



Environmental, Social and Governance Report



*The fusion of Beauty
with Love in Sa Sa's
unique offering.*

*"From shimmering
streams of love rippling
out into the ocean of
beauty;*

*Our stakeholders
are revived through a
journey of sustained and
sustainable beauty"*

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1

Love of water, love of our stakeholders

In this FY2013/14 ESG report, we set off on a journey exploring how our efforts in serving various stakeholders converge to realize their beauty and improve their well-being. In addition to the beauty of our shareholders, which is covered in depth in other sections of this Annual Report, we have identified four key stakeholders to report on here: our talent, our customers, our community and the natural environment experienced by our customers and the wider community.

Our stakeholders are never independent of each other. Our passionate commitment to one will ultimately feed into the well-being of the others. Our talents for example are an integral part of our community; and our communities of stakeholders and environment ultimately intermingle and interact to serve each other's wellbeing; in such our customers can never fully realize their true beauty in a natural environment that is being rapidly degraded. Not to put too fine a point on it, this form of interrelation ultimately converges, allowing beauty to flourish while improving the basic ingredients for our wellbeing. Such relationships can be described in the classical Chinese text 道德經: 「上善若水，水善利萬物而不爭」(Tao Te Ching: "the beauty of water lies in its ability to nurture others and not compete with them")



We are proud to have received a number of high profile recognition this year. Please refer to our "Awards and Recognition" section of the report relating to Corporate Social Responsibility.



Our love of water expresses our commitment to help each one of us through nurturing while not harming others in the process of growth. We regard it of utmost importance to work on this important philosophy so that beauty itself can be truly sustainable.



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 FY2013/14

2

Loving our talent - Beauty wells up from the spring of wisdom

As the heart of our business, our talents are the drivers that carry our aspirations and help our stakeholders to realize and sustain their beauty. Their combined wisdom enables us to deliver the many jewels of our beauty care.

The glitter stars - our talents

It has again been a rewarding year for our talents. We celebrated receiving a number of high profile awards for the qualities represented by our talents, and for delivering excellence straight from their heart:

Outstanding QTS Merchant Service Staff Award

🌟 *Vivi So and Joanne Yeung*, two of our Assistant Shop Supervisor, represented Sa Sa this year to once again put our service philosophy, attitude and techniques into test. They have won us a gold and a silver award in the “Cosmetics, Personal Care Products and Specialty Store Category”, demonstrating their ability to deliver enlightening customer experience.



Customer Service Excellence Award 2013

🌟 Hong Kong Association for Customer Service Excellence (HKACE) sets its mission to drive forward better quality service in the industry. We are honored that our new Tsing Yi store was recognized with a silver award for the counter service category.



Hong Kong Retail Management Associations (HKRMA) - 2013 Mystery Shoppers' Programme and Service Courtesy Awards

We are honored to be recognized in three high profile awards presented

by HKRMA this year. With La Colline being recognized as the **“Service Retailer of the Year”** under Beauty Products/Cosmetics Category for the 9th consecutive year and **“Excellence Award”** for the 2nd consecutive year. Our Assistant Shop Supervisor Yuki Chan have also secured us the **“Service and Courtesy Award”** under at the Supervisor Level category.



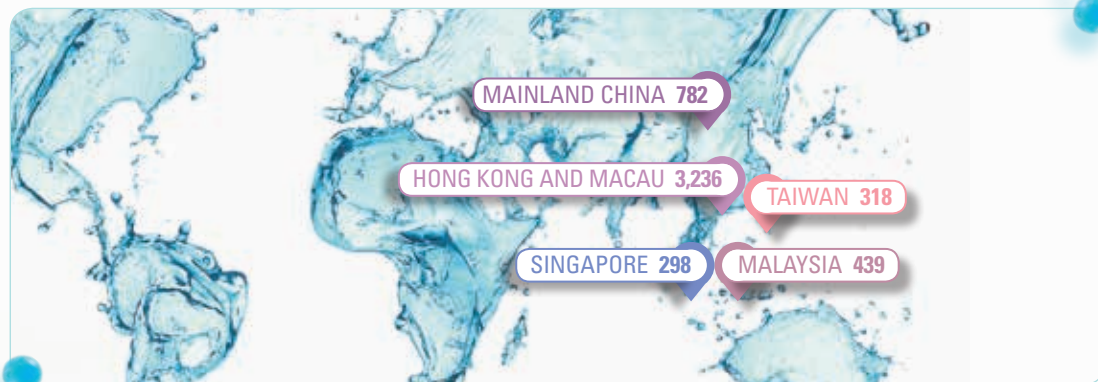
(See the **“Awards and Recognition”** section of the Annual Report for the complete list of awards)

Environmental, Social and Governance Report

Who are we?

Sa Sa is physically present in six strategic markets in Asia Pacific, while sustaining a global reach to over 200 countries through our virtual store offerings. Sa Sa employs over 5,000 staff in total at group level (as at 31 March 2014).

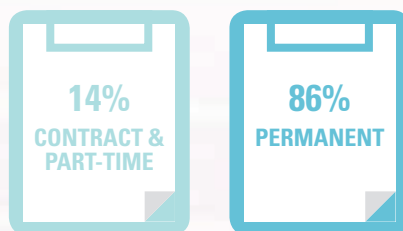
Staff number in each region



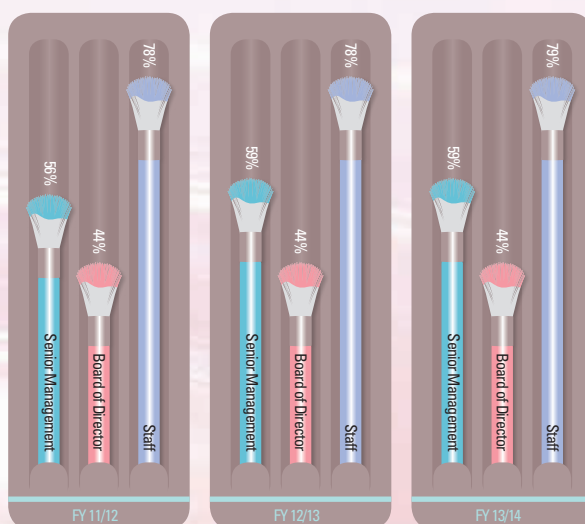
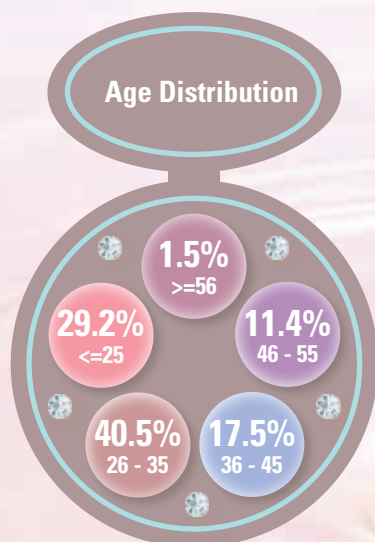
Talent diversity, a part of our strategy

We are proud to be recognized by Community Business in March 2014 for the gender diversity of our Board of Directors, ranking second in the Hang Seng Composite Index (HSCI). This diverse Board and staff composition has benefited our aspiration for beauty, especially with a customer base that is predominately female.

Employment contract type distribution



Percentage of female composition



As part of our efforts to provide equal opportunities for employment in the market place, we have begun opening a number of positions to ethnic minorities'. We have also worked with a number of retraining and vocational training non-profits in recruitment, such as Po Leung Kuk, Hong Kong Confederation of Trade Unions and Evangelical Lutheran Church, enabling the wider community to be part of the Sa Sa family.

