

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



BEAUTY PROPAGATING

Bonding with Stakeholders to Build a Sustainable Future



To make our “Making Life Beautiful” journey sustainable, we have embedded this core aspiration into our value creation process for all our stakeholders. Our hope is for this beauty to continue to flourish beyond our time, when our work today will become part of our future’s beauty propagation.

Two of our key focuses this year have been acting as both listener and enabler to align the interests of our key stakeholders. The first has involved providing opportunities for more of our stakeholders to engage in our Environmental, Social and Governance (“ESG”) strategy as we extend our stakeholder engagement beyond our management team. This meant including our customers, shareholders and non-executive directors in our engagement process while reaching out to a wider group of our talent. The initiative has provided us with further insight into Sa Sa’s most significant issues. The second achievement has been the completion of our six key ESG related policies, enriching the Sa Sa’s ESG framework and acting as guiding principles for better management of those aspects that are important to us.

Sa Sa’s commitment and the efforts invested in our beautiful future were recognised by a number of institutes this year, including Hong Kong Chamber of Listed Companies, Hang Seng Sustainability Index and Hong Kong Management Association – to name just a few.



“If Beauty Propagating is to pass on the best of today for future generations, I think a beautiful natural environment, a harmonious and stable community, happy and satisfied customers, and joyful talents are definitely some of the key elements that we want to pass on.”

Dr Simon Kwok, SBS^o, JP
Chairman and Chief Executive Officer

Dr Eleanor Kwok, BBS, JP^o
Vice-chairman



◊ Since 30 June 2017





Policy Setting

Six key policies were completed during the financial year, with the aim of strengthening the alignment of Sa Sa's operations to the organisation's vision with a clearer outline of our principles and management approach towards ESG issues that are important to our stakeholders.

The process involved the review of the organisation's key practices and creating dialogue with key policy owners. Mapping of policy coverage against relevant guidelines and standards was completed in order to ensure that coverage of the policies is adequate. These policies include requirements such as those set out in the Hong Kong Stock Exchange ESG Reporting Guide, Hang Seng Corporate Sustainability Index, Global Reporting Initiative ("GRI") G4 Sustainability Reporting Guidelines and ISO26000. Benchmarking with relevant industry best practices was completed as we compiled each policy.

Following endorsement by the Sa Sa's Board, the policies were implemented and will be reviewed regularly, to ensure they remain relevant and appropriate for our key stakeholders.

A copy of our Environmental, Social and Corporate Governance Policy is featured on the next page, since that policy provides an overarching framework of the key policies adopted during this financial year.

Key Policies that were Adopted During the Period

	Employment Policy <ul style="list-style-type: none"> • To create and maintain a positive working environment • Areas covered include compensation, recruitment, promotion, working hours, rest periods, diversity and equal opportunities, and prevention of forced and child labour 	
	Environmental Policy <ul style="list-style-type: none"> • To reduce the potential environmental impact of our operations • Policy coverage includes carbon management, consumption of raw material, transport and logistics, waste management, business travel, environmental awareness 	
	Health and Safety Policy <ul style="list-style-type: none"> • To provide and maintain a safe and healthy work environment • To prevent workplace accidents • To provide adequate and relevant guidelines and training to our talents 	
	Responsible Product and Supply Chain Policy <ul style="list-style-type: none"> • To continuously improve the quality of our products and customer experience • To create sustainable, supportive relationships with our suppliers • Policy coverage includes product safety, quality, complaint management, responsible marketing, protection of customer privacy, and supplier performance relating to sustainability 	
	Training and People Development Policy <ul style="list-style-type: none"> • To provide relevant training opportunities to our talents • To inspire our human capital to deliver excellence 	

Scan QR code to download policy in PDF.



ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE POLICY OF SA SA INTERNATIONAL HOLDINGS LIMITED ("COMPANY")

Introduction

As a responsible corporate citizen, the Company recognises the importance of environmental and social responsibility as part of the "Making Life Beautiful" journey and the value creation process for all our key stakeholders. We embrace good practices and go to great lengths to achieve optimal balance in economic, environmental, social and corporate governance whilst conducting our business operations to satisfy our stakeholders.

Management Approach

This Policy sets out the framework for managing our environmental, social and governance ("ESG") commitment.

