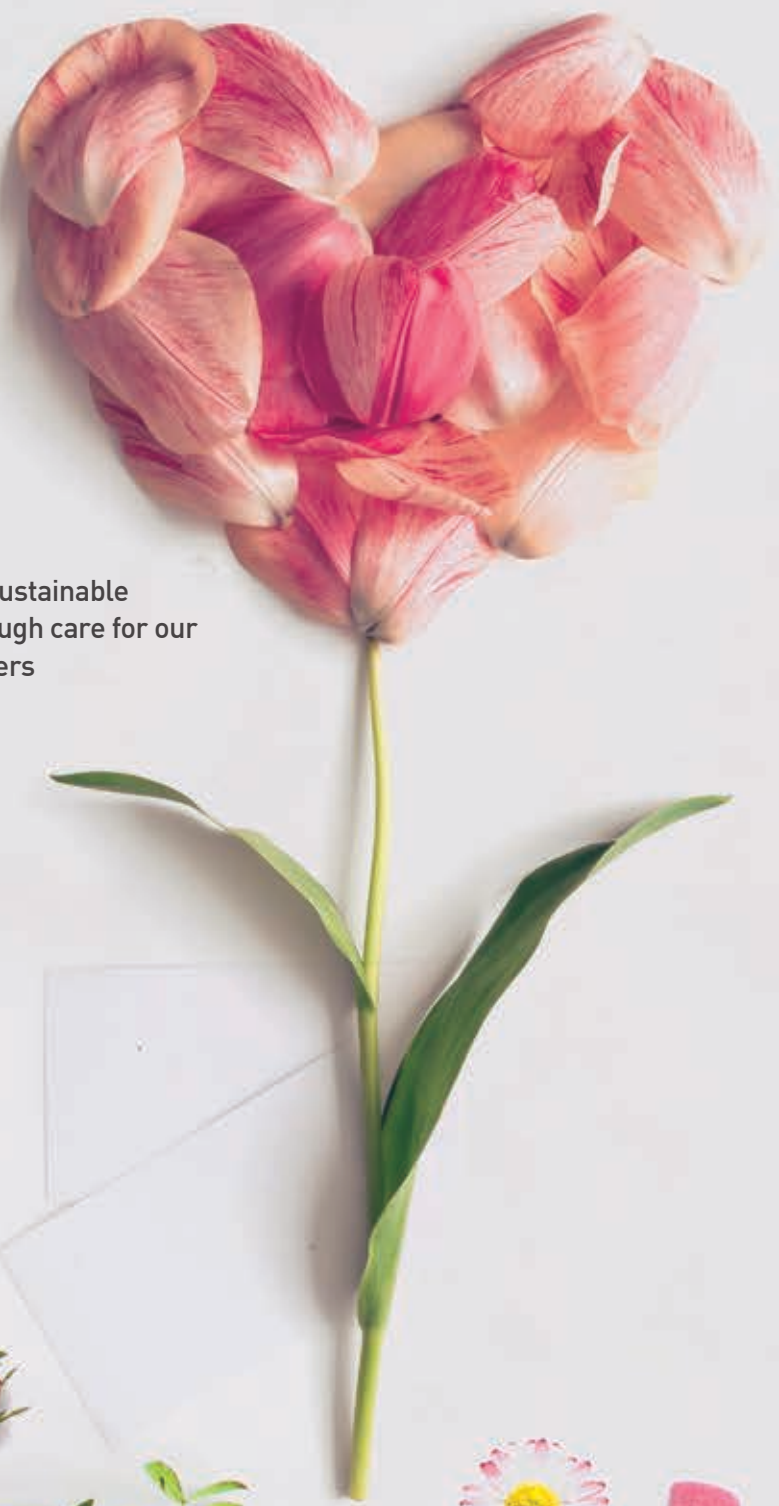





# ENVIRONMENTAL,

## Social and Governance Report



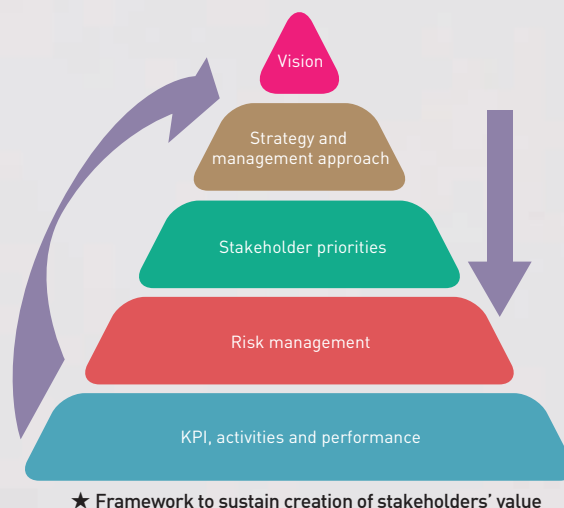
►► Creating sustainable value through care for our stakeholders

# OUR BEAUTY JOURNEY

## Creating Sustainable Value Through Care for Our Stakeholders

It has been an exciting year for Sa Sa's aim to realise our "Making Life Beautiful" vision, as we strengthen our value creation by caring for and balancing the interests of our key stakeholders. Much care has been given to ensure our business activities create value for our human capital, our social capital and our natural capital. Although financial capital plays an important part in our business activities, this particular aspect is covered separately in other parts of this Annual Report.

In the external Environmental, Social and Governance ("ESG") Reporting environment, we have seen the raising of compliance levels set by the Hong Kong Stock Exchange ("HKEx") on ESG Reports and the growing adoption of the Integrated Reporting Framework (launched by the International Integrated Reporting Council) to answer stakeholders' needs. As part of our continuous improvement commitment, this report makes further disclosure on matters relating to Sa Sa's strategy, priority and the concepts that drives value creation in our various business processes.



Sustaining our value creation model through Sa Sa's operations requires a clear vision, and the balancing of the interests of our stakeholders while determining and executing our strategies.

Although our vision remains consistent, the dynamic nature of stakeholders' preferences requires regular review and refinement of our strategies and risk management procedures to ensure the fulfilment of stakeholders' ever changing needs.

In short, it is an on-going journey for Sa Sa to align all aspects of our organisational value creation process and organisational performance measure to our organisational vision.

Note: Unless otherwise stated, this ESG Report covers our operations in Hong Kong and Macau only. Our Hong Kong and Macau operations represent the core of all Sa Sa operations, contributing over 80% of our Group's turnover in FY2015/16.

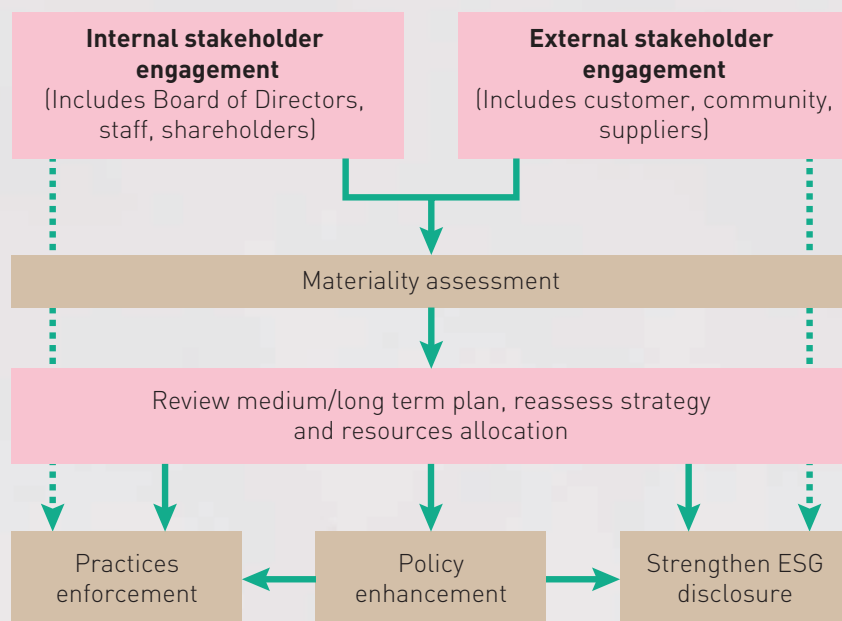
### Identifying Priorities and Balances in Our Value Creation Process

In the preparation of this year's report, in addition to the regular senior management discussion of the various inputs and outputs of our value creation process, we have engaged an external consultant to undertake a series of workshops aimed at strengthening our ability to analyse both qualitative and quantitative feedback. Such initiatives enable stakeholders' priorities to be more accurately determined by balancing their different viewpoints. The stakeholder engagement process is spread over 3 key phases:



## OUR BEAUTY JOURNEY

One of the key outputs we expected from the stakeholder engagement process is materiality assessment (see diagram below), where the view of what's important to business (for internal stakeholders) and what's important to stakeholders (for external stakeholders) is balanced through the plotting of a matrix. This matrix feeds into our decision process for long term planning, disclosure, policy enhancement and enforcement of relevant practices. The conclusions from the first stage of engagement are already incorporated in this draft report, enabling us to strengthen the coverage of key performance indicators ("KPIs") that our staff and senior management regard as of high importance.



## Commitment to Enhancing ESG Performance Disclosure

As part of Sa Sa's commitment towards continuously enhancing our ESG overall management approach and performance, we have identified a number of priorities to work on over the coming year that embrace all our major subject areas:

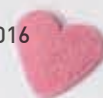
<b>Complete stakeholder engagement</b> Complete the rest of the internal stakeholders engagement and that of external stakeholders to enable a comprehensive assessment of priority KPIs and to identify relevant long term goals.	<b>Increase disclosure coverage</b> Increase the disclosure of the HKEx ESG Reporting Guide in relation to KPIs where material.
<b>Complete major policy enhancement</b> Complete our policy review for major ESG subject areas of environment, labour practices, operating practices and community engagement, and reinforce the relevant policy coverage where possible.	<b>Strengthen integration</b> Strengthen the value creation focus on both disclosure and strategy execution.



"It is our company motto to repay the community which has been the foundation of our growth. Our principle involves serving our customers and shareholders, and at the same time, serving the interests of our talent, the environment and the community at large."

**Dr Simon KWOK**, *BBS, JP*  
Chairman and Chief Executive Officer

**Dr Eleanor KWOK**, *BBS*  
Vice-chairman





# OUR TALENTS

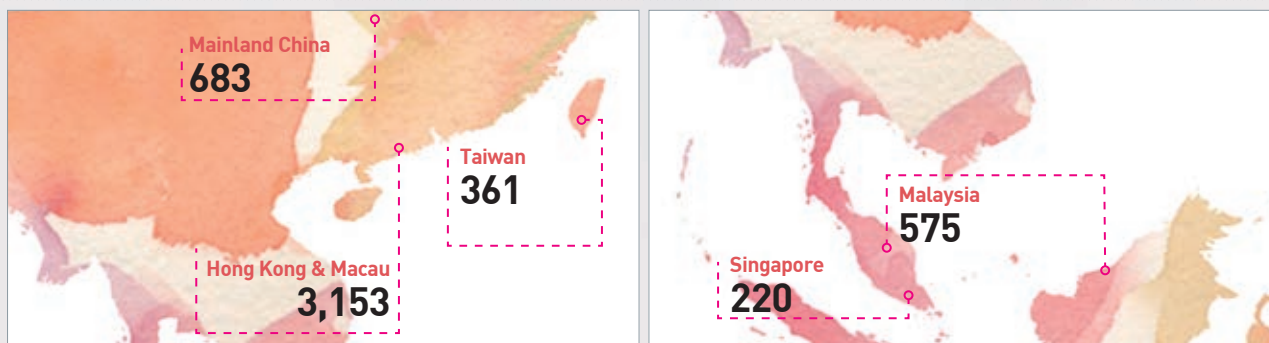
## The Beauty of Inspiring Human Capital Towards Delivering Excellence

To inspire our talents towards excellence is one of our core strategies to fulfil our “Making Life Beautiful” vision. This goal is achieved through the recognition of our priority subjects, identification of the relevant strategies and management approach, as well as through management of related risks, as outlined in the diagram below.



Our physical presence spreads across five regions with our headcount reaching a total of 4,992 talents as at 31 March 2016, enabling us to deliver our “Making Life Beautiful” vision to some of the most vibrant cities in Asia.

### Talent distribution at a glance





## The Beauty of Respecting Our Stakeholders – Diversity in Human Capital

Respect is an important value for Sa Sa that reflects our attitude towards both internal and external stakeholders. We see respect as a core strength that must reside at the heart of our organisation and include all our stakeholders.

We believe that in an increasingly complex and fast changing business environment, respect of stakeholders' diversity helps us to understand and cater for different stakeholders with different perspectives and also helps us become more sensitive to different opportunities and risks.

### Respecting Diversity, Reflected in Numbers

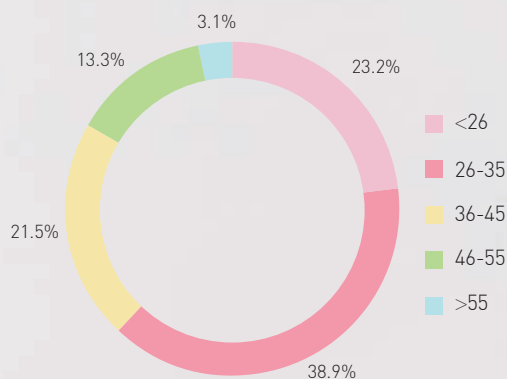
We believe in the beauty of diversity, and this is reflected in the composition of our Board, senior management and talent as demonstrated below:

#### FY15/16 Employment Contract Type Distribution

Permanent  
**85%**

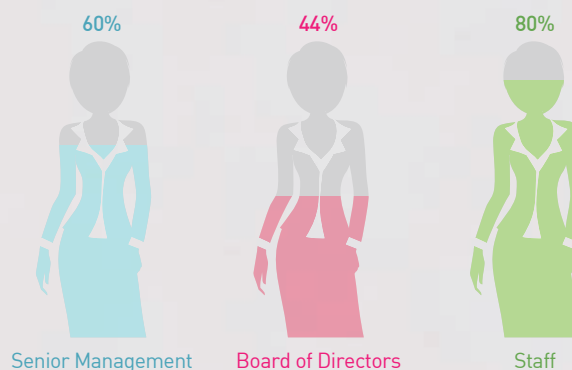
Contract/Part-Time  
**15%**

#### Age distribution



\* Percentages might not add up to 100% due to rounding.

#### Percentage of Female Composition



\* Senior management includes all company executive directors, department heads, and department directors.

We have also benchmarked ourselves against the Hong Kong HSI50 in terms of gender diversity using the Women on Boards Hong Kong 2016 report published by Community Business. According to this report's analysis, our percentage of female on Board is at 44.4%, higher than the average of 11.1% and the top placing company of 36.8%.





## OUR TALENTS

### Managing a Diverse and Fair Workplace

A series of policies, operating manuals, handbooks and protocols are in place in Sa Sa, to build a workplace where our colleagues can feel respected in a diverse and fair working environment, enabling everyone to prosper in their own way. Some of the guiding documents include:

<b>Employee Handbook</b>	<b>Equal Opportunities Policy</b>
With policy on employees' benefits, welfare, holiday and leave, responsibility, working hours, rest hours, promotion, feedback mechanisms, dismissal, and retirement.	Policy to maintain a workplace that's free from discrimination and harassment in any shape or form.
<b>Whistleblowing Policy</b>	<b>Gifts and Entertainment Policy, Conflict of Interest Policy and Guidance on Prevention of Bribery Ordinance</b>
Providing the necessary mechanism for employees who report misconduct within the organisation.	Preventing and managing possible conflicts of interest and bribery.

There was no legal case brought against Sa Sa for corruption during the period.

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### Harnessing and Growing Beauty Talents – Recruitment and Development of Human Capital

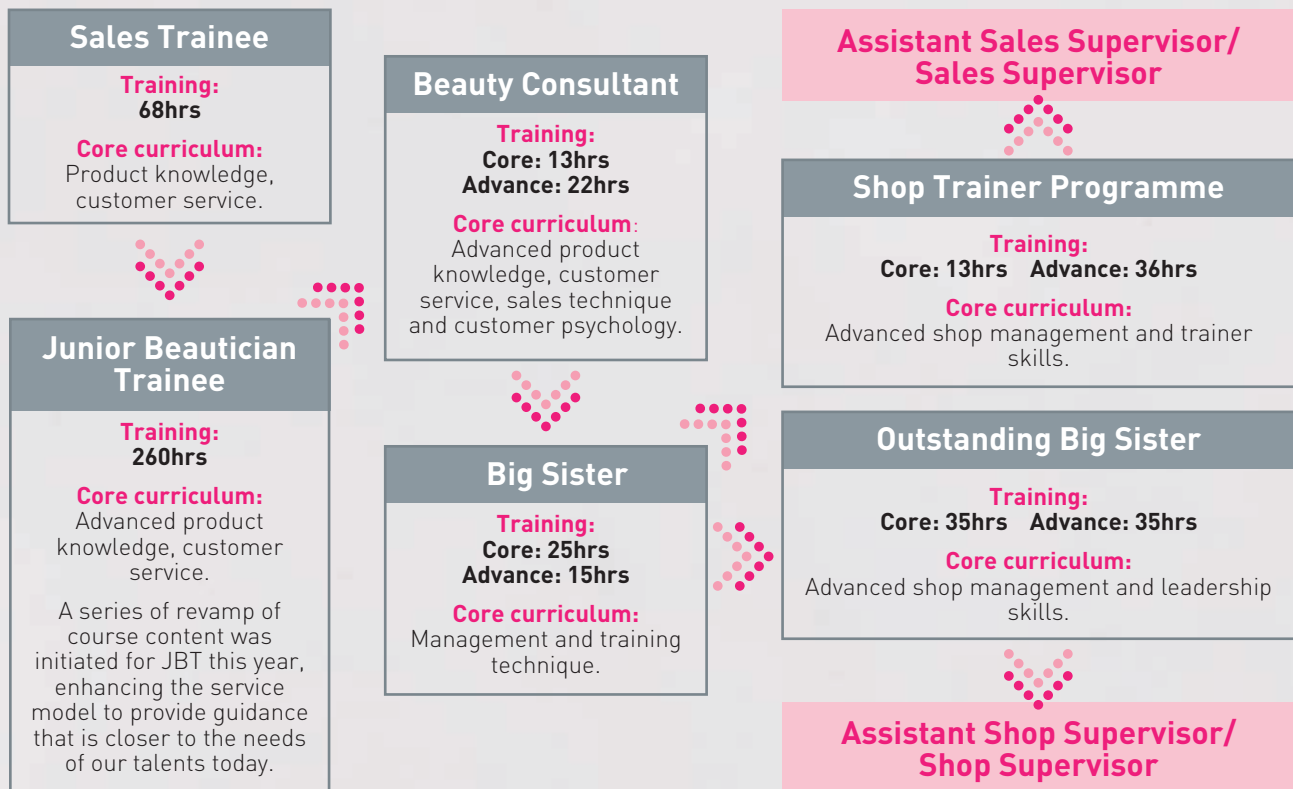
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It is an art as much as a science for Sa Sa to provide an inspiring career path for our talents. With the demand for a wide variety of talents, a number of different career paths have been developed to attract and develop some of the best talents wherever we operate.

In this financial year, over 53,000 hours of in house training were delivered to our frontline staff and over 648 hours were delivered to non-frontline staff by our training department.

## Sa Sa Beauty Consultant – Developing Professionalism in Beauty

Reflecting our commitment to providing only the best to our customers, we have developed a comprehensive training and development programme for our beauty professionals. These colleagues provide the core of our unique customer experience.



Our Junior Beautician Trainee ("JBT") graduation is one of our annual highlights – recognising our colleagues' achievements in accomplishing over 260 hours of intensive training and in passing the relevant examinations.







## OUR TALENTS

### Management Trainee – Fast-tracking Growth at Sa Sa

As a fast track to the beauty professional career and to integrate our frontline and back office operations, our 15<sup>th</sup> round of recruitment to our Management Trainee (“MT”) programme was again a huge success.

The programme provides an opportunity for our colleagues to rotate in all major departments in Sa Sa, and to grow as they contribute their insights across all aspects of Sa Sa’s operations.

By the number:

	MT Application number: <b>1,338</b>		Rounds of interviews: <b>3</b>
	Intake number: <b>32</b>		Development plan: <b>20</b> months

### FAST-TRACKING ON CAREER AND LEADERSHIP DEVELOPMENT

#### Rotation at back office, covering:

- Human resources
- Training and people development
- Product management and marketing
- Logistics and online business
- Finance and legal

#### Retailing:

- Retail Management
- Product Knowledge
- Customer service

#### Management engagement:

- Operational improvement and marketing assignments
- Support and involvement in all major Sa Sa signature events
- Sharing and presentation

★ MT diverse experience



## Supporting for Continuous Growth – A Journey of Continuous Learning

The development support for our colleagues is constantly under review, strengthening alignment of our programmes with talents' needs in terms of content and media form. Some of the training enhancements that were undertaken this year include:

### Operations Training

- JBT sales top up training, to ensure our beauty consultant is prepared for the increasingly sophisticated customer.
- "Magic word" training for non-sales frontline staff, raising their competency when interacting with the customer.

### Product Training

Ensuring our colleagues are up to speed with the market development, additional field coaching was arranged this year, along with special workshops on nutrition, health foods and makeup.

### Product insights from the field

With many of our frontline staff being experts in products offered by Sa Sa, a sharing platform and a series of video competitions were launched (潮拍大比拼), escalating our frontline staff's interest in contributing to the Sa Sa Beauty Academy knowledge centre.



## Earn and Learn Pilot Scheme – Experimenting Work Experience

In our first year of supporting the Earn and Learn Pilot Scheme organised by Vocational Training Council and Hong Kong Retail Management Association ("HKRMA"), Sa Sa was able to provide training for a total of 11 relevant foundation diploma holders, offering the students working experience and earning opportunities as part of their training programme.

## Business-School Partnership Program ("BSPP") – A Seed to Connect with Our Future

In an initiative organised by the Education Bureau, Sa Sa successfully connected with 50 students from 13 secondary schools at BSPP, providing them with a series of seminars, workshops and shop attachments, as well as providing insights about working in the retail industry and potential career options for future high fliers.



教育局  
商校合作計劃

# OUR TALENTS

## Beauty of Multi-Channel Communication – Engaging Our Talents

Employee engagement and social dialogue are recognised by Sa Sa's senior management as extremely important priorities. Multiple channels have been established to enable engagement of our talents at different levels, and to constantly align with our "Making Life Beautiful" vision as defined on a daily basis.

### Connecting

#### Sending messages of care:

- Social event: Social events are organised throughout the year, from small scale mooncake making classes to large scale annual dinners that accommodate over 2,800 guests, showing our commitment to many types of engagement.
- New hire induction: Upon arrival of new colleagues, a formal induction is held within the first week.
- Human Resources ("HR") Pulse Check: Routine checks are conducted by HR department for new hires during their initial three months in Sa Sa, to ensure they are settling into the Sa Sa family.

### Empowering leadership at all hubs

#### Strengthening communication and leadership within frontline staff:

- Shop night meeting: Reflecting the dynamic nature of the shop environment, each shop hosts its own Night Meeting at least twice per quarter, thereby ensuring that team members are aligned with the important priorities for each shop and with strategic guidance from management.
- Supervisor coaching class: Workshops are held for Shop Supervisors and Big Sisters to enable them to play a stronger role in leading their teams.

### Connecting with the core

#### Connecting senior management with our beauty ambassador:

- Grand Breakfast Meeting: Our annual strategy setting workshop with over 2,000 colleagues took a new shape this year, with the focus on innovation and collaboration. A team challenge was added to the event, fostering a collaborative mindset amongst our frontline and back office staff.
- Breakfast Meeting: An annual sharing session was hosted by each Operations Manager to identify key challenges and opportunities based on experiences of interacting with customers.
- Supervisor meetings: A monthly gathering with supervisors from each of our stores was held to ensure regular reviews and alignment with company priorities.

### Defining the core and direction

#### Board and senior management level discussion:

- Board of Directors meeting: A total of 25 Board and Board committee meetings were held this year to ensure that key strategic priorities were clearly defined.
- Department heads meeting: This was held on a weekly basis to ensure the continuous alignment of operations to organisational strategic priorities.
- "Dialogue in Silence" Workshop: A series of engagement workshops with senior management and operations managers that aims at encouraging innovation and communication between internal and external stakeholders.



SaSa's Senior Management at the 38<sup>th</sup> Sa Sa Annual Dinner



Your day will come – Our colleagues shared the importance of grooming in job interviews



Our colleagues enjoyed a Green Lunch in the office



Supporting Greeners Action in the Lai See Recycle Program for the 3<sup>rd</sup> consecutive year



Mooncake workshop for staff



## OUR TALENTS

Grand Breakfast meeting



Sa Sa Lovely Christmas in Community – Sa Sa colleagues made a one-day trip to an organic farm with children of S.K.H St. Christopher's Home, promoting the organic lifestyle



Stakeholder Engagement Workshop for Senior Management



Fair Trade Food – Invited fair trade vendors to share the benefits of this important social movement

Preserved flower workshop – The Sa Sa Staff Recreation Club organised a variety of leisure activities for our colleagues, including a preserved flower workshop



Sa Sa Lovely Christmas in Family – Our colleagues brought along their families to join the teddy bear design workshop





## Sharing the Fruits of Success – Rewarding and Protecting Our Talent

The success of Sa Sa is the result of the success of our talents. Over the years, we have developed various forms of reward to recognise their contributions. We also recognise the importance of protecting them against hazards and undesirable practices in the workplace, so that our talents and their hard work can truly shine through.



### Beauty of Service Excellence

Reflecting Sa Sa's excellent performance against some of the industry's best practitioners, we again won a number of awards this year, with our La Colline shop winning the 2015 Service Retailer Of The Year award; one of our shop Beauty Consultants won the HKRMA Top Ten Award; and a student intern won a Gold Award as part of the Earn and Learn Student Category.

### Beauty of Loyalty

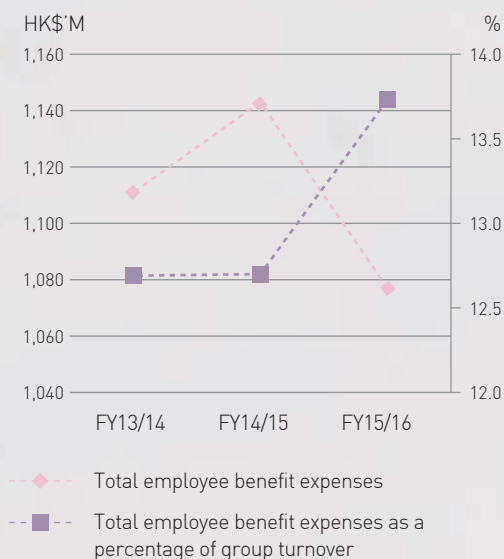
The success of Sa Sa today is the result of years and years of contributions from countless colleagues. We are fortunate that we were able to recognise a total of 265 colleagues that walked with us on this extraordinary beauty journey for 5, 10, 15 or 20 years, each was personally greeted and awarded the long service award by our Chairman and Vice Chairman.



### Beauty of Excellence Performance

In such an ever changing and dynamic retail environment, we highly value those of our colleagues who are persistent in driving our operations towards our collective goals, whether their contribution is service related, or sales driven. We were once again glad this year to recognise them by presenting 23 awards at our Grand Breakfast Meeting.

## OUR TALENTS



### Staff Welfare and Benefits

Our remuneration packages are reviewed regularly and multiple incentives and rewards are offered to motivate and recognise our colleagues. As part of the performance management system, KPIs are adopted to ensure that the requisite directions and standards are set and met. There are many performance incentives for our employees, with discretionary bonuses, sales bonuses, sales commissions, share options and share awards being offered to reward good performance.

The total employee benefit expenses of the Group amounted to HK\$1,077 million for the financial year 2015/16, sharing approximately 13.73% of our organisation's turnover.

To enable our talents to start their journey of beauty smoothly with Sa Sa, a comprehensive Employee Handbook is shared with them on their welcome day, containing an outline of key benefits and compensation for staff. We believe in the importance of recognising employees' accomplishments, and thus we have many different, but equally valuable ways of rewarding our talents.


Following the success of the launch of the free shuttle service for our staff in 2015, we offered two more routes this year, providing coverage for the New Territories and Western Kowloon to connect with our offices and logistics centre in Chai Wan.

### Recognising the Experience of Beauty Professionals

To recognise the expertise of our beauty professionals in delivering exceptional customer service, we participated in the Recognition of Prior Learning programme organised by the Qualifications Framework, helping over 50 colleagues to convert their experience into formal qualifications (for Level 3 & 4 of Customer Service and Store Operations Integrated).



資歷架構  
Qualifications  
Framework



## Protecting our Beauty, Labour and Health and Safety

### Ensuring compliance with the required occupational safety and health regulations and labour standards

- A dedicated Health and Safety (“H&S”) Committee has been set up to address H&S issues, led by the Head of Human Resources with members from various departments.
- A series of workshops and measures were developed to enhance staff awareness of relevant health and safety issues, including:
  - Guidance on manual handling operations to reduce the risk from labour intensive operations;
  - Winter sickness prevention workshop; and
  - Wisdom of weight control and prevention of high cholesterol, hypertension, high blood sugar workshop.
- Work related injuries are being constantly monitored by the H&S Committee.
- A module on avoiding workplace injury has been included in staff induction.
- Health and safety by the numbers:
  - There were zero cases of fatality due to workplace accidents in 2015/16;
  - There were 42 cases of work related injuries in 2015/16;
  - The total lost days due to work injury was 572 days; and
  - An average of 0.31 days of sick leave were taken by our staff members per month.

Sa Sa complies with local employment regulations in all locations of our operations, and does not engage in any forced or child labour.

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## Outlook – Anticipating Future Challenges by Driving Excellence

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Managing staff turnover will continue to be one of the key challenges in delivering our “Making Life Beautiful” vision, particularly as the landscape of the beauty industry changes with increasing competition for talent by various international brands. The increasing demand by customers for a more dynamic shopping experience also poses challenges to our approach in developing our colleagues, particularly for training that is relevant to the integrated online and offline environment of today.

Enabling innovation in our operations is also a major hurdle going forward, with the organisation entering the 39<sup>th</sup> year of our operations. Various departments have already taken the lead in regard to innovation by simply retuning their “deliver as usual” mindset towards solving the new challenges of daily operations. Such innovations often lead to a reduction in workload and costs while also improving work satisfaction.



# OUR ENVIRONMENT

To Innovate, to Influence and to Preserve  
Our Natural Capital



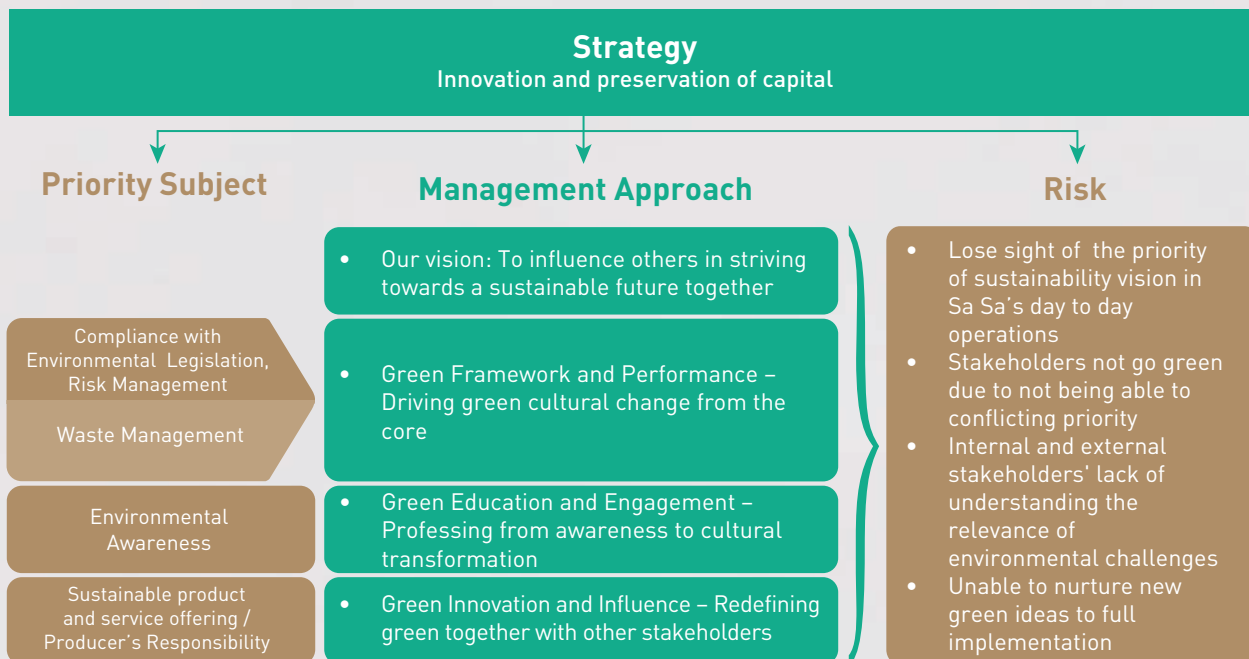
"To drive green changes with sufficient impact and scale, we must innovate, collaborate and influence. These beliefs have led to the birth of Sa Sa's inaugural Glocal Greenovation Challenge- working with 30 partners to nurture the next generation of green leaders."

**Dr Guy Look**  
CFO & Executive Director



**T**he environmental damage that mankind has caused this planet is phenomenal. We are contributing to climate change, depleting natural resources, and polluting the natural environment at a rate never seen before. Taking climate change as an example, the year 2015 set a record for Hong Kong once again; the annual temperature averaged 24.2 °C, the highest average annual temperature since 1884. The maximum temperature also peaked, the record being broken on 8 August 2015 when the temperature reached 36.3 °C. Other notable weather abnormalities were observed; for example, there were no Tropical Cyclone Warning Signals in August and September 2015 for the first time since 1946.

It is undisputable that human activities contribute towards environmental damage. We believe that it is our responsibility to encourage all our stakeholders internally and externally to preserve the environment, in the belief that the beauty both of our customers and of our environment can be conserved. Our approach to delivering this vision is set out in the framework below:



## Our Vision - To Influence Others in Striving towards a Sustainable Future Together

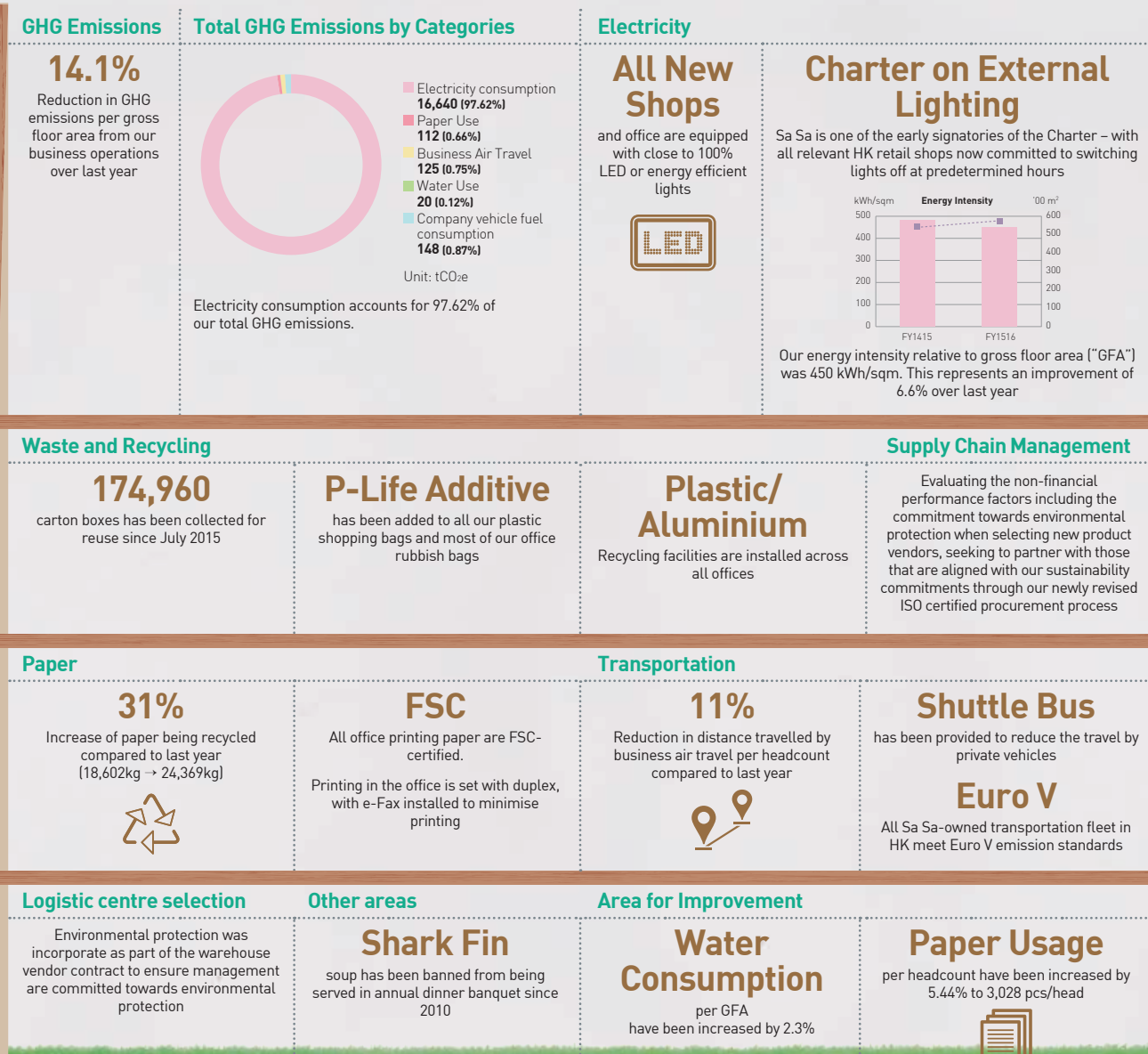
It is our vision to ultimately influence every stakeholder who is in contact with us by offering beauty solutions that serve their aspirations and those of both society and the environment. Our goal is to exert a sustainable influence that is driven by the passion of Sa Sa and by the commitment of each individual within Sa Sa.

There are six core aspects that are required to drive forward the necessary green transformation. These include a dedicated green team; policies and processes that form the core framework; a commitment to continuous education; providing an efficient engagement platform; emphasising innovation; and developing the mindset to influence. These aspects are further elaborated below.

# OUR ENVIRONMENT

## Green Framework and Performance – Driving Green Cultural Change from the Core

In order to tackle environmental challenges, we recognise the importance of addressing the challenges in a systematic manner, so that the sustainability solution itself is also sustainable. We aim to transmit our work from the core team, extending it further to drive and manage our environmental KPIs. One of the most significant environmental impacts resulting from our operations is greenhouse gas ("GHG") emissions produced by the energy required to run our shops, offices and logistics facilities. Other environmental impacts caused by our operations are those associated with waste disposal, paper use and water consumption.



#### Core team and leadership

- Taskforce: An established ESG Taskforce with representatives from all major departments, co-chaired by the Corporate Strategy and Development Director and Senior ESG Manager
- Team: A small team of full time staff is established to facilitate the work of the ESG Taskforce to comply with HKEx ESG Reporting Guide requirements and the Board of Directors' priorities. Interns from Hong Kong University of Science and Technology were also recruited this year, providing Sa Sa with additional research capacity along with working experience for the students

#### Policy and endorsement

- The ESG Taskforce is endorsed by Board of Directors, and with regular reporting engagement with the Board for Directors
- An established ESG policy statement since February 2012

\* Detailed statistic table, assumption and methodology can be found in page 80-81.





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## Green Education and Engagement – Progressing from Awareness to Cultural Transformation

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To drive forward a truly sustainable culture, we see it as one of our priorities to provide a relevant platform that will enable our colleagues to recognise various environmental challenges and the availability of solutions. We focus on mounting campaigns that are relevant and impactful.

### Food for Thought X Sa Sa Green Mart



Two staff engagement workshops were held in the office this year, each with over 100 participants. The workshop agenda included personal sharing of green experiences by our CFO and Executive Director Dr Guy Look, fair trade stories by Fair Trade Hong Kong ("FTHK"), and an up-cycling challenge proposed by Hong Kong Design Institute ("HKDI"). Popup stores were set up by FTHK to create Sa Sa's first Green Mart, where our staff were able to experience different products sourced by FTHK. HKDI also brought in their designer to complete the up-cycling design for Sa Sa's old uniform, enabling our colleagues to personally experience the historic character of their uniform.





## OUR ENVIRONMENT



### The Smile from a Full Moon Mid-Autumn for the Underprivileged

In supporting the work of Food Grace in bringing joy to the underprivileged during the Mid Autumn Festival, Sa Sa collected a total of over 220 mooncakes from colleagues, which were redistributed to the needy by Food Grace. Not only were the recipients happy with the extra treat, mooncake spoilage by our colleagues was also minimised.

### Green Commitment Starting from Day 1

Sa Sa's commitment to the environment is part of the standard staff induction when colleagues commence work with Sa Sa. In this induction they are briefed about Sa Sa's commitment to minimising our colleagues' potential negative environmental impact on the world around us.

### Regular Education

Regular news emails and newsletters are circulated amongst all colleagues, ensuring that they are made aware of some of the latest green trends, concerns or activities.

## Green Innovation and Influence – Redefining Green Together with Other Stakeholders

Being so closely connected with our retail network, we feel it is our responsibility to leverage our ability to influence individuals beyond our own staff.

### Celebrating a Green Christmas with Love

Sa Sa's 2015 Christmas promotion was themed as "Christmas Love & Warmth Around" (愛•洋溢), reminding our customers of the importance of love during this special season: love for the environment, love for the family, love for the community, and love for themselves!

#### Love for the environment - A greener alternative to express love



"box-less" sets as a way of celebrating both the environment and the Christmas festival.

Working with our suppliers, Sa Sa launched a special Christmas Green set this year including the premium Suisse Programme and Methode Swiss products. In order to minimise the waste from over-packaging, customers were offered the option of

#### Love for society – with S.K.H St. Christopher's Home green workshop



A Christmas outing was organised this year. Sa Sa volunteers invited young people from S.K.H St. Christopher's Home together with members of their own families to visit Hello Kitty Farm. Not only were the young people introduced to various parts of the organic farm to learn about climate change, they also jointly worked on an up-cycling project making Christmas decorations by using excess stock of paper boxes. A Sa Sa loving soft-toy bear was also presented to each participant as a Christmas gift.



### Love for the family – Sweetening people's lives



50 of Sa Sa's shops participated in the annual charity chocolate sale hosted by S.K.H St. Christopher's Home this year, with all proceedings going towards funding the S.K.H St. Christopher's Home. The Home

supports young people who are less fortunate in their family circumstances.

### Love for themselves



One of the core messages in the Sa Sa Christmas campaign this year was that loving others doesn't always lead to compromising one's own self. Customers received extra gifts when they purchased the green

set (for the environment); the charity chocolate sold at Sa Sa was actually cheaper than similar products sold at Lucullus. Everyone took away beautiful memories and gifts from working with these underprivileged young people.

### Doubling Fortune with Lai See

Sa Sa was proud to be one of the diamond sponsors of Greeners Action's Lai See collection programme again in 2016, setting up a total of 50 public collection spots in Sa Sa stores, offices and logistics centres. Due to word-of-mouth support from both colleagues and customers, a total of 288,000 red packets were collected over the two-week period, a 55% improvement as compared to previous years.



### Beauty of a Second Life: Up-Cycling Design with HKDI

In partnership with HKDI and the St James' Settlement ("SJS") Up-cycling Centre, Sa Sa successfully up-cycled most of the 2,500 uniforms that were made obsolete in 2014 when a rebranding exercise was undertaken.

The uniforms were transformed into wallets, makeup brush holders and eco-bags that were then sold on by SJS outlets, enabling further fundraising for green projects.

Parts of the uniforms were used as training materials by HKDI for one of its courses.



## OUR ENVIRONMENT

### Nurturing the Next Generation of Green Leaders – Glocal Greenovation Challenge

In a world that's evolving at a rapid pace, we see the need for more green leaders in society to steer the planet towards a greener future. Hence our launch of Glocal Greenovation Challenge ("GGC"), a programme fully funded by money collected by Sa Sa via the Environmental Levy Scheme on Plastic Shopping Bags. GGC is a competition that aims to identify and nurture green leaders through partnering with over 30 organisations that share the same passion, thereby delivering innovation that can make a substantial contribution to creating a better world.

The core of the competition involves a 54-hour non-stop social innovation marathon, during which some outstanding ideas are generated, selected and funded. The GGC goes beyond being just a competition, since we provide both the conditions and support for individuals to accelerate their green ideas and to transform them into green reality!

#### A process that creates potential leaders

A number of stages in GGC helped our participants to identify their team, their challenges and how to transform the best ideas into reality!







#### 4<sup>th</sup> Round @ 9 counties

4 of the best teams, to travel aboard to research and experience various innovation / green challenges.

#### 5<sup>th</sup> Round @ Peninsula Hotel

Top team, to pitch to an executive of their choice to fast track ideas to implementation.



### Intellectual support

- Over 100 senior executives, mentors and volunteers from over 20 industries supported GGC to deliver workshops, training and coaching that covered innovation and the environment, including:
  - Design Thinking – delivered by the PolyU Institute of Entrepreneurship and Google;
  - Crowdfunding workshop delivered by Fringebacker; and
  - Climate change and environmental challenge supported by Environment Bureau, Sa Sa, WWF-Hong Kong, Sustainable Fashion Business Consortium, CLP, Hong Kong Airlines, Uber, Links REIT, SJS Upcycling Centre etc.
- 4,000 man hours – An aggregate of 4,000 man hours was devoted by all our GGC participants and supporters to solving the environmental challenges together.

### Resources support

A range of attractive prizes were offered to the participants, with the aim of enabling them to deliver their greenovation dream. These included:

- HK\$100,000 of seed fund;
- 24 overseas volunteering placements fully paid for by Sa Sa;
- 30 open tickets sponsored by Hong Kong Airlines;
- An executive dinner sponsored by Peninsula Hotel;
- Membership at Makerbay; and
- MT opportunity at Sa Sa.

### Sharing Experience from Our Green Journey



Being one of the earliest adopters of ESG reporting, Sa Sa is proud to share its stories with the aim of inspiring and enabling other industry participants to commit to the green journey. Some of the platforms through which we have shared our stories include:

- A journey to create value for shareholders and stakeholders by HKU Space and Association of Chartered Certified Accountants;
- CarbonSmart Achiever Awards Presentation Ceremony by Hong Kong Productivity Council;
- Getting Started with Sustainability Reporting by Canadian Chamber Sustainable Development Committee; and
- Listed issuer seminar on ESG by HKEx.

Our executives also show a keen interest in using their influence to drive the green agenda through other platforms, including our CFO & Executive Director Dr Guy Look serving on the Energy Advisory Committee of the HKSAR.



# OUR ENVIRONMENT

## Green Performance Table – Our Progress by Numbers

To assist our stakeholders in reviewing all aspects of our environmental performance, we have provided a summary table that lists selected environmental KPIs.

### GHG emissions

Intensity  
(tCO<sub>2</sub>e/sqm GFA)

**-14.07%**  
% Change from FY2014/15

0.295 0.344  
2015/16 2014/15

Intensity  
(tCO<sub>2</sub>e/HK\$1m revenue)

**+6.82%**  
% Change from FY2014/15

2.699 2.527  
2015/16 2014/15

Total Scope 3(tCO<sub>2</sub>e)

257 298  
2015/16 2014/15

**-13.71%**  
% Change from FY2014/15

Total Scope 1+2+3(tCO<sub>2</sub>e)

17,046 18,589  
2015/16 2014/15

**-8.30%**  
% Change from FY2014/15

Total Scope 1(tCO<sub>2</sub>e)

148 137  
2015/16 2014/15

**+8.30%**  
% Change from FY2014/15

Total Scope 2(tCO<sub>2</sub>e)

16,640 18,154  
2015/16 2014/15

**-8.34%**  
% Change from FY2014/15

### Energy use

Total (MWh)

25,940 26,023  
2015/16 2014/15

**-0.32%**  
% Change from FY2014/15

Intensity  
(tCO<sub>2</sub>e/HK\$1m revenue)

**+6.78%**  
% Change from FY2014/15

2.635 2.468  
2015/16 2014/15

Intensity  
(kWh/sqm GFA)

**-6.59%**  
% Change from FY2014/15

450 482  
2015/16 2014/15

### Water use

Intensity  
(cu.m/sqm GFA)

**+2.33%**  
% Change from FY2014/15

0.582 0.568  
2015/16 2014/15

Intensity  
(tCO<sub>2</sub>e/HK\$1m revenue)

**+27.2%**  
% Change from FY2014/15

0.00316 0.00249  
2015/16 2014/15

Total (cu.m)

33,515 30,691  
2015/16 2014/15

**+9.20%**  
% Change from FY2014/15

Intensity  
(Litres/sqm GFA)

**+1.57%**  
% Change from FY2014/15

0.943 0.929  
2015/16 2014/15

Intensity  
(tCO<sub>2</sub>e/HK\$1m revenue)

**+26.15%**  
% Change from FY2014/15

0.0235 0.0186  
2015/16 2014/15

### Vehicle fuel consumption

Total ('000 L)

54 50  
2015/16 2014/15

**+8.39%**  
% Change from FY2014/15

### Paper use

Intensity  
(pcs/headcount)

**+5.44%**  
% Change from FY2014/15

3,028 2,872  
2015/16 2014/15

Intensity  
(tCO<sub>2</sub>e/HK\$1m revenue)

**-4.20%**  
% Change from FY2014/15

0.0178 0.0186  
2015/16 2014/15

Total ('000 pcs)

9,547 9,316  
2015/16 2014/15

**+2.49%**  
% Change from FY2014/15

## Natural resource recycled

Paper (kg)

**+31.00%**

% Change from FY2014/15

24,369  
2015/16

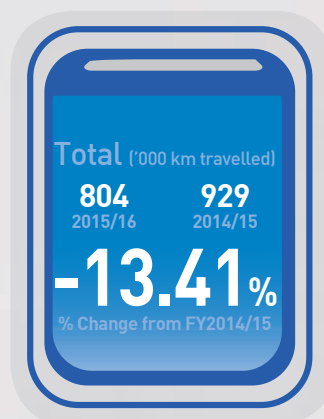
18,602  
2014/15

Aluminium (kg)

38  
2015/16

Plastic (kg)

65  
2014/15



## Air travel

Intensity

(km travelled/headcount)

**-10.91%**

% Change from FY2014/15

255  
2015/16

286  
2014/15

Intensity

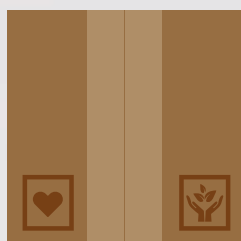
(tCO<sub>2</sub>e/HK\$1m revenue)

**+1.61%**

% Change from FY2014/15

0.0198  
2015/16

0.0195  
2014/15



## Carton box

Consumed ('000 pcs)

305  
2015/16

Reused ('000 pcs)

175  
2014/15

## Shopping bags consumption

Intensity

(pcs/revenue HK\$)

**+5.02%**

% Change from FY2014/15

0.40  
2015/16

0.38  
2014/15

Total ('000 pcs)

2,529  
2015/16

2,805  
2014/15

**-9.85%**

% Change from FY2014/15

\* Data reported covers the shop operations, head office operations and logistics centre operations in Hong Kong and Macau, except for natural resources recycled, for which only the head office data are reported

### Disclosure improvement

A number of enhancements have been made to the reported statistics this year, covering:

- GHG:** In order to provide a more comprehensive view of our GHG impact as a company, we have further classified Sa Sa GHG emissions into 3 scopes (rather than considering them as one as per prior years). In this we have followed the principles outlined in 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. The relevant activities under each scope are as below:
  - Scope 1** – Fuel used by transport fleet owned by Sa Sa and employee-owned vehicles used for business purposes;
  - Scope 2** – Purchased electricity used in our business operations; and
  - Scope 3** – Employees' business travel by air, supply of freshwater and sewage treatment, and paper disposal at landfills.
- Additional KPIs:** In response to the priority subjects identified by our internal stakeholders and as a part of our effort to continue to enhance the completeness of our reporting work, the following quantitative KPIs have been added to the KPIs of this year's report:
  - Natural resources recycled (i.e. paper, aluminium and plastic) in our head office operations;
  - Shopping bags sold to the customers under the environmental levy scheme for plastic shopping bags; and
  - Carton boxes recycled for logistical purposes; we have started measuring the number of carton boxes recycled since July 2015.
- Performance figures' measurement:** To improve the accuracy of our measures, a few changes have been made in terms of the approach taken to gauge actual environment-related activities. We applied our new methodology to both FY2014/15 and FY2015/16 this year to ensure consistency of figures for comparison:
  - The electricity and water volume are captured from each individual bill rather than projections based on fees that were charged;
  - The emissions associated with electricity purchased are based on latest emission factors provided by HK Electric and CLP. For Macau, a territory-wide default value of 0.7kg/kWh is used to calculate the emissions associated with the electricity supplied by CEM (Macau electric company); and
  - The average GFA is used as a denominator for intensity measured across many performance figures. The GFA is gauged monthly in this report compared to the approach of using the mid-year GFA to balance the variations between the beginning and end of the year.

# OUR CUSTOMER

## Our Passion for Providing an Enlightening Beauty Experience

**A**s Asia's leading cosmetics retailer, it is our priority to ensure that every care is taken to deliver the most enlightening experience to our customers. Our vision places great emphasis on recognising the desires of our customer; matching them with the best beauty solutions from around the globe, undertaking relevant assurance measures, and ultimately delivering solutions with excellent service.



### Recognising Customers' Desires – Listening from Our Heart

We believe beauty is unique to each and every individual customer in the way that their various senses interact with the physical world, and to that extent, how they define and pursue beauty. To ensure our offerings meet and exceed every customer's needs, much effort has been devoted to providing multiple channels for customers to provide their honest feedback. These include:

- Regular frontline debriefs on customer feedback;
- Usage of external big data and business intelligence to analyse customers' needs and trends;
- Street surveys;
- VIP survey and analysis;
- Customer feedback form and hotline; and
- Social media such as Facebook, WeChat, Instagram, and Weibo.





## Global Beauty Solutions – Commitment to Continuous Exploration

We recognise that different customers require different solutions, and desire only the best solutions appropriate to them. We see it as part of our duty to identify the best solutions, through our continuous explorations around the world, and we stock a total of more than 700 brands.

9%

Europe (Ex France/Switzerland)



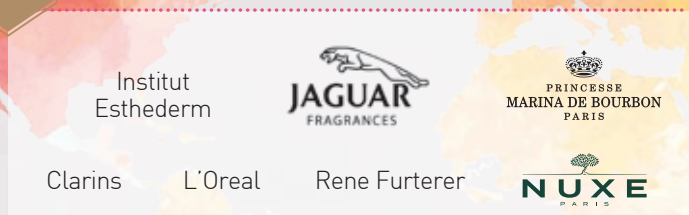
27%

Japan/Korea



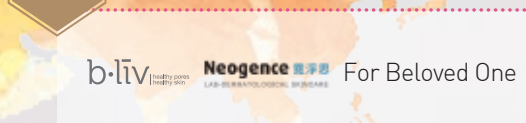
22%

France



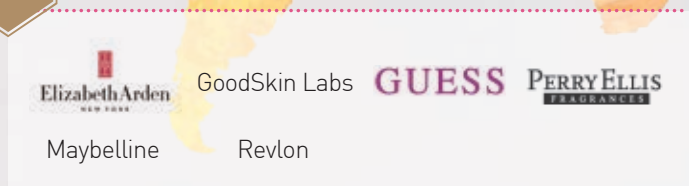
7%

Asia (Ex Japan/Korea)



18%

America



15%

Switzerland



1%

Australia/New Zealand



1%

Other



Notes:

- Figures in percentages indicate the breakdown of origin of brands sold in Hong Kong and Macau in FY2015/16. Figures may not add up to 100% due to rounding;
- Brands displayed in each region/country are not exhaustive; and
- Origin of brands is based on general customers' perception of the origin of the respective brands, which may be subject to various factors including location of manufacturer's or brand owner's headquarters, brand image and style of product design.



## OUR CUSTOMER

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### The Beauty Assurance – Customers' Interest at Our Heart

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Product safety and quality is fundamental to what we offer our customers.

#### **Beauty of Safety: Product Selection**

Over 90% of our products are sourced from countries and regions that have the most rigorous product testing regulations and requirements, such as the European Union, America, Japan and South Korea. As part of our commitment to product safety, a number of mechanisms have been established for different types of vendors. These include providing our suppliers with a list of harmful ingredients to avoid; conducting stability and compatibility tests on the product along with its packaging; vendors' warranties for ingredient and product safety; and preference for vendors who are Good Manufacturing Practices certified. We also aim to continuously review the process and to identify areas that we can further enhance to improve our safety commitment.

As part of our drive to provide diverse beauty solutions to our customers, we currently house over 17,000 SKUs in our stores. During this financial year, 11 products (all under one brand) were recalled by the manufacturer due to health and safety concerns which we facilitated, representing 0.07% of all SKUs that we sell. To minimise customer inconvenience, we accepted returns even without receipt being presented. We treat all product health and safety issues in a prudent manner, with senior management being involved in all reported cases to ensure that the most appropriate action is taken to protect the consumer's interest.

#### **Beauty of Quality: From Selection, To Delivery**

As the product shipments arrive in our warehouses from around the world, comprehensive checks and tests are conducted to ensure that only authentic and quality products with reasonable periods to expiry are offered to our customers. This stringent quality control system is followed through with digital tracking of majority of our stock as part of our integrated SAP management system. We are also committed to ensuring that only products with at least six months of validity stay on the shelves (except for food and pharmaceutical products, which due to their nature require a shorter product life). This gives our customers peace of mind and a strong feeling of quality assurance when shopping with us.

As part of our commitment towards protecting the intellectual property ("IP") rights of others, we have incorporated clauses in most of our contracts with suppliers to ensure they own the relevant IP rights, and do not infringe the rights of others.

#### **Beauty in Mind: From Delivery to After Service**

To ensure our customers are ultimately satisfied with their purchases, Sa Sa's operations in Hong Kong and Macau are voluntarily committed to a 30 days purchase guarantee, thereby ensuring that our customers are satisfied.

A well defined customer feedback protocol has also been established, so that our operations centre can respond to product quality, safety or service quality issues in the most appropriate manner. Members of senior management are involved in this process, so that all incidents are attended to diligently, on a timely basis and resolved reasonably. We believe that the safety and satisfaction of our customers should not be compromised under any circumstances.

In our Hong Kong and Macau operations, a total of 160 customer complaints were reported over this financial year.

A series of steps have been taken this year towards accrediting various strategic elements of our operations with the ISO9001:2008 standard (See our Enterprise Risk Management Report for details), with our online operations and our logistics centre having already been accredited. Such certification will ultimately enable us to consistently serve our customer aspirations with efficiency and effectiveness on a sustained basis.

We comply with the latest Personal Data (Privacy) Ordinance, ensuring that the customer information we receive is only used for its intended purpose. We also fully comply with the Trade Descriptions Ordinance ("TDO"), through policies and processes that bring our own internal marketing practices in line.



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## Providing Customers with Diverse and Enlightening Experiences – Our Passion for Real Solutions

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“Service from our heart” is the key philosophy that Sa Sa holds in regard to how we serve our customers. Recognising that customer experience extends way beyond our product offering, we strive to continuously explore solutions that will truly enlighten our customers at our touch-points.

### The New Era of Beauty Experience

A number of exciting initiatives were launched this year that truly express our “Asia’s leading cosmetic retailer” aspirations

**Expanding payment touch-points:** To provide additional convenience to consumers throughout their shopping experience, we accepted three new payment channels this year in our retail outlets: Ali Pay, WeChat Pay and Apple Pay. Our position as the first global retail partner of Tencent’s new offline WeChat-based cross-border payment service, TenPay, clearly demonstrates our commitment to enhance our customers’ experience with products and initiatives that are the most timely and relevant.

**O2O Business:** With the aim of broadening the customer offering in our physical stores, our Online-To-Offline (“O2O”) business made significant progress this year through the opening of our first O2O Store in the Qianhai free-trade zone, Shenzhen. The store offers our customers two transaction options in one physical location: the traditional “grab, pay and go” model; and the new age model of the “try and buy cheaper online” option. The O2O model enables the leverage of Sa Sa’s experience in traditional retailing whilst providing customers with the benefits of a wider range of product offerings as well as lower tax rates in China for imported goods bought from cross-border e-Commerce stores.

**Sa Sa Boutique:** In line with customer lifestyles that are increasingly impulsive and fast paced, a new shop concept was launched in October 2015 named “Sa Sa Boutique”. The store aims to target those of our customers who demand a more vibrant and “grab and go” beauty experience.

### Continuous Improvement of Our Beauty Experience

Some of the modules that we have developed to strengthen our customer shopping experience include:

**Mystery shopper:** We have recently modified the assessment methodology and vendor, to enable us to better identify any service gaps that exist in serving the evolving needs of our customers.

**Shop KPI:** This is part of the KPI of all shops with the Target Management Sustaining System score at their core, providing complaint numbers as well as compliment numbers.

**Competing against industry benchmarks:** Regular participation of our staff in initiatives measuring against industry benchmarks such as the HKRMA Service Awards enables continuous staff improvement.





# OUR COMMUNITY

## The Beauty of Impacting the Ones that We Care

**H**ong Kong's Gross Domestic Product per capita was the 10th highest in the world in 2015 according to the International Monetary Fund. However, despite a significant commitment by the government, the Hong Kong poverty rate still stands at 13.2%, and more than one in eight people live on less than HK\$3,500 per month, according to the 2014 Hong Kong Poverty Situation Report. Many other social challenges also persist in Hong Kong in regard to the elderly, to young people, to health and disability issues etc. As part of our "Making Life Beautiful" journey, we feel that it is part of our responsibility to help both the fortunate and less fortunate to live as beautiful a life as they can.

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### Caring from the Heart of Sa Sa

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To enable a more systematic and structured approach to serving the diverse needs of the community, we have set up two main vehicles to send our love outwards into society:

#### Sa Sa Making Life Beautiful Charity Fund (the "Fund")

Launched in March 2013, the Fund was set up with the vision of helping our community to realise their inner harmony and true beauty by delivering the "Making Life Beautiful" philosophy from the heart. The Fund is currently fully funded by Sa Sa retail operations, and serves as a platform to provide financial support to impactful initiatives.



Donations

**HK\$4.7**  
million

#### "Sa Sa Sincere" Volunteering Team

The "Sa Sa Sincere" Volunteering Team was established with the aim of serving the community by bringing together individuals who share the same passion for making a positive difference to the community through Sa Sa's social activities.

The formal volunteer register, which was launched in 2013, enables us to regularly track and send our appreciation to the ambassadors who deliver our "Making Life Beautiful" message to society.



Volunteering hours:

**1,149**  
man hours



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### The Beauty of Giving Hope and Care through Volunteering and Engaging

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A variety of volunteering activities were organised during the year to empower our colleagues to be our beauty ambassadors, bringing beauty of all kinds to society.



## We Walk

## Taking steps for the society

### Walk for a million 2016 (January 2016)

Over 35 colleagues has taken part in supporting the walk this year. The walk started at Hong Kong Stadium and ends at Aberdeen, with the purpose to raise fund for "Family and Child Welfare Services" of Community Chest.



### Po Leung Kuk ("PLK") Chinese New Year Charity Walk 2016 (February 2016)

Sa Sa kick started the Chinese New Year with the PLK Charity Walk, with the aim to fundraise for its education and social service. Over 30 colleagues took part in the walk, with the participation of Sa Sa Chairman and Vice Chairman.



## We Fundraise

## Contribution by real action

### PLK Dress Special Day 2015 (May 2015)

A fundraising event where participants are rewarded for "dressing casual" with a donation of HK\$50 or more to support the social work of PLK.



### PLK Flag Sale Day 2015 (July 2015)

Funds raised contributed to funding all PLK major social services.



### Sa Sa x Wing Lai Yuen Mooncake charity sale (August 2015)

To celebrate Mid-Autumn Festival with love, Sa Sa dedicated itself to the charity sale of mooncakes with funds raised being donated to Heifer International.



### Hong Kong Girls Guides Flag Day (December 2015)

Money raised from the flag sale will fund various training programmes for young females, helping them to raise their skills, self-esteem and social value.



## OUR COMMUNITY

We  
Run

The beauty of finding solution for poverty and cancer

### Race with pink heels (November 2015)

Organised by Hong Kong Hereditary Breast Cancer Family Registry, the race aimed to raise funds to promote knowledge and raise awareness of hereditary breast, ovarian and prostate cancers caused by BRCA gene mutation and to provide relevant support to patients. Sa Sa was honoured to be one of the Prestigious Sponsors, and sent teams to participate in the corporate fun race.



### Race to Feed 2015 (October 2015)

A fundraising event held by Heifer Hong Kong, the Race To Feed aims to offer support to poor farmers in rural China and to help them become more self-reliant. As Sa Sa is the event Village Sponsor, Sa Sa also sent a team to participate in the race, which came 5th of all the corporate teams.



We  
Inspire

Transforming youth for a better tomorrow

### "Beauty of Our Future" – Empowering youth to live their dream

The "Beauty of Our Future" partnership between PLK and the Fund reached its final stage this year, with the aim of empowering underprivileged youth to live their dream. Focusing on the core programme philosophy of using one's life to affect the lives of others (以生命影響生命), we were able to deliver two engagement programmes that brought the project to a beautiful conclusion.

### "Walk by me" Mentorship program – Bringing dreams to growth



With Sa Sa colleagues acting as mentors, we paired up with young people to build a "dream island" art-work together. The exercise provided a platform for young people to share their dreams of the future, outlining what's important in their dreams and reflecting on memories of the past.





### "Beauty graduation show" - Bringing dreams to reality

Having worked with young people for over 18 months in city explorations, workshops and mentorships, we were able to bring the programme to a beautiful conclusion with a theatre sports challenge, in which young people articulated the concept of beauty in their very own words. Approximately 80 students from 6 primary schools took part in the festival, and many of our colleagues volunteered their time to help with make-up, rehearsals and final staging.



## Leadership in the Community

In addition to participating in various charity events, our Chairman and Vice Chairman also take on active roles in various important charities. These include:

### Dr KWOK Siu Ming Simon,

BBS, JP

*Chairman and Chief Executive Officer of the Company*

#### The Community Chest of Hong Kong

Vice Patron (2015-16)

Campaign Committee Co-Chairman (2007-11, 2015-16)

#### Hong Kong Youth and Professional Network

Honorary Advisor (2015-17)

### Dr KWOK LAW Kwai Chun Eleanor,

BBS

*Vice-Chairman of the Company*

*Chairman of Sa Sa Making Life Beautiful Charity Fund*

#### Po Leung Kuk

Chairman (2016) of Board of Directors

#### Hong Kong Girl Guides Association

Vice-president (2012-16)

Our Director of Corporate Strategy and Development, Ms Melody KWOK-CHAN, was invited to represent the cosmetic retailing industry as one of the six "Angels of Love" in the charity programme "愛在黑暗中找美", joining six female amblyopic patients of diverse backgrounds to participate in cheongsam photos. The group also brought their encouraging stories to RTHK's Putonghua channel, eventually publishing them and raising funds for the Hong Kong Federation of the Blind, thereby promoting an inclusive society as well as traditional Chinese culture.

With its innovative and meaningful concept, the programme received a "義想心開" volunteering proposal award in the 6<sup>th</sup> Hong Kong Outstanding Corporate Citizenship Awards organised by the Hong Kong Productivity Council.



## OUR COMMUNITY

### Beauty from the Gift of Donations and Volunteering

We were also fortunate to be able to provide financial and in-kind support to various non-governmental organisations. Through the Fund and the work of Sa Sa Cosmetic Company Limited, we are proud to have donated a total of HK\$4.71 million to outside organisations.



PLK "Gala Spectacular" charity concert 2015



The Hong Kong Girl Guides Association - Appreciate Hong Kong - Serving Hong Kong Campaign

### Youth and Education



#### The Dragon Foundation

Sponsored the charity gala premiere cum cocktail party. Provided support through actions.



#### The Hub Hong Kong

Supported the charity fundraising night, promoting the physical and mental development of children.



#### The Hong Kong Management Association

Sponsored the operation of management games. Enabled teenagers to develop solid management skills and experiences.



#### Playwright Children's Play Association

Supported the discovery of children's potential through games, driving their future development.

### Social Welfare and Social Harmony



#### Po Leung Kuk

Provided comprehensive support to people in need (including children, teenagers and the elderly), and sponsored a variety of celebrations including the major annual event – a Gala Spectacular.



#### The Community Chest of Hong Kong

Actively sponsored the Community Chest Sports Day, Hang Seng Table Tennis Charity Challenge, and the major event – Community for the Chest, subscribing to the belief that "one gift works many wonders".



#### HEIFER International – Hong Kong

Sponsored the fundraising dinner and Heifer Race to Feed 2015, in which Sa Sa's 1K x 5 Relay Run team achieved excellent results. Encouraged the public to support poverty alleviation work in remote mainland areas.



Charity Dinner HEIFER International 2015



Hong Kong and Kowloon Walk for Millions 2016

## Women in Society



### The Hong Kong Girl Guides Association

Sponsored a variety of activities (e.g. annual communal meal and fundraising dinner), and Ms Melody KWOK-CHAN was promoted to honorary vice-president. Actively enabled women of different age groups to fully deploy their talents.



### Hong Kong Federation of Women

Sponsored the "66th National Anniversary Celebration cum 70th Anniversary of Victory in the War of Resistance against Japan Commemoration Concert" and various make up courses, supporting women's rights.



### Junior Chamber International City Lady

Sponsored the advertisements, Professional Elite Ladies Selection Presentation Ceremony and the publication of Lady's Link. Participated in the Hong Kong Professional Elite Ladies Selection 2015, supporting social services and fostering the younger generation.

## Sports, Culture and Religion



### Hong Kong Pegasus FC Limited

Sponsored the Hong Kong Pegasus FC Limited to promote football culture.



### Riding for the Disabled Association Ltd.

Sponsored the annual dinner, and supported disabled children and adults to unleash their greatest potential through house riding.



### South China Athletic Association

Sponsored the Family Sports Day, and supported the promotion of sports, helping to maintain the nation's health.



Cash donation or sponsorship



Gift of products



Volunteering and staff involvement





# HKE<sub>x</sub> ESG REPORTING GUIDE CHECKLIST

Aspects. General Disclosure and KPIs	Description	Compliance Level	Reference	Sa Sa Corporate Website
<b>Aspect A1: Emissions</b>				
General Disclosure	Information on:	Partially Reported	P.72-74	Environmental, Social and Corporate Governance Policy Statement, Section – Our Environment
	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and green house gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste			
KPI A1.1	Types of emissions and respective emissions data	Partially Reported	P.74, 80-81	
KPI A1.2	Greenhouse gas emission in total and where appropriate intensity	Fully Reported	P.74, 80-81	
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity	Not Reported	N/A	
KPI A1.4	Total non-hazardous waste produced and intensity	Partially Reported	P.74, 80-81	
KPI A1.5	Description of measures to mitigate emissions and results achieved	Partially Reported	P.74, 80-81	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Partially Reported	P.74, 80-81	
<b>Aspect A2: Use of Resources</b>				
General Disclosure	Policies on efficient use of resources including energy, water and other raw materials	Partially Reported	P.72-74	Environmental, Social and Corporate Governance Policy Statement, Section – Our Environment
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	Fully Reported	P.74, 80-81	
KPI A2.2	Water consumption in total and intensity	Fully Reported	P.74, 80-81	
KPI A2.3	Description of energy use efficiency initiatives and results achieved	Fully Reported	P.74, 80-81	
KPI A2.4	Description of whether there is any issue in sourcing water, water efficiency initiatives and results achieved	Not Reported	N/A	
KPI A2.5	Total packaging material used for finished products, and if applicable, with reference to per unit produced	Partially Reported	P.74, 80-81	
<b>Aspect A3: The Environment and Natural Resources</b>				
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	Fully Reported	P.72-74	Environmental, Social and Corporate Governance Policy Statement, Section – Our Environment
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them	Partially Reported	P.74, 76, 80-81	
<b>Aspect B1: Employment</b>				
General Disclosure	Information on:	Partially Reported	P.60-62, 69-70	Remuneration Policy for Directors and Senior Management, Nomination Policy, Board Diversity Policy, Equal Opportunities Policy, Section – Our Talents
	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare			
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Fully Reported	P.60-61	
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Not Reported	N/A	
<b>Aspect B2: Health and Safety</b>				
General Disclosure	Information on:	Partially Reported	P.71	
	(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			
KPI B2.1	Number and rate of work-related fatalities	Fully Reported	P.71	
KPI B2.2	Lost days due to work injury	Fully Reported	P.71	
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Partially Reported	P.71	

**Aspects.  
General  
Disclosure  
and KPIs**

**Description**

**Compliance  
Level**

**Reference**

**Sa Sa Corporate Website**

**Aspect B3: Development and Training**

General Disclosure	Policies on improving employees' knowledge and skills for discharging duties and work, description of training activities	Partially Reported	P.60, 62-66, 69-70	Section – Our Talents
KPI B3.1	The percentage of employees trained by gender and employee category	Not Reported	N/A	
KPI B3.2	The average training hours completed per employee by gender and employee category	Partially Reported	P.62-63	

**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 force labour	Partially Reported	P.71	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Partially Reported	P.71	
KPI B4.2	Description of steps taken to eliminate child and forced labour practices	Partially Reported	P.71	

**Aspect B5: Supply Chain Management**

General Disclosure	Policies on managing environmental and social risks of the supply chain	Partially Reported	P.82, 84	
KPI B5.1	Number of suppliers by geographical region	Not Reported	N/A	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Partially Reported	P.74, 83-84	

**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	Partially Reported	P.82, 84	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Fully Reported	P.84	
KPI B6.2	Number of products and service related complaints received and how they are dealt with	Partially Reported	P.84	
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Partially Reported	P.84	
KPI B6.4	Description of quality assurance process and recall procedures	Fully Reported	P.84	
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Partially Reported	P.84	Privacy Policy

**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	Fully Reported	P.62	Guidelines on Prevention of Bribery Ordinance, Conflict of Interest Policy, Gifts Entertainment Policy
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Fully Reported	P.62	
KPI B7.2	Description of preventive measures and whistle blowing procedures, how they are implemented and monitored	Fully Reported	P.62	Whistleblowing Policy

**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 takes into consideration communities' interests	Fully Reported	P.86	Environmental, Social and Corporate Governance Policy Statement, Section – Our Community
KPI B8.1	Focus area of contribution	Fully Reported	P.86-91	
KPI B8.2	Resources contributed to the focus area	Fully Reported	P.86, 90-91	