Although the actual number recruited initially is small compared to our overall staff roll, we hope our continued efforts will help drive greater long-term equality and harmony in the community.



“We believe our “Making Life Beautiful” aspirations can only be achieved if we hire the best talent and properly leverage their talents to fully realize their ultimate potential.”

Dr Eleanor Kwok, BBS
Vice-chairman



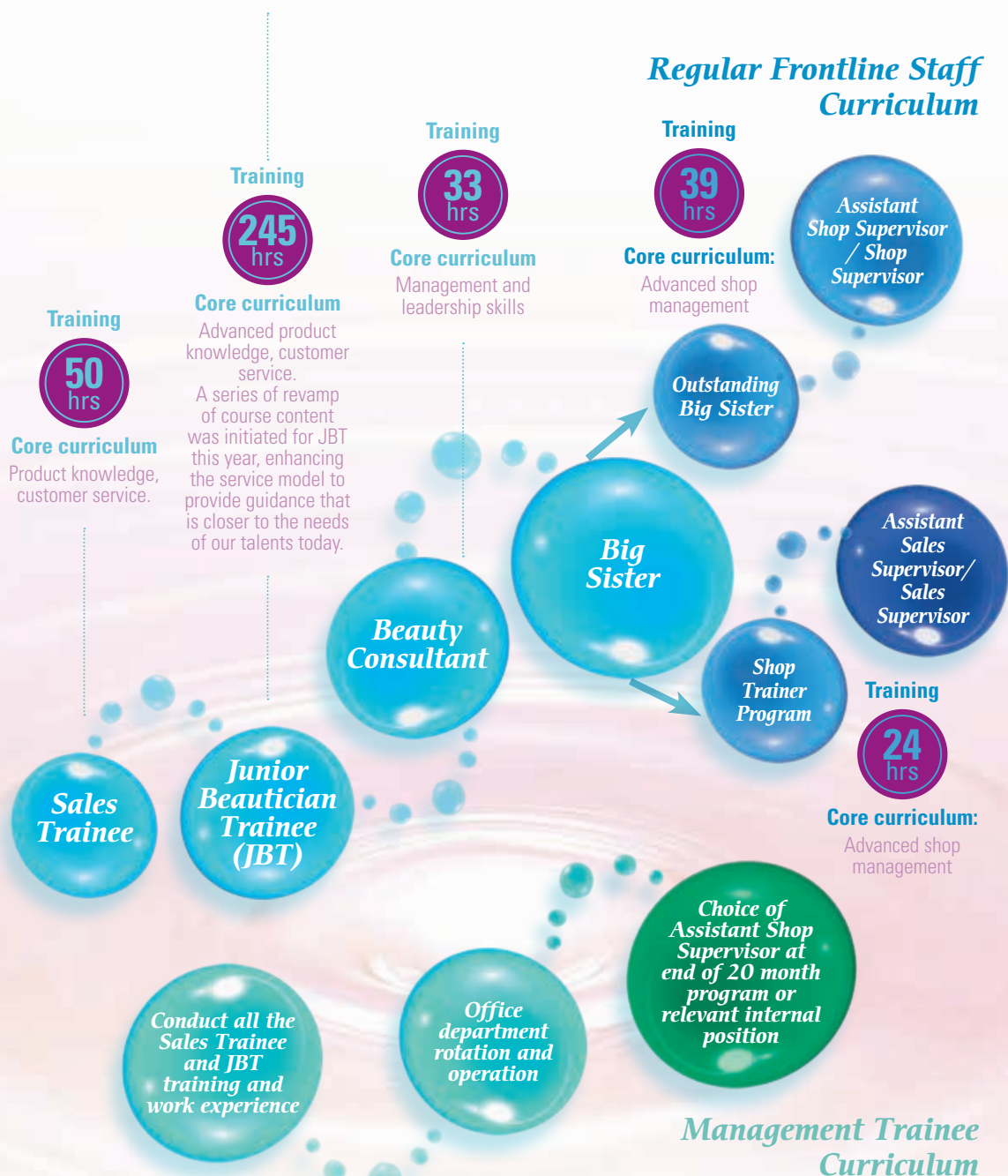
2.1

Cultivating our seeds of wisdom



JBT Graduation Ceremony 2014

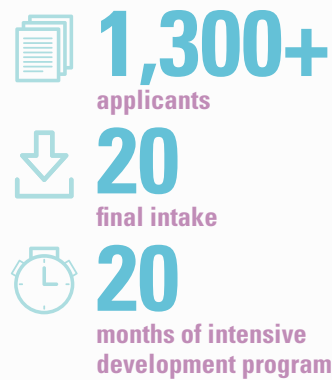
To enable our talents to develop themselves to their fullest potential and to provide them with the skill sets to deliver the best customer experience, a comprehensive development framework has been established incorporating career progression, curriculum and the duration and timing of training. The curriculum covers key skills and knowledge areas required by their role, such as product knowledge, customer service, leadership and management skills.



Management Trainee (MT) Program – The route to self realization and a world of opportunities

To enable some of the best talents in the market to grow at a rapid pace with our organization, our 13th round Sa Sa Management Trainee program is designed to provide talents with 360 degrees exposure to what Sa Sa really is, gearing them up to fulfill the growing need for leaders in all parts of the organization.

The MT program consists of structured courses, job rotation, project assignment at frontline and back office, as well as interaction opportunities with senior management. The final destiny of MT is at their own choice.



Key aspects of Sa Sa Management Trainee Program

A management trainee view of Talent

It is part of the Management Trainee’s role to help our organization to reflect upon ourselves, enable us to see who we are and areas that we could improve on:

The “Joy at Sa Sa Fun Fun Fun” program was great, an opportunity to exchange insights with our experienced supervisor”.

Samatha Yim, Batch 12th Management Trainee

“The exposure of MT has extraordinary traction, enabling MTs to extensively contribute to all major Sa Sa events, such as Ladies Purse Day.”

Ruby Fong, Batch 12th Management Trainee

Environmental, Social and Governance Report



Change management workshop

Leadership development – Enhancing our core

Compared with five years ago, the Sa Sa headcount has almost doubled. This means the demand for leadership in various part of the workplace has become increasingly critical to our continued organic growth.



Leadership development workshop

Recognizing the inherent leadership capabilities of our staff, we have delivered two series of special leadership top-up workshop this year. These are aimed at reinforcing our core team's readiness to drive and deliver much needed organizational change.

Key contents of the two leadership workshops

Change management workshop

Big sisters,
Shop trainers,
Outstanding big sisters

Attaining goal Being a change agent Operation planning

Leadership Collaboration

Motivating team Creative thinking Strategic planning

Leadership development workshop

Supervisor and Shop Supervisor

Wisdom accumulated through the knowledge base of our loyal talents

"A moment that is full of tears of joy" is probably the best description of our Long Service Award Ceremony. We were thrilled to recognize more than 218 colleagues at our 5, 10, 15, 20 and 25 years service ceremony. We were able to celebrate their loyalty and the story that they have developed with Sa Sa, when they were greeted personally by our Chairman and Vice Chairman.



Left: Long service award recipient with colleagues at Annual Dinner

Right: A group of long service award recipients with Chairman and Vice Chairman

2.2

Retaining our best talents through inner harmony

The beauty of spring comes from its ability to harmonize with its surroundings, supporting and energizing the growth of other life forms. We recognize that a 21st century workplace has to go beyond being just a place of work. In order to retain top talent in the market, a number of initiatives were undertaken during the year to enhance workplace harmony and support for growth.

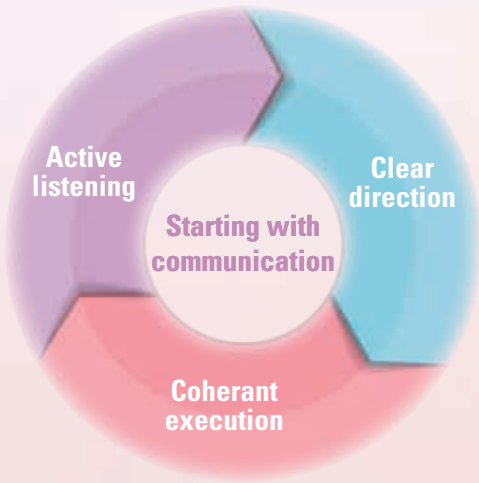
Listening with their heart

Our management seeks feedback from staff in many forms:

- **Management Trainee feedback workshop:** Every year our graduating MTs provide an extra channel of insights for senior management; sharing their observations and improvement suggestions in a workshop
- **Regular supervisor meeting and shop night meetings:** To encourage more dynamic conversations between frontline colleagues and management, regular sessions continue to be held with supervisors and shop staff

Clear direction

- **Board and Board Committee meetings:** A total of 27 Board of Directors and Board Committee meetings were held this year, ensuring that key strategic issues were addressed at the highest level in a structured manner (see *Corporate Governance* section of the report for details)
- **Senior management meetings:** Held on a monthly basis to ensure continuous alignment of operations to contribute organization level strategic priorities
- **Direction setting meeting:** A half day workshop involving all management and senior management colleagues, with the purpose of clearly communicating the opportunities and challenges that are part of our business landscape



Coherent execution:

One challenging aspect to collaboration is the commitment of talents and other resources to support project execution:

- **Grand breakfast meeting:** A podium that involves over 2000 colleagues in a half day session, to share key strategic focuses for the coming year
- **Objective meeting:** Held bi-annually for departments to share key challenges and solutions



Grand breakfast meeting

The joy of Sa Sa Team

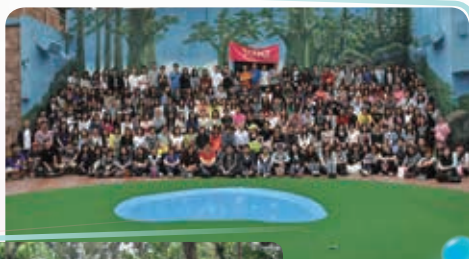
Through a number of team building, leisure and family events, Sa Sa has celebrated as one family what we have achieved and embraced what's ahead of us.

2013

● April & May

Ocean Park Team Building Fun Day

To strengthen cross department communication, two teambuilding Fun Days were held in Ocean Park this year, where our colleagues were set off not only to explore Ocean Park, but also to explore the strength of our team work.



● June

Cooking Class

A series of cooking class were organized to enable our colleagues to develop their interest and talents outside of the office.



2014

● December

Xmas performance

Our annual Christmas event is a special day where different departments compete against each other with their stage talent, through various singing and drama show.



● February

Blossom of Beauty – Lunar New Year Fireworks Extravaganza 2014

Sa Sa was the proud sponsor of the Lunar New Year Fireworks Extravaganza this year, with the hope to create greater positive energy and good fortune for Hong Kong. Staff members and their families were invited to join the celebration dinner that was hosted for the event.



● July

Movie Night

Nearly 600 colleagues and their friends and families enjoyed a fabulous night watching the Monsters University screening.



● August

Wallet making class

A total of 5 workshops were held where all the participants have successfully turned themselves into a skilled leather craftsman at the end, each producing and bringing home their own master piece at the end.



● October

Kadoorie Farm Green Tour

Over 170 colleagues and their families explored the Kadoorie Farm, Lau Fau Shan and Kam Tin Country Club together in an Autumn family green outing that's signature to our annual family event.



● March

Valentine macaroon making class

A series of macaroon making classes were organized for our colleagues to show their love to their important partners on 14 February.



"Escape Hong Kong" Reality Game

A series of problem solving simulation games were organized for our colleagues to test their talent in problem solving to escape from a confined indoor maze.



"Water of Love" Annual dinner 2014

Our annual dinner is one important occasion where we celebrate our achievements with the group.





2.3

Keeping our talents refreshed and safe

Salary and compensation

We believe in the importance of recognizing employees' accomplishments, and thus we have many different, but equally valuable ways of rewarding our talents. 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. Our remuneration packages are reviewed regularly and multiple incentives and rewards are granted to motivate and recognize our colleagues. As part of the performance management system, Key Performance Indicators (KPI's) are adopted to ensure that the requisite directions and standards are set and met. There are many performance incentives for our employees, with discretionary bonus, sales bonus, sales commissions and share options being offered to reward good performance. The total employee benefit expenses of the Group amounted to HK\$1.1b for the fiscal year.

Health and safety

Ensuring compliance with the required health, safety and labour standards is very important to Sa Sa.

- A dedicated Health and Safety (H&S) Committee has been set up to address H&S issues, headed by the head of Human Resources with members from various other departments
- A Series of workshops is provided to enhance staff awareness about relevant health and safety issues, including:
 - Guidance on manual handling operations and prevention of back injuries
 - Prevention of Musculoskeletal Disorders for Office Workers
 - Occupational Health for Office Workers

Fatality and work injury

- Work related injuries are being constantly monitored by the H&S Committee
- A module on avoiding workplace injury has been included in staff induction
- There were no cases of fatality due to workplace accidents in 2013/14
- There were 32 cases of work related injuries in 2013/14, representing a 22.6% decrease in work related injuries per staff member
- An average of 0.25 days of sick leave were taken by our staff members per month

Employment practice, anti-bribery and whistle blowing

- Sa Sa complies with local employment regulations at all locations of operations
- Forced or child labour is not a significant concern for the beauty and cosmetic industry. Sa Sa is not engaged in any forced or child labour
- To bring our operations in line with our organization's commitment to the highest possible standards of openness, probity and accountability, a number of policies are set in place and shared among our staff. These include our Whistle-blowing Policy, Gifts and Entertainment Policy, Equal Opportunities Policy and Guideline on Prevention of Bribery Ordinance

3

Loving our customers – Serving beauty with passion



Our passion to deliver an enlightening customer experience in a consistent manner is a tremendous task, especially for a Group that is made up of over 280 stores, with 17,000 products, served by over 5,000 people.

Our 36 years of history and dedication to delivering on our Making Life Beautiful aspirations has allowed us to gain the wisdom to act consistently with our ethical beliefs and with passion. We aim to provide seamless connectivity between the various stages of the product delivery process, right from the very start of learning about our customers' needs', to sourcing the best products from around the world, to ensuring product safety, and delivering to our customers through our highly motivated beauty consultants. We also aim to provide a post-sales service that is receptive to every single one of our customer's feedback comments.

3.1

What does beauty mean to you?

Technology, culture, climate and individual life style preferences have driven the evolution of beauty over the past 36 years. For our part we have committed to being sensitive and responsive to such changes, and a number of mechanisms are in place to act on these commitments. These include:

- Regular frontline debrief on customer feedback
- Customer focus group
- Shop survey
- VIP Survey
- Customer feedback form and hotline
- Social media such as Facebook, Sina Weibo, WeChat, Meilishuo, Instagram

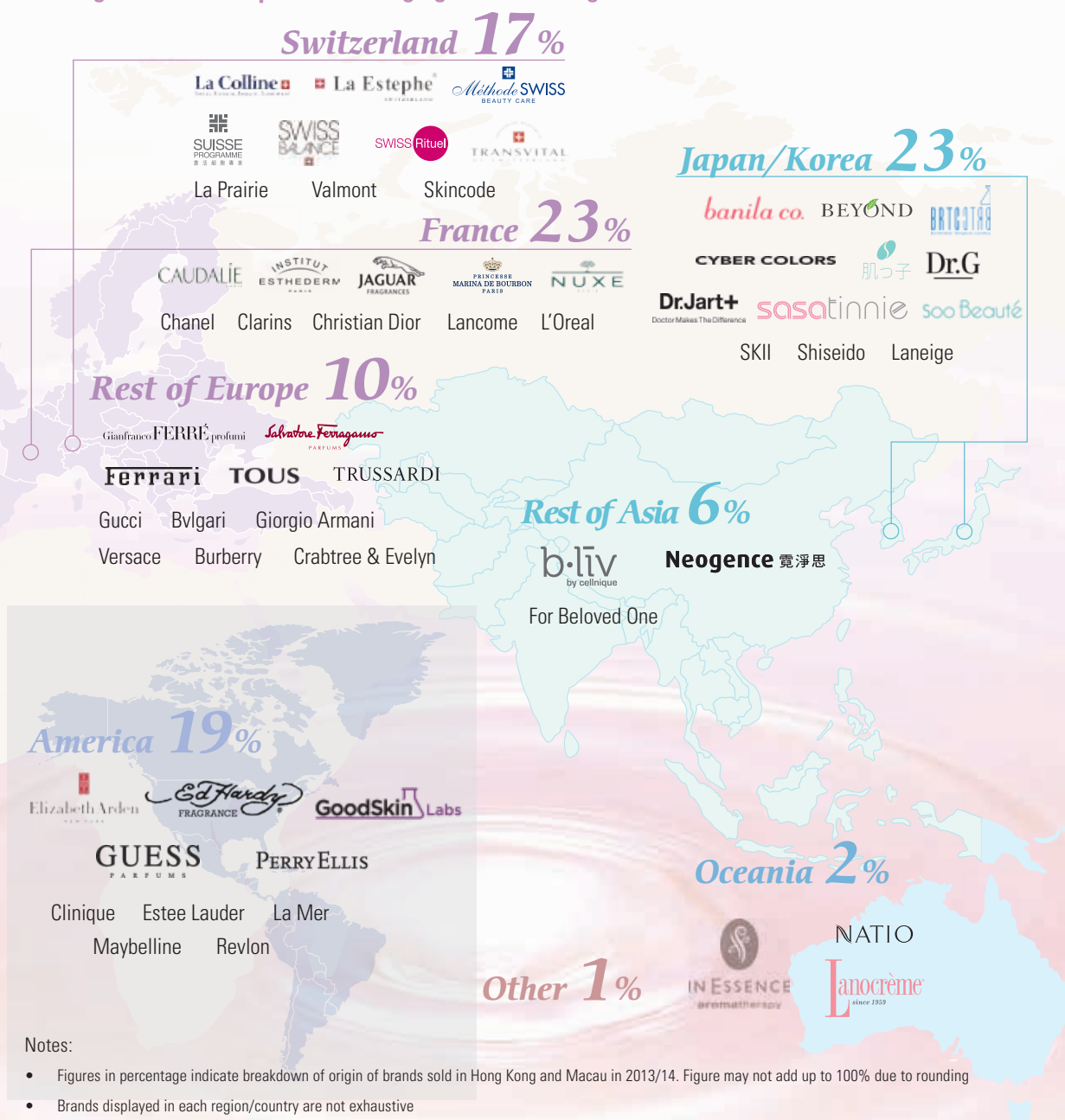
3.2

Bringing the best from around the world

Enhancing beauty is the passionate desire of all our customers. To fulfill such elemental needs, we have scouted the world and sourced over 17,000 products. We treat each one of our customers as a unique customer. Product diversity is necessary for meeting a diverse base of customers so that every solution is tailored to each of our customers' skin type, age and life style.

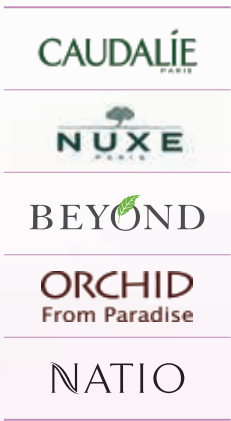
"Simplicity is the ultimate sophistication" said Steve Jobs with his usual unerring precision.

Serving customers' aspiration through global sourcing



Early catch on the Korean wave

Customer desire for Korean products has been on a rising trend for the last 2-3 years, as the Korean wave continues to gather strength and to build on South Korea’s enviable reputation for cutting edge creativity in arts and music, fashion know-how, and designer elegance. To align with our customer preferences, we have stocked some of the most advanced Korean brands since 2004, such as **Dr G.** and **Beyond.** The introduction of **banila co.** from Korea as part of our House Brand offerings during the year underlines our commitment to rapid aligning our product mix to meet changing customer needs.



The desire for a greener and more natural touch to beauty

We recognize the increasing desire of our customers to find beauty solutions in a more natural and eco-friendly manner. As stated in the “UEBT Biodiversity Barometer 2013 Report” that surveyed over 31,000 individuals in Asia Pacific, 95% of the respondents from developing countries such as China have indicated that they will not support cosmetic brands that are found to be socially irresponsible.

Sa Sa is proud to house a selection of green and natural products, although each product may have a different degree and perspective of commitment on sustainability. It is part of our strategy to increase these types of product in our product mix over time, as we strengthen the integration of a rigorous sustainability strategy into our supply chain to align with the needs of our customers and our environment.

3.3
Beauty, yes assured

Product safety is fundamental to what we offer to our customers. Over 90% of our brands are primarily 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. This careful sourcing is combined with our own internal testing protocol of products before launching. There was no reported case of product safety or product recall during the year.

Supply chain

As the product shipment arrives in our warehouses from around the world, comprehensive checks and tests are conducted to ensure that only authentic and quality products are offered to our customers. This informed oversight is followed through with digital tracking of all of our stock as part of our integrated SAP Management system.

It is also our passionate commitment to ensure only products with at least six months of validity stay on the shelves (except for food and pharmaceutical product due to their nature, which we would require minimum product life ranging from 1-4 months), giving our customers peace of mind and a strong feeling of quality assurance when shopping with us. Products with a shorter shelf life will either be relocated to our outlet stores, or sold only when bearing explicit marking that indicates a short product life.

Advertising

The amendment to the Trade Descriptions Ordinance (TDO) came into effect on 19 July 2013. We welcome the stricter regulation it introduced to protect consumers against commonly seen unfair trade practices in consumer transactions. Sa Sa was actively involved in consultation sessions and meetings held by the Customs and Excise Department, and worked with the Cosmetic & Perfumery Association of Hong Kong and Hong Kong Retail Management Association to assist the industry with understanding and implementation. Recently, we have also taken strong steps to tighten our internal control measures by bringing our own internal marketing policy and processes in line with TDO, including the review of various price tags and of the marketing terminology involved.

3.4

A service offering from our heart

In our service training, an important module that all our frontline colleagues must undergo is how to offer “service from the heart”. We believe that it is not only transactions that our beauty consultants need to manage, but above all the shopping experience and long term customer relationship.

“Our product recommendation must come from our heart based on actual need of the customer, through asking the right questions and listening with care.”

“Whilst we recognize that every customer is unique and different, the excellent service attitude from us shall always be consistent and without discrimination.”



Selection of tips offered at service training

Model shop launch: Leveraging on our brand-new Sa Sa Supreme concept store in Causeway Bay as a testing point, a number of new service models were developed and documented. This enables a market wide rollout of service enhancement, raising the standard across all the shops in Hong Kong and Macau.

3.5

Quality experience, guaranteed

To ensure our customers are ultimately satisfied with their purchases, Sa Sa’s operation in Hong Kong and Macau is voluntarily committed to a 30 days purchase guarantee, thereby ensuring that our customers are 100% 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 any incident will be attended to diligently, attentively and on a timely basis. We believe that the safety and satisfaction of our customers should not be compromised in any circumstances.

There was not a single reported case of an unsafe product in 2013/14. All customer compliments or complaints are systematically logged and handled according to clearly written policies and procedures. In our Hong Kong and Macau operations, a total of 3,672 customer compliments and 163 customer complaints were reported over the past fiscal year. The customer compliment to complaint ratio was 23:1, a huge 85% improvement over last year and a reflection of our continued commitment to enhancing our service quality.

A series of steps have been taken this year towards accrediting various strategic elements of our operation with the ISO9001:2008 standard (See our Enterprise Risk Management Report for details), with our online operation having been successfully accredited during the year. 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 the customer information we receive is only used for its intended purpose.

4

Loving our community –

Beauty as reflected in the fountain of giving

Sa Sa is an integral part of the close-knit Hong Kong community. That's our origin, that's where we will always belong. Although each and every individual element is insignificant and can seemingly contribute little, together they form the essential lifeblood of our community – just as the great Yangzi River is in reality the amalgamation of thousands of little streams of water.

Whilst providing employment opportunities and driving local economic prosperity are important contributions that we make to society (see the Talent section), we also recognize the increasingly complex societal challenge that our community faces, particularly in areas of youth and education, social welfare and health care. We are far from isolated from these problems.

With the launch of Sa Sa Making Life Beautiful Charity Fund in March 2013, we are making progress in refining the process of how we contribute towards the community: from assessing, serving and tracking to reporting how we support various initiatives that address fundamental societal issues. We see our talents being ever more engaged in community initiatives through our "Sa Sa Sincere" volunteering team.



Pursuant to the Articles of Association of the Company, the dividends unclaimed after having been declared by the Company (from 10 November 1997 to 28 June 2007) have been forfeited and is reverted to the Company for charity purposes. An announcement regarding the arrangement of the said forfeiture has been published on 21 October 2013 on Hong Kong Stock Exchange. The forfeited dividends amounted to HK\$5,176,000.

Societal transformation is happening everyday regardless of who may hope to regulate or direct it, and we hope that our active participation in the society will ultimately bring beauty and positive transformation. So much more can be done in this sphere.

4.1

A structural view of our bridge to the community

The launch of the Sa Sa Making Life Beautiful Charity Fund (SSMLBCF) last year was a further step forward in enabling our organization to enhance our positive impact on society, through greater focus in charity assessment and more coherent collaboration between the various departments that are involved in driving our community strategy. In addition to the meaningful programmes we delivered, we also launched a number of initiatives to help reinforce our ability to support the community.

Establish of a SSMLBCF Council

As a supporting framework for the work of SSMLBCF, a Council was setup to provide strategic direction, monitoring and execution roles to the work of the Charity Fund.

Charity assessment

Due to the vast number of charities seeking supporting from Sa Sa on a daily basis, we have initiated a process to review the handling of these charities, with the aim of establishing a more efficient and consistent framework for our charity evaluation and support mechanism.

Encouraging staff participation

As one further step in the "Sa Sa Sincere" volunteer team programme established last year, a recognition protocol was established to thank individuals that have helped Sa Sa in driving forward our socially responsible culture by contributing their time to multiple programmes during the year.



4.2

Walking alongside our community

We believe the character of “empathy” is one that makes us complete. Empathy is something that could often be lost in a commercial world where daily life is measured by numbers, whether they be sales or gross profit margins. We recognize the beauty of love is its essential humanity, and through our involvement in community initiatives we serve not only those in need, but also nurture our inner beauty of love and humanity.

Leading and contributing beauty to our community

All our Executive Directors are actively involved in the community and as such set an outstanding example for the rest of the organization. Amidst their numerous involvements, two of their most community relevant public appointments are highlighted below. Please see “Biographical information of Directors and Senior Management” Section for the complete list.



“As committed corporate citizens, it is important that we give back to the community from which we too benefit, especially to the ones that are less fortunate.”

Dr Kwok Siu Ming Simon, BBS, JP,
Chairman and Chief Executive Officer

- **The Community Chest Hong Kong:**
First Vice President (2014-15)
of Board of Directors,
Chairman of Executive Committee
(2014-15)
- **Hong Kong AIDS Foundation:**
Executive Board Member (2006-15)



“It is a pleasure to serve the community, and I believe all our Sa Sa team feels the same”

Dr Kwok Law Kwai Chun Eleanor, BBS

Chairman of Sa Sa Making Life Beautiful Charity Fund

- Vice-chairman (2012-15) of the Board of Directors for **Po Leung Kuk**
- Vice President (2012-14) of **Hong Kong Girl Guides Association**



At Po Leung Kuk at Beauty of Our Future Project



Dr Look supporting World Green Organisation (WGO) Event *(See Environmental Section of the ESG report for other Sa Sa sustainability commitment)

Dr Guy Look,

Chief Financial Officer and Executive Director

- **HKSAR Environmental Protection Department:**
Energy Advisory Committee (2012-2014)
- **Hong Kong Green Building Council Certification Scheme:**
Appeal Panel (2013-2015)

“Our community, our planet, and us – we are all interconnected. Many are suffering from environmental problems already, action needs to be taken in many spheres, and it should all have started yesterday!”

Serving to learn – the beauty of the “Sa Sa Sincere Volunteering Team”

Many see volunteering as a gesture of gift-giving. Indeed in many volunteering events organized during the year, our Sa Sa volunteers felt gifted with the great joy of helping others. Whether it be youth service, elderly service or ethnic minority service, the beauty resides in service that is offered from both the heart and soul of the server and exchanged with the receiver.

“A little shared love can be profound love to many, forming their endless happiness... Like a stream is made up of water droplets... Sand grains make a gorgeous pyramid...”

Fragrance lingers on my hands upon giving out the beautiful roses... The wonderful smiles on the kids’ faces on that day will always stay in my mind...

Am I the just giver of joy? Or am I the receiver? Or am I both?”

Tiffany Cheung, Corporate Communication and Investor Relations Director

Sa Sa x Po Leung Kuk “Beauty of Our Future” Project

Launched on the inception of the Sa Sa Making Life Beautiful Charity Fund, this two year programme aims to leverage art and beauty to help our youth to enhance the beauty of their inner self-esteem.

Adopting the philosophy of “以生命影響生命” (using one’s life to affect the lives of others), the first of our two years of partnership involved working with a group of young people from the “Po Leung Kuk Children and Youth Development Centre” to deliver three core project pillars:

Part 1: Collective reflection through interactive drama

An interactive drama production was created based on the true story of our disadvantaged youth. With the drama named “Post-90s”, the story stimulated reflection on the part of both the actors and audience on how to overcome the tragic disconnect between today’s youth and their parents.



Audiences are invited to be one of the actors, to participate in the play where they believe they could help better resolve the family conflict in the act

Sa Sa Makeup artist team works closely with youth on costume and makeup design

‘If an egg is broken through from the outside, it is food;

But if the shell is broken from the inside, it becomes life.

The same applies to our lives;

If we collapse because we are affected by the outside world, then it is called pressure;

But if we are driven by self motivation, then we will have truly grown up.’

(Content that’s shared in a youth workshop, original quote in Chinese)



Part 2: Life coach buddy system

Sa Sa mentors are partnered with youths, the mentors volunteer their time and share their life stories to help young people with self discovery, goal setting and to reframe their minds to overcome future challenges



Part 3: Learning, serving and learning again

Integrating our annual elderly home visit programme with Po Leung Kuk "Beauty of our Future" Project, Sa Sa colleagues act as an intermediary, leveraging the talents of the youth group alongside them to serve the needy elderly in the Yau Tsim Mong District.

Over 70 households have been visited this year by the youth group and Sa Sa volunteers.

"I don't think the elderly that we have visited actually have much materialistic needs. Care is more important for them than anything else. The event served to remind us to care for the elderly within our families as well."

Anita (Acting Supervisor)

"The elderly just loved talking to us. We only took a very small gift with us, but they were so grateful and we were overwhelm. I think it was more about our gesture of care. Our rewards? The smile sums it all up."

Ada (Assistant Human Resource Officer)



The beauty of empowerment of ethnic minority – “We Love Runway”

Sa Sa was a proud sponsor and supporting organization for “We Love Runway” fundraising catwalk show this year, co-organized by Cosmetic & Perfumery Association of Hong Kong and JCI Hong Kong Jayceettes. The project provides a stage opportunity for ethnic minority youth whilst fundraised for the Office of the UN High Commissioner for Refugees.

“I believe in equality in all races, gender and built. They are all gorgeous, both in the way they look and in the way that they stood up, not for themselves, but to fundraise the others in need!”

Ms Melody Kwok-Chan,
Vice Chairman of Sa Sa Making Life
Beautiful Charity Fund



“Promoting “Happy Organization Label Scheme (HOLS)”

Sa Sa took part in the Happy Organization Label Scheme (HOLS) this year, with the purpose to promote healthier working environment through various workshop and volunteering opportunities.



Working with low income families on healthy diet workshop



Chinese New Year outing with single-parent families at a local farm fun day

Fundraising, fun racing!

Sa Sa supported a number of charity races during the year. Not only did the events raised funds for the NGOs, but they also provided bonding opportunities across different Sa Sa departments and talents, connecting charity and team building opportunities in one initiative.

BOC Community Chest Cycle for a Million



To support and raise fund for the Children and Youth program of Community Chest, Sa Sa took part in its inaugural cycling race this year by racing across the Eagle's Nest Tunnel.

Race to Feed 2013 – Heifer International



Supporting Heifer International for the 6th consecutive year as the corporate sponsor and participated as one of the

racing team. Our team was able to secure 3rd prize overall for with the race also!

Race with Pink Heels - for Hong Kong Hereditary Breast Cancer Family Registry

Sa Sa Sponsored and took part in the race with Pink Heels this year to support awareness raising and screening of hereditary breast and ovarian cancer, and we were successful in securing runner's up at its corporate relay race, along with the best costume award.



Po Leung Kuk Charity Walk cum Carnival

Sa Sa have once again sponsored this year Charity Walk to support Po Leung Kuk cross-spectrum of community services, such as adoption, education, recreation and cultural development, with over 90 volunteers from Sa Sa taken part in the walk.



4.3

Being the fountain of care

Apart from our direct involvement with many charity events during year, we have also “streamed” (guided) some of our resources to provide direct support to various meaningful charity projects. A total of \$3.01m was contributed by the Sa Sa Making Life Beautiful Fund, and a total of \$2.98m by Sa Sa Cosmetic Company Ltd in cash and various product donations that helped to enrich highly impactful events. A selection of the programmes we supported is highlighted below. Our support is mainly spread across the four main causes of Youth and Education, social welfare and public health, culture and sports and women in society.

Cash Donation or Sponsorship

Gift of product

Volunteering and staff involvement

Youth and education

- 
Hong Kong University of Science and Technology (HKUST): Donation to HKUST to support the development of biomedical equipment that provide greater support to patient suffering from stroke
- 
Fu Hui Education Foundation: To support education program in China through sponsoring its 2013 Fundraising dinner
- 
Food for Good: Sponsoring of five schools on food waste reduction and recycling program
- 
Love Your Neighbour: Provide product sponsor to its Coco School program, enhancing education, physical and psychological support for the underprivileged kids

Social welfare and public health


- 
Hong Kong AIDS Foundation: Sponsor of its April flag sales campaign and December charity dinner in support for its work in prevention and care for HIV patient
- 
Community Chest: Corporate Sponsorship for Community for the Chest Television Show 2013
- 


Heifer International Hong Kong: Corporate sponsorship to Heifer Race to Feed 2013, participate at the charity race and provide product sponsor to its charity dinner
- 
Hong Kong Parkinson's Disease Foundation: Silver sponsor to “Tai Chai for Parkinson's” event, raising fund to provide better support to the patients in need

Women in society


-   **The Hong Kong Girl Guides Association:** Sponsorship and product donation for various events (such as fundraising dinner and charity concert) to enable women in all age to develop their fullest potential

-  **Hong Kong Federation of Women (HKFW):** Support the advocacy of women's right through donation of products in a number of HKFW events


-  **Breast Cancer Foundation:** Provide product donation to its event in supporting the cause of eradicating breast cancer

Sports, culture and religion

-  **Tsuen Wan Football Association:** Sponsorship in support of local athletic culture

-  **Riding for the Disabled Association Ltd (RDA):** Sponsoring RDA Charity Ball 2014 to empower disabled individuals with horse riding opportunities

-   **Hong Kong Federation of Overseas Chinese Youth Committee:** Sponsoring "May 4th Youth Musical Festival" to provide platform to inspire young artist whilst paying respect for Nationalism

-  **PMA Music Foundation:** Sponsor of the "Unstoppable Hope: Nick Vujicic and friends in concert" – to give hope to the needy through the power music, such as children that are disable or mentally handicapped

5

Loving our environment -

Exploring the green way, a passport to true beauty

The subject of sustainability has gone far beyond an attractive slogan to use. It has becoming an increasing important issue for our customer, talents, shareholders, government and the general public.

In this second year that the ESG Taskforce is in operation, much has been accomplished in reinforcing the priority of enhancing the sustainability aspect of how Sa Sa operates.


We recognize that we need to speed up our work, with stronger commitment and actions on sustainability within our operation. Our challenge is what's lying ahead of us, as we further plan to integrate the sustainability agenda into our supply chain and across all regions we operate in.



In Hong Kong, in a report published by SCMP on 15 Jan 2013, it was estimated that over 3,000 people died prematurely due to air pollution related illness in 2012 alone. Vehicle emission and coal fire power plants are the primary contributors to air pollution in Hong Kong.

The tragic Malaysian Airline MH370 incident that caused the disappearance of 239 passengers made headlines in most newspapers around the world. With so much attention on these either blamed and/or held responsible, the loss of 3,000 lives doesn't seem to be drawing the same attention.

Environmental catastrophe is already upon us. Who should be held responsible for this? (A case study shared in one of Sa Sa's internal workshops)



"We can no longer just pay lip-service and live with disregard to the environment that supports us. The environment so vital to our survival cannot be sustained under current circumstances. Tangible changes are needed in every organization, to integrate sustainability right into the core values and processes of how organizations operate. It is a tremendous task, but one that needs to happen right away!"

Dr Guy Look,
Chief Financial Officer and Executive Director



5.1

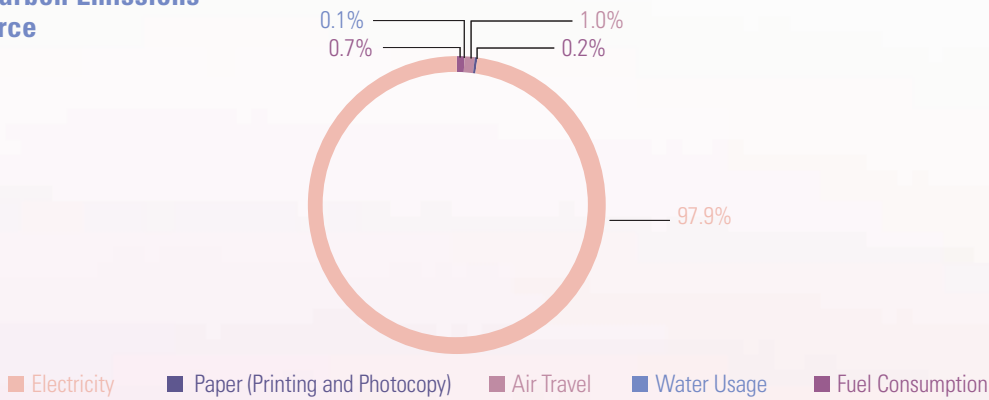
Recognizing our footprint

Through the continuous monitoring and disclosure of our footprint, we hope to better learn and share the impact that we have, to be accountable for it and over time, to reduce the intensity of our negative impact in absolute terms in the long run.

Our footprint at a glance:

	FY2013-14	FY2012-13	Percentage change
Total (Tons CO ₂ e)	20,053	19,381	+ 3.5%
Intensity (Tons CO ₂ e / \$HK1m revenue)	2.8	3.2	-11.4%

Total Carbon Emissions
by Source



Our activities in detail

	Electricity 	Paper (printing & photocopy) 	Air Travel 	Water Usage 	Company Vehicle fuel consumption
Carbon intensity (Tons/\$1m revenue):					
• FY2013/14	2.8	0.006	0.029	0.003	0.020
• FY2012/13	3.1	0.007	0.033	0.003	0.021
• Percentage change	-11.4%	-13.4%	-11.5%	+2.9%	-4.3%
Activity volume (units):	(kWh/sqm gross floor area)	(Pcs/headcount)	(km/headcount)	(Cu.m/sqm gross floor area)	(Litre/sqm gross floor area)
• FY2013/14	513	2,652	425	0.71	1.01
• FY2012/13	516	2,855	503	0.62	0.94
• Percentage change	-0.6%	-7.1%	-15.6%	+15.6%	+7.4%

*The above data covers for emissions in Hong Kong and Macau, Shop, Office and Logistic operations only. The coverage for logistic centre and commercial vehicle emission are new KPIs that has been added this year. Disclosure will expand to our operations beyond Hong Kong and Macau in our annual report next year.

5.2

Engaging today, for a better tomorrow

In an organization consisting of over 5,000 people, driving green change requires more than a simple “top down approach”. For a green culture to really flourish organically in all aspects of our operations, individuals must recognize both the issues we confront and the solutions that they could bring.



New hire induction

- Since October 2013, an environmental section has been incorporated in all Management Trainee and all new hire induction program
- Over 300 colleagues have gone through the program since inception



Green talks

- A series of talks were provided to our colleagues during the year
- Green Monday and CLP were amongst the speakers
- Vegetarian green lunch was provided as part of the green lifestyle experience



Green Monday event with office colleagues



Green Monday event with shop supervisors



Green event

- Supported Greener Actions with it's Red Pocket collection 2014, receiveing over 11,000 from our office and logistic collection points alone, stored and to be removed
- Participated in WWF Earth Hour 2014, through the circulation of green education to all colleagues prior to the evening
- Collected unwanted computer and laptop from staff for recycling



Other communication channels

- Regular newsletter circulation to highlight various environmental issue and ways to reduce our negative impact



Framing strategy: In our staff engagement campaign, we frame our message in a way that is meaningful and relevant to our staff, and in a creative manner. For example:

- **Electricity:** Our Hong Kong and Macau daily electricity consumption from office and shops equates to 100,000 hours of usage by an average Hong Kong resident. Air pollution from electricity generation is costing us lives every day
- **Paper:** It takes less than three days for us to use an amount of A4 paper that equates to one tree
- **Waste:** The average Hong Kong municipal waste production is at least 30% higher than our neighboring cities, such as Tokyo, Taipei and Seoul, and moreover all landfill in Hong Kong will reach its capacity in six years' time

5.3

Systemic approach – Green is here to stay!

Taking a systemic approach to sustainability ensures our continued progress towards a truly sustainable organization. During the reporting period, we acquired a number of certifications that recognize our commitment and systemic approach to sustainability.

Member of Hang Seng Corporate Sustainability Benchmark Index

Sa Sa has been a member of Hang Seng Sustainability Index for the 3rd consecutive year, recognising Sa Sa's commitment in sustainable labour, community, environmental and operation practices



Hang Seng Corporate Sustainability Index Series Member 2013-2014

Certified Gold Label of "Low-carbon Office Operation Programme (LOOP) Labelling Scheme" by World Wide Fund – Hong Kong

In recognition of an organization in commit, to calculate, cut and communicate low carbon lifestyle



CarbonSmart Programme of Hong Kong Productivity Council (HKPC)

For the commitment in carbon audit and various carbon reduction measure



Certified "Green Office Awards Labelling Scheme (GOALS)" Label by World Green Organisation

To recognize organization commitment to various office green measures, such as ones relating to energy, water, waste reduction, paper, procurement, transportation, education and innovation.



Certified United Nations Millennium Development Goals (UNMDG)-Better World Company Label by Junior International Chamber (JCI) North District

A recognition of an organisation which cares for the community and environment



Certified Carbon "Less" Certificates scheme with 12% Label by Hong Kong Awards for Environmental Excellence

Certificates are granted to participating organisations as testimony to their effectiveness in reducing the carbon emissions of their buildings and business operations.



Some of our existing commitments include:

 <p>Green management</p>	<ul style="list-style-type: none">• An establish ESG Policy since February 2012• A cross department ESG Taskforce has been setup since March 2012, co-chaired by our Corporate Strategy and Development Director, with regular meetings• Hired a dedicated ESG Manager• Regular ESG update to Board of Directors
 <p>Electricity</p>	<ul style="list-style-type: none">• Installed energy efficient lights covering most of the office space, 40.9% of our retail shops are now fully LED lit and 14.6% being partially LED Lit• 50% lights being switched off during office lunch hour• Lights off timer installation across all office• All shop external signages have been adjusted to minimize light pollution outside of operating hours
 <p>Paper</p>	<ul style="list-style-type: none">• FSC Paper: We have adopted FSC certified paper for all printed marketing material and annual report, and office printing paper• E-fax: Introduced e-fax in the office to reduce unnecessary printing• Duplex: All new computer printer setup are defaulted to duplex printing, and colleagues are constantly reminded to do so• Monitoring: The printing in the office are individually logged and reported on regularly
 <p>Packaging and Waste Management</p>	<ul style="list-style-type: none">• P-Life additive has been added to all our plastic shopping bags and most of our office rubbish bags to make them bio-degradable• Recycling: Plastic and aluminum recycling facilities are installed across all office. Total paper recycled in office for the period reached 10,144kg• Annual Dinner: Food waste are collected at the end of the event to produce fish food
 <p>Transport and water use</p>	<ul style="list-style-type: none">• Internal communication over water conservation issue• All Sa Sa owned delivery trucks in Hong Kong meets Euro 5 emission standard
 <p>Wildlife conservation</p>	<ul style="list-style-type: none">• Silver corporate member of WWF program for 7th consecutive years• We have banned shark fin soup to be served in our Annual Dinner Banquet since 2010

***Notice of correction of prior report:** The 46% shops with LED light quoted in FY12/13 report include reference to shops with partial LED light installation.

5.4

Sharing the beauty of green beyond our boundary

We recognize the importance for society as a whole to shift towards a greener economy. Through sharing our capabilities and what we have learnt from our green journey with others, we hope that they can be empowered to create positive impacts of their own on the environment and society!



Executive level involvement

We are fortunate that our CFO/Executive Director Dr Guy Look is personally committed in driving forward green movement inside and outside the organisation. As at 31 March 2014, Dr Look sits in HKSAR Environmental Protection Department Energy Advisory Committee (since July 2012 for a 2 years term) and he is a member of Appeal Panel of Hong Kong Green Building Council Certification Scheme (since October 2013 for a 2 years term).



Direct support

Sa Sa has been a Silver Corporate Member of WWF for seven consecutive years. We are glad to provide product sponsor to HSBC Water Race in 2014, to support the cause of water conservation education.



Radio and news paper sharing

With our earnest drive in green initiatives, Sa Sa has been invited to share learning from our green journey with WGO on Metro Finance Radio Station during the year, news articles were published on HKET, SCMP, and AM730 through WWF.



Corporate sharing

To aid other corporates and individuals to drive forward green changes, Sa Sa have provided intellectual support to various NGO during the year, by sharing our the experience through seminars organized by WGO, WWF, and Chinese University of Hong Kong.



5.5

A first step outside of our core operations

We have started engaging our overseas offices towards the end of this fiscal year, with the aim of incorporating their environmental impact data in our next ESG report and to further elevate their green practices. Many of our overseas offices have already made a start on their green journey, and a selection of practices is extracted below:

Sa Sa China

- Started installing LED lights in all new shops/renovation since June 2012
- Partial lights off in office during lunch hour
- Regular monitoring and reporting of paper printed by individual
- Active encouragement of duplex printing



Sa Sa Taiwan

- Started installing LED lights in all new shops since 2012
- Encourage reduced printing, achieving reduction of paper and stationery expense by 21% compared to last year
- Introduced VNC system to enable remote access to file, further reduce the need of printing
- Started tracking of energy, printing, shop display material, waste and recycling since 2013

Sa Sa Singapore

- Controlling paper usage
- Reusing/recycle of doors & door frames, office partition and glass panels, office furniture where practical at office relocation
- Controlling air-con room temperature at 25C



Sa Sa Malaysia

- Partial lights off in the office during lunch hour
- Started installing LED lights in all new shops/renovation since 2011
- Active encouragement of duplex printing & reduced printing
- Regular monitor and reporting of pieces of paper printed by individual

6.

Self assessment grid against HKEx Environmental, Social and Governance Reporting Guide

KPI	HKEx ESG Reporting Guide requirements	FY2013/14 ESG Report Coverage	Page
A. Workplace Quality			
Aspect A1	Working conditions		
General disclosure	(a) the policies; and (b) relevant standards, rules and regulations on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity and other benefits and welfare.	Partially reported	Online Equal Opp Policy
A1.1	Total workforce by employment	Fully reported	P. 58
A1.2	Employee turnover rate	None	
Aspect A2	Health and safety		
General disclosure	(a) the policies; and (b) relevant standards, rules and regulations on providing a safe working environment and protecting employees from occupational hazards.	Partially reported	P. 66
A2.1	Number and rate of work-related fatalities	Fully reported	P. 66
A2.2	Lost days due to work injury	None	
A2.3	Occupational health and safety measures adopted, are implemented and monitored	Partially reported	P. 66
Aspect A3	Development and training		
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Partially reported	P. 60-62
A3.1	The percentage of employees trained by employee category	None	
A3.2	The average training hours completed per employee	Partially reported	P. 60
Aspect A4	Labour standards		
General disclosure	(a) the policies; and (b) relevant standards, rules and regulations on preventing child or forced labour.	Partially reported	P. 66
A4.1	Measures to review employment practices to avoid child and forced labour.	Partially reported	P. 66
A4.2	Steps taken to eliminate such practices	None	
B. Environmental Protection			
Aspect B1	Emissions		
General disclosure	(a) the policies; and (b) relevant standards, rules and regulations on air (include NOX, SOX) and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous wastes, etc.	None	
B1.1	The types of emissions and respective emissions data	Partially reported	P. 81
B1.2	Greenhouse gas emissions in total (in tonnes) and intensity	Partially reported	P. 81
B1.3	Total hazardous waste produced (in tonnes) and intensity	None	
B1.4	Total non-hazardous waste produced (in tonnes) and intensity	None	
B1.5	Measures to mitigate emissions and results achieved	Partially reported	P. 82-83, 85, 87
B1.6	Handling, reducing of hazardous and non-hazardous wastes	Partially reported	P. 85, 87

KPI	HKEx ESG Reporting Guide requirements	FY2013/14 ESG Report Coverage	Page
Aspect B2 Use of resources			
General Disclosure	Policies on efficient use of resources including energy, water and other raw materials.	Partially reported	Online - ESG Policy
B2.1	Direct and/or indirect energy consumption in total and intensity	Fully reported	P. 81
B2.2	Water consumption in total and intensity	Fully reported	P. 81
B2.3	Energy use efficiency initiatives and results achieved	Partially Reported	P. 81
B2.4	Issue in sourcing water, water efficiency initiatives and results achieved	Partially Reported	P. 81
B2.5	Total packaging material used for finished products	None	
Aspect B3 The environment and natural resources			
General Disclosure	Policies on minimizing impact on the environment and natural resources	Fully reported	Online - ESG Policy
B3.1	Impacts of activities on the environment and natural resources and the actions taken	Partially Reported	P. 81-87
C. Operating Practices			
Aspect C1 Supply chain management			
General Disclosure	Policies on managing environmental and social risks of supply chain	Partially reported	P. 67-69
C1.1	Number of suppliers by geographical region	None	
C1.2	Practices relating to engaging suppliers, how they are implemented and monitored	Partially reported	P. 67-69, 80
Aspect C2 Product responsibility			
General Disclosure	(a) the policies; and (b) relevant standards, rules and regulations on health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Partially reported	P. 67-70
C2.1	Percentage of total products sold or shipped subject to recalls for safety and health	Fully reported	P. 69
C2.2	Number of products and service related complaints received and how they are dealt with	Partially reported	P. 69-70
C2.3	Practices relating to observing and protecting intellectual property rights	None	
C2.4	Quality assurance process and recall procedures	Partially reported	P. 67-70
C2.5	Consumer data protection and privacy policies	Fully reported	P. 70, online
Aspect C2 Anti-corruption			
General Disclosure	(a) the policies; and (b) relevant standards, rules and regulations on bribery, extortion, fraud and money laundering	Fully reported	P. 66, online - Prevention of Bribery Ordinance
C3.1	Number of legal cases regarding corrupt practices and the outcomes	None	
C3.2	Preventive measures and whistle-blowing procedures, implementation and monitor	Fully reported	P. 66, online
D. Community Involvement			
Aspect D1 Community investment			
D1	Policies on community engagement	Fully reported	Online - ESG Policy
D1.1	Focus areas of contribution	Fully reported	P. 71-79
D1.2	Resources contributed	Partially reported	P. 74-79
Remarks:			
Online:	Sa Sa Corporate Website (http://corp.sasa.com/)		