The Board of Directors ("Board") has overall responsibility for the Company's ESG strategy, but has delegated the day-to-day responsibility of implementation to the ESG Taskforce and Corporate Governance ("CG") Taskforce with representatives from different departments in the Company.

We will:

- **Decision Making:** Integrate environmental and social considerations in our decision making processes;
- **Compliance with Laws and Regulations:** Meet or exceed all legal and regulatory requirements, including environmental and social requirements, which are applicable to our business operations;
- **Stakeholder Engagement:** Engage our key stakeholders including employees, customers, shareholders and suppliers, to ensure their needs and concerns are heard and addressed, and if appropriate, incorporated into our strategy;
- **Environment:** Identify and minimise potential negative environmental impacts of our operations where possible;
- **Workplace:** Create a safe, healthy, fair and enriching working environment where all employees are treated with respect and able to achieve their full potential;
- **Supply Chain:** Work with vendors to strengthen the social and environmental aspects of products and services we deliver to our customers;
- **Product Responsibility:** Provide products and services that fulfills our responsibilities towards our customers, the environment and the society;
- **Community Investment:** Foster the development of communities in which we operate, through support in the form of financial and human capital, with a focus on programmes and issues that we are most concerned; and
- **Corporate Governance:** We have adopted the Corporate Governance Code sets out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited as the principal guiding principles for the Company to achieve the highest standard of corporate governance. We either comply with the code provisions or explain with good reason why we deviate from them. In order to further enhance our corporate governance practices, we also adopt the recommended best practices or even go beyond what is stipulated in the Corporate Governance Code, if and when appropriate.

Additional policies that describe our commitment towards our stakeholders include:

- Environmental Policy;
- Employment Policy;
- Health and Safety Policy;
- Training and People Development Policy;
- Equal Opportunity Policy; and
- Responsible Product and Supply Chain Policy.

Monitoring and Disclosure

We will review, and if necessary revise, this Policy and our ESG practices at least annually to ensure continuous improvements of our standards. Performance goals will be identified and reviewed regularly, with relevant updates to be communicated to the Board periodically. And we will disclose the relevant performance indicators in our annual ESG report.

This Policy shall be made available on the Company's website as well as posted on the Corporate Portal.

Language Version

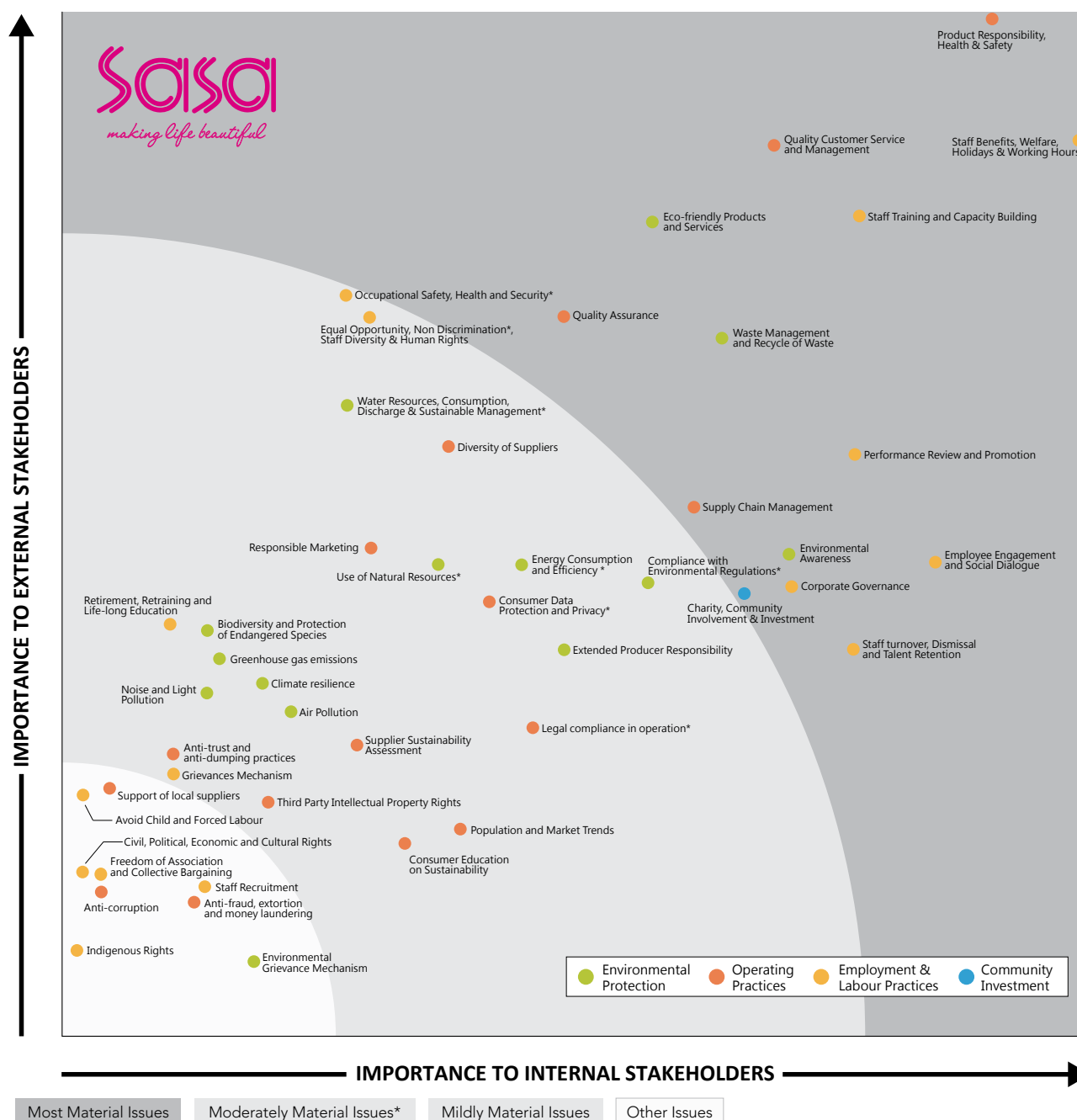
The text of this Policy appears in both English and Chinese languages. In case of discrepancy, the English version shall prevail.



Recognising How Beauty is Defined

To truly reflect and strengthen the alignment of our beauty journey with the interests of our key stakeholders, we have completed Phase 2 of our stakeholder engagement exercise. Key internal stakeholders' views as set against key external stakeholders' views are summarised below, taking into account the views of the Board, management team, other employees, shareholders and customers.

The list of issues used for evaluation were derived through discussion conducted with management team to review the Hong Kong Stock Exchange ESG Reporting Guide and Hang Seng Corporate Sustainability Index, with additional references to GRI G4 Sustainability Reporting Guidelines and ISO26000 where appropriate.



For prioritization and management, the list of issues in Sa Sa's materiality matrix has been divided into four categories, with the top right section containing the top 30% of issues (14 issues) that are "Most Material" for Sa Sa according to the aggregate view of our internal and external stakeholders. For these issues, we ensure that relevant policies are firmly in place, and in depth discussion is conducted with the relevant member(s) of the management team. Moving forward, further discussion will be conducted in 2017/18 to strengthen alignment between the relevant direction, strategies and targets.

List of Most Material Issues for Sa Sa

Employment and Labour Practices (under Our Talents section) <ul style="list-style-type: none"> • Staff Benefits, Welfare, Holidays and Working Hours • Staff Training and Capacity Building • Performance Review and Promotion • Employee Engagement and Social Dialogue • Corporate Governance • Staff Retention, Turnover and Dismissal 	Operating Practices (under Our Customers section) <ul style="list-style-type: none"> • Product Responsibility, Health and Safety • Quality Customer Service and Management • Quality Assurance • Supply Chain Management
Community Investment (under Our Community section) <ul style="list-style-type: none"> • Charity, Community Involvement & Investment 	Environmental Protection (under Our Natural Environment section) <ul style="list-style-type: none"> • Eco-friendly Products and Services • Waste Management and Recycling of Waste • Environmental Awareness

To ensure highly important issues for individual stakeholder groups are accounted for, we have further reviewed the top 10 issues from each of the stakeholder groups that we have engaged and identified issues that were not included in the "Moderately Material" issues list. These issues that are classified as "**Moderately Material Issues**" and are listed below, forming the basis of more in depth discussions to be conducted with relevant members of management team.

List of Moderately Material Issues for Sa Sa

- Equal Opportunity, Non-Discrimination, Staff Diversity and Human Rights
- Occupational Safety, Health and Security
- Consumer Data Protection and Privacy
- Legal Compliance in Operation
- Use of Natural Resources
- Water Resources, Consumption, Discharge and Sustainable Management
- Energy Consumption and Efficiency
- Compliance with Environmental Regulations

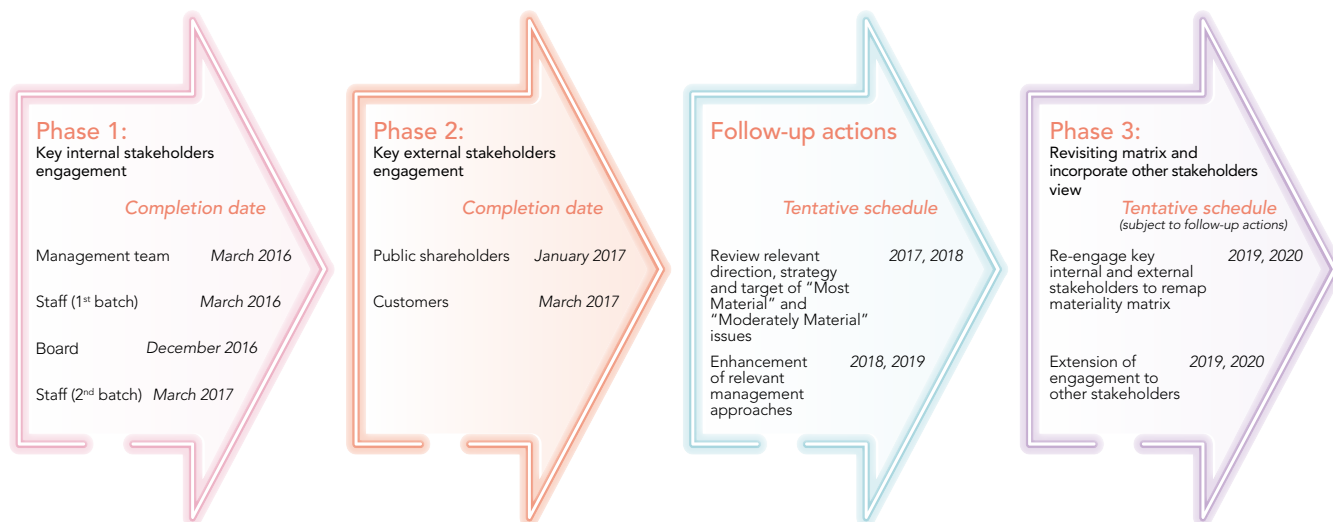
The next section after "Moderately Material" issues is "Mildly Material" issues, which covers the next 15 important issues in aggregate of internal and external stakeholders' views, added together with "Moderately Material" issues they represent a total of 50% of the full list of issues. All the "Mildly Material" issues where a certain degree of management approach already exist will be discussed in this report, with the relevant gap between stakeholder expectations and our approaches to be further evaluated in 2017/18 for improvement.

The remaining 20% of the issues are classified as "Other" issues. Although these might not fall within the "Material" issues from the assessment, a number of issues are still relevant to Sa Sa to ensure compliance with rules and regulations, such as the subject of anti-corruption. These issues will still be discussed within the report.





Stakeholders Engagement Milestones



Having completed the phase 1 and phase 2 stakeholder engagement process (with input from our Board of directors, management team, employees, customers and shareholders), our focus for the next two years will be on enhancing the relevant management approach and on disclosure, so that we can better meet the expectations of our immediate stakeholders. Phase 3 will involve taking into account the views of other stakeholders such as suppliers and non-governmental organisations ("NGOs"). We will implement this phase after we have received initial feedback and reviewed the results of our enhancement work in phase 1 and 2.

Awarded for Our Care

Sa Sa has been honoured to be recognised by a number of prestigious organisations for the outstanding results that we have achieved. These awards include the Hong Kong Chamber of Listed Companies's "Corporate Governance Excellence Awards" and "Sustainability Excellence Awards". Sa Sa was selected a Member of Hang Seng Sustainability Benchmark Index for the six consecutive years, in recognition of Sa Sa's sustainability performance, which ranks the Group among the top quartile listed companies in Hong Kong. Sa Sa also received an Honourable Mention in the Hong Kong Management Association "Best Annual Reports Awards Judges' Report 2016", in recognition of the quality of Sa Sa's sustainability report and the annual report's overall clarity.

BONDING WITH OUR TALENTS

An alignment of our vision with their dreams

The Company values our employees and recognises that the core of our Company's success depends on our ability to inspire talent to deliver excellence. We are committed to creating and maintaining a positive working environment within which employees are able to flourish and to share the success of the Company.

* Extract from Employment Policy



Reference page / section

"Most material" Issues Relating to Our Talents

Staff Benefits, Welfare, Holidays and Working Hours	Page 75
Staff Training and Capacity Building	Pages 70-73
Performance Review and Promotion	Page 75
Employee Engagement and Social Dialogue	Pages 73-74
Corporate Governance	Refer to Corporate Governance Report (Pages 118-141)
Staff Retention, Turnover and Dismissal	Page 101

"Moderately Material" Issues Relating to Our Talents

Equal Opportunity, Non-Discrimination, Staff Diversity and Human Rights	Page 76
Occupational Safety, Health and Security	Page 76



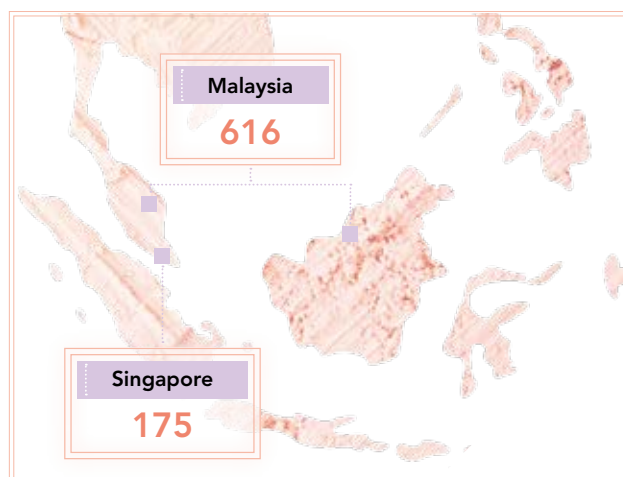
Composition of Our Talents

Sa Sa Group headcounts consist of over 4,800 staff as at 31 March 2017. The composition of our talents is set out below:

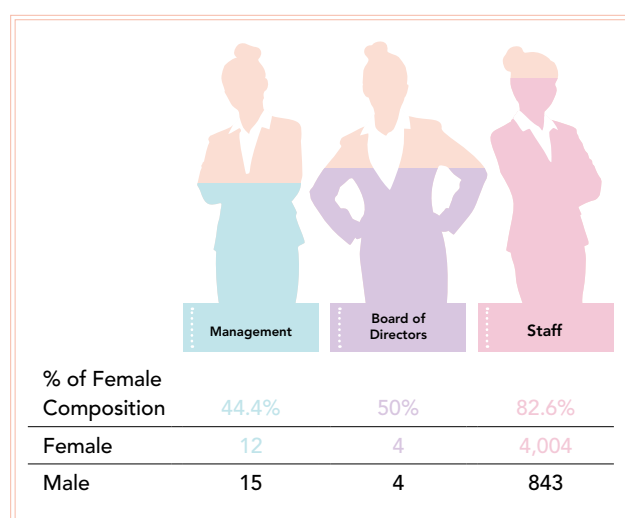
Employee Number By Employment Type

	Full Time	Part-time or Temporary	Total
Total	4,281	566	4,847

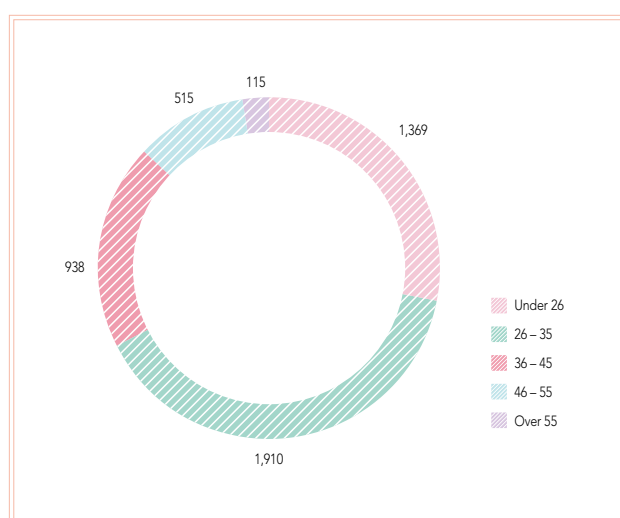
Employee Number By Geographical Locations



Employee Number By Gender



Employee Number By Age Group



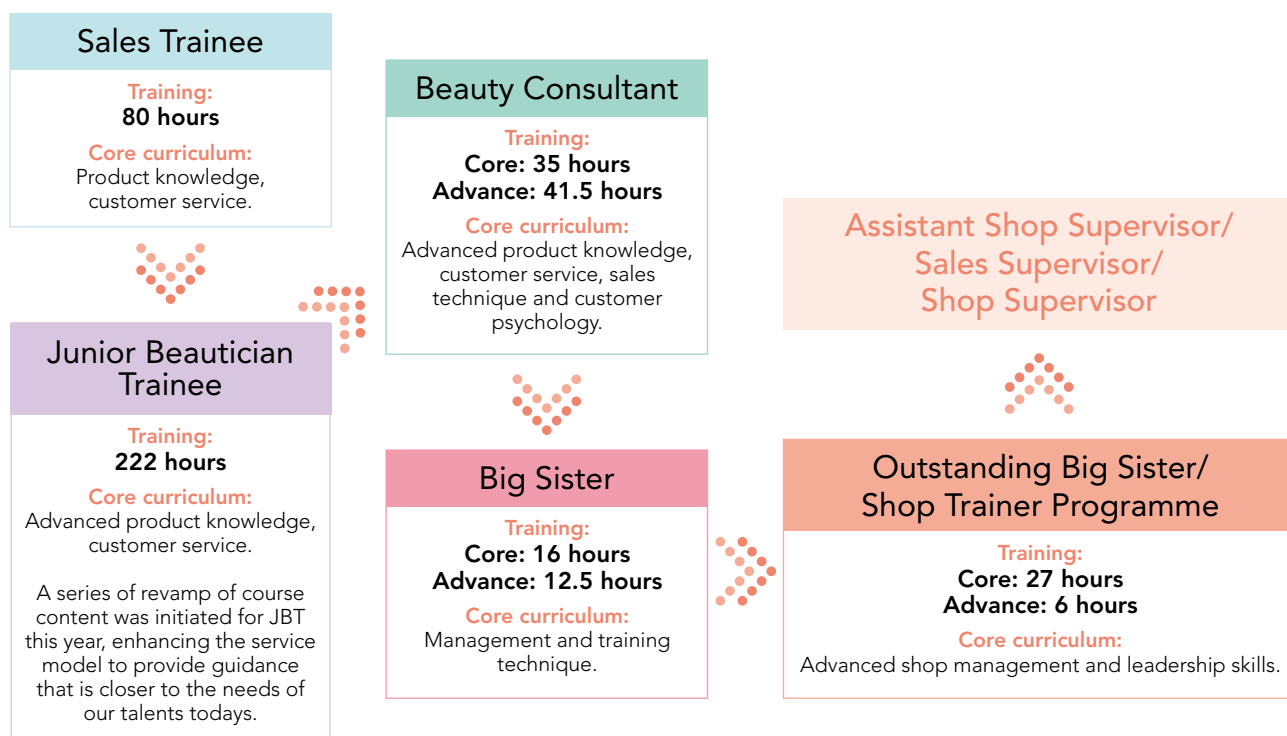
To Develop and Grow

To ensure that our "Making Life Beautiful" journey is sustainable, we are committed to nurture this core aspiration in the mindset of all our colleagues. We have also designed a diverse set of programmes for different talent profiles, with the aim of inspiring and enabling our talents to excel and realise their own aspirations.

Junior Beautician Trainees: A Launch Pad for Their Dream of Beauty

To provide opportunities to potential talents who are interested in a beauty career, a comprehensive training curriculum has been developed to ensure our talents can acquire a full set of product and skin care knowledge to serve the needs of each and every customer who comes into our shop. With all Junior Beautician Trainees ("JBTs") being formally assessed before graduation, the Board's Chairman hosts a formal graduation ceremony every year in recognition of their achievement in passing this course of training and examinations.

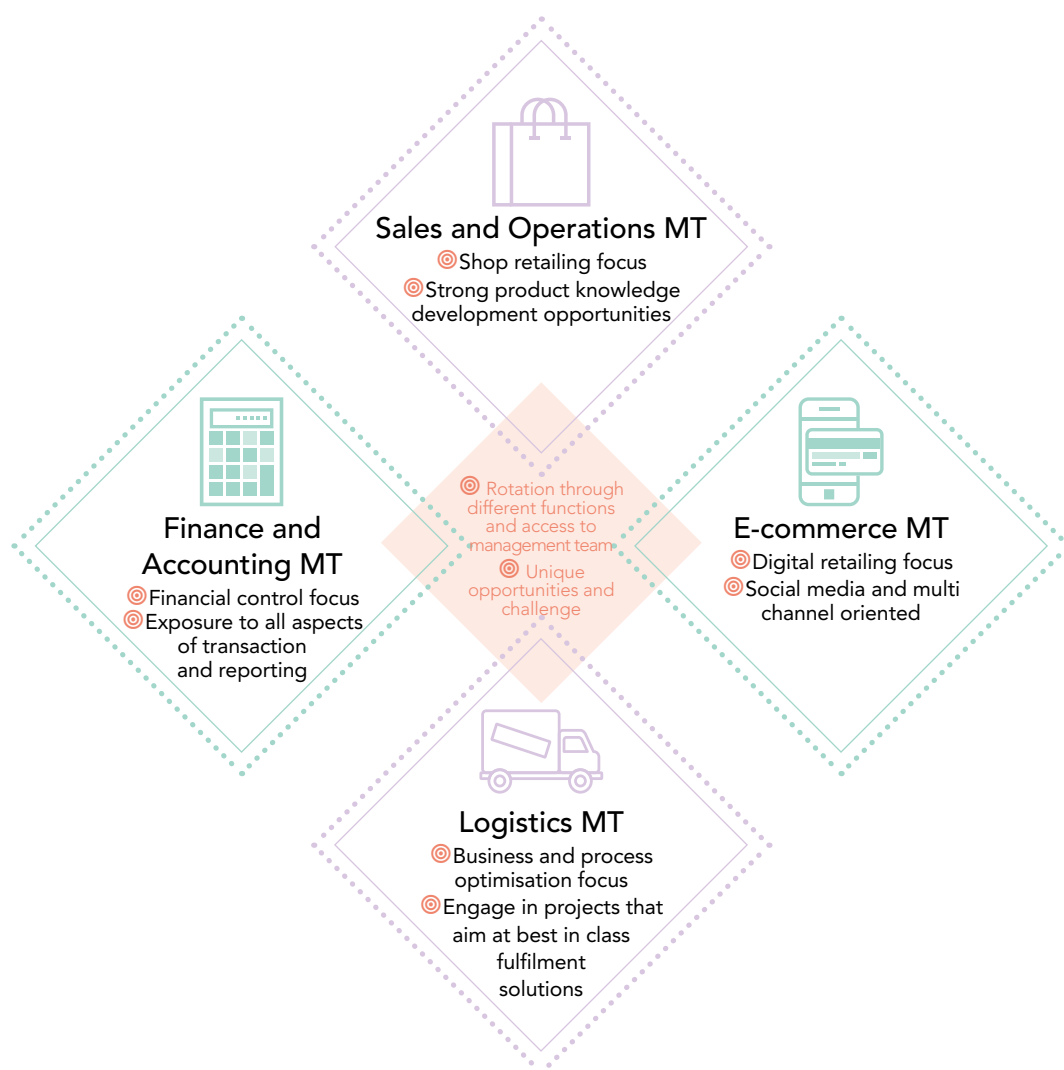
Frontline Development Path





Management Trainee Programme – Designing a Future with Diversity

To meet the increasingly diverse demands of graduates with different career aspirations and dreams of the future, three new streams of our Management Trainee (“MT”) programme were launched during the financial year. