| Male | | 12.0 (58.9%) | |
| Female | | 14.1 (58.4%) | |
| By employee category | | | |
| Management ³ | | 4.4 (33.3%) | |
| Managers | | 2.5 (57.1%) | |
| All other employees | | 15.7 (59.2%) | |
| Work-related fatality | cases | 0 | |
| Work-related injuries | cases | 35 | |
| Lost days due to work injury | | 1,133.5 | |
| Average days of sick leave taken by employee per month | | 0.25 | |
| | | Overall | Excluding employees who left during probation period |
| Employees turnover rate⁴ | | 36.5% | 21.5% |
| By gender | | | |
| Male | | 16.5% | 10.0% |
| Female | | 54.3% | 31.8% |
| By age group | | | |
| Under 36 | | 45.8% | 29.0% |
| 36 – 55 | | 27.6% | 13.4% |
| Over 55 | | 11.7% | 11.7% |

Data Footnotes:

- ¹ We have refined the scope of social data to cover employees in Hong Kong and Macau operations only, in line with our ESG reporting scope.
- ² Training refers to all types of vocational training and workshops, conferences or seminars on industry developments pursued internally or externally; It covers full-time employees only; average hour of training is based on the total number of employees as at 31 March 2019.
- ³ For the purpose of this ESG report, "management" refers to senior management on page 65 of this annual report, and all vice-presidents, department directors and associate directors.
- ⁴ We revised the methodology for employees turnover for easier comparison and understanding of readers.

| Environmental | | Unit | 2018/19 | 2017/18 | 2016/17 | 2015/16 | Baseline 2014/15 |
|---|--|-------------------------------------|-------------------|---------|---------|---------|---------------------|
| GHG emissions¹ | | tCO ₂ e | 14,873 | 15,867 | 17,216 | 17,916 | 19,498 |
| Scope 1 | Company-owned transport fleet and employee-owned vehicles used for business purposes | tCO ₂ e | 156 | 151 | 159 | 148 | 137 |
| Scope 2 | Purchased electricity used in our offices, logistics centres and stores ² | tCO ₂ e | 14,364 | 15,303 | 16,619 | 17,511 | 19,063 |
| Scope 3 | Business air travel | tCO ₂ e | 66 | 85 | 92 | 125 | 143 |
| | Fresh water supply and sewage treatment | tCO ₂ e | 10 | 16 | 17 | 19 | 18 |
| | Paper disposal at landfills ³ | tCO ₂ e | 88 | 99 | 72 | 112 | 137 |
| | Transport fleet owned by the external logistics providers ⁴ | tCO ₂ e | 204 | 213 | 242 | - | - |
| Carbon intensity | | kg CO ₂ e/m ² | 255 | 225 | 300 | 311 | 363 |
| | | kg CO ₂ e/HK\$1m revenue | 2,097 | 2,347 | 2,747 | 2,858 | 2,663 |
| Electricity consumption | | MWh | 23,534 | 24,329 | 24,941 | 26,406 | 26,392 |
| Stores | | MWh | 18,876 | 19,996 | 20,919 | 22,504 | 23,105 |
| Offices | | MWh | 1,564 | 1,584 | 1,623 | 1,629 | 1,407 |
| Logistics centres | | MWh | 3,094 | 2,750 | 2,399 | 2,273 | 1,880 |
| Electricity intensity | | kWh/m ² | 403 | 345 | 434 | 458 | 491 |
| | | kg CO ₂ e/HK\$1m revenue | 2,025 | 2,263 | 2,652 | 2,793 | 2,604 |
| Water consumption | | m ³ | 16,198 | 26,495 | 28,495 | 33,515 | 30,691 |
| Water intensity | | m ³ /m ² | 0.28 | 0.38 | 0.50 | 0.58 | 0.57 |
| | | kg CO ₂ e/HK\$1m revenue | 1.34 | 2.30 | 2.67 | 3.03 | 2.44 |
| Vehicle fuel consumption | | '000L | 130,697 | 127,364 | 140,458 | 54,323 | 50,119 |
| | Company-owned transport fleet and employee-owned vehicles used for business purposes | '000L | 61,683 | 55,224 | 58,658 | 54,323 | 50,119 |
| | Transport fleet owned by the external logistics providers ⁴ | '000L | 69,014 | 72,140 | 81,800 | - | - |
| Vehicle fuel efficiency | | L/m ² | 2.24 | 1.81 | 2.44 | 0.94 | 0.93 |
| | | kg CO ₂ e/HK\$1m revenue | 51 | 54 | 64 | 24 | 19 |
| Vehicle sulphur oxides (SOx) emissions | | g | 1,972 | 1,915 | 2,115 | - | - |
| Paper consumption | | kg | 37,510 | 41,544 | 43,176 | 47,771 | 47,056 |
| | | '000 pcs | 7,508 | 8,304 | 8,631 | 9,547 | 9,316 |
| Paper use intensity | | pcs/headcount | 2,462 | 2,713 | 2,757 | 3,028 | 2,872 |
| | | kg CO ₂ e/HK\$1m revenue | 10 | 15 | 14 | 18 | 19 |
| Business air travel | | '000 km travelled | 447 | 578 | 595 | 804 | 929 |
| Business air travel intensity | | km travelled/headcount | 147 | 189 | 190 | 255 | 286 |
| | | kg CO ₂ e/HK\$1m revenue | 9 | 13 | 15 | 20 | 20 |
| Carton box consumed | | '000 pcs | 376 | 405 | 411 | 305 | - |
| Shopping bag consumption⁵ | | '000 pcs | 2,805 | 2,529 | 2,646 | 2,866 | 3,010 |
| Shopping bag consumption intensity⁵ | | pcs/transaction | 0.180 | 0.178 | - | - | - |
| General waste | | | | | | | |
| Office | | kg | 22,308 | 25,143 | 26,043 | 23,907 | - |
| Store ^{6,8} | | kg | 581,660 | - | - | - | - |
| Hazardous waste | | kg | Footnote 7 | - | 1,696 | 3,874 | - |
| Waste collected for recycling | | | | | | | |
| Paper | | | | | | | |
| Office | | kg | 22,412 | 20,816 | 24,894 | 24,369 | 18,602 |
| Logistics centre ⁸ | | kg | 232,600 | - | - | - | - |
| Plastic | | | | | | | |
| Office | | kg | 294 | 161 | 102 | 38 | - |
| Logistics centre ⁸ | | kg | 20,702 | - | - | - | - |
| Aluminium | | kg | 91 | 102 | 87 | 65 | - |

Data Footnotes:

- GHG Emissions are calculated in accordance with the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong (2010 Edition) issued by EMSD & EPD.
- Emissions associated with electricity purchased are calculated based on the latest available emissions factors provided by the power companies
- Cover the printing paper used in office, logistics center and stores only. Carton box used for logistics purpose and other printing materials (e.g. promotion leaflet) are not included. Emissions avoided by recycling paper from office have been incorporated.
- Includes the fuel used for distribution of goods from logistic centres to stores only.
- The quantity of shopping bags consumed at stores in Hong Kong only with respect to the levy on plastic shopping bags under the Product Eco-responsibility Ordinance (Cap. 602).
- It is arrived at by multiplying the quantity of rubbish bags purchased during the year by the average weight of a rubbish bag, which weight is estimated based on the sampling results of six surveyed stores of which two were "local stores", two were "tourist stores", and two were "mixed stores".
- The quantity of hazardous waste generated in 2018/19 did not reach the threshold for processing.
- Newly reported item.

Due to rounding, numbers presented may not add up precisely to the totals provided.

HKEx ESG Reporting Guide Content Index

| Subject Areas, Aspects, General Disclosures and KPIs | | Page Reference/Explanation |
|---|--|--|
| A. Environmental Aspect | | |
| A1: Emissions | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste | 84 Environmental Policy |
| KPIA1.1 | The types of emissions and respective emissions data | 85, 105 |
| KPIA1.2 | Greenhouse gas emissions in total and, where appropriate, intensity | 85-86, 105 |
| KPIA1.3 | Total hazardous waste produced and, where appropriate, intensity | 105 |
| KPIA1.4 | Total non-hazardous waste produced and, where appropriate, intensity | 105 |
| KPIA1.5 | Description of measures to mitigate emissions and results achieved | 85-87 |
| KPIA1.6 | Description of how hazardous and non-hazardous waste is handled, reduction initiatives and results achieved | 90-95 |
| Aspect A2: Use of Resources | | |
| General Disclosure | Policies on the efficient use of resources including energy, water and other raw materials | 84 Environmental Policy |
| KPIA2.1 | Direct and/or indirect energy consumption by type in total and intensity | 86, 105 |
| KPIA2.2 | Water consumption in total and intensity | 87, 105 |
| KPIA2.3 | Description of energy use efficiency initiatives and results achieved | 85-87, 91 |
| KPIA2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved | There is no issue in sourcing water that is fit for purpose. |
| KPIA2.5 | Total packaging material used for finished products and, if applicable, with reference to per unit produced | 90-91 |
| Aspect A3: The Environment and Natural Resources | | |
| General Disclosure | Policies to minimise the issuer's significant impact on the environment and natural resources | 84 Environmental Policy |
| KPIA3.1 | Description of significant impacts of activities on the environment and natural resources and the actions taken to manage them | 88 |
| B. Social Employment and Labour Practices Aspect | | |
| B1: Employment | | |
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| KPIB1.1 | Total workforce by gender, employment type, age group and geographical region | 75, 104 |
| KPIB1.2 | Employee turnover rate by gender, age group and geographical region | 104 |
| Aspect B2: Health and Safety | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards | 81 Health & Safety Policy |
| KPIB2.1 | Number and rate of work-related fatalities | 104 |
| KPIB2.2 | Lost days due to work injury | 104 |
| KPIB2.3 | Description of occupational health and safety measures adopted, how they are implemented and monitored | 81 |



| Subject Areas, Aspects, General Disclosures and KPIs | | Page Reference/Explanation |
|--|--|--|
| Aspect B3: Development and Training | | |
| General Disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities | 74, 76-69 Employment Policy, Training and People Development Policy |
| KPIB3.1 | The percentage of employees trained by gender and employee category | 104 |
| KPIB3.2 | The average training hours completed per employee by gender and employee category | 104 |
| Aspect B4: Labour Standards | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour | 81 Employment Policy |
| KPIB4.1 | Description of measures to review employment practices to avoid child and forced labour | 81 Employment Policy |
| KPIB4.2 | Description of steps taken to eliminate child and forced labour practices when discovered | 81 |
| Operating Practices | | |
| Aspect B5: Supply Chain Management | | |
| General Disclosure | Policies on managing environmental and social risks of the supply chain | 89 Responsible Product and Supply Chain Policy |
| KPIB5.1 | Number of suppliers by geographical region | 82 |
| KPIB5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored | 82-83, 88-89 |
| Aspect B6: Product Responsibility | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress | 82-83 Responsible Product and Supply Chain Policy |
| KPIB6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons | 82 |
| KPIB6.2 | Number of products and service-related complaints received and how they are dealt with | 83 |
| KPIB6.3 | Description of practices relating to observing and protecting intellectual property rights | 83 |
| KPIB6.4 | Description of quality assurance process and recall procedures | 82-83 |
| KPIB6.5 | Description of consumer data protection and privacy policies, how they are implemented and monitored | 83 |
| Aspect B7: Anti-corruption | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering | 81 |
| KPIB7.1 | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases | 81 |
| KPIB7.2 | Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored | 81 |
| Community | | |
| Aspect B8: Community Investment | | |
| General Disclosure | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests | 96 Environmental, Social and Corporate Governance Policy |
| KPIB8.1 | Focus areas of contribution | 97-101 |
| KPIB8.2 | Resources contributed to the focus areas | 101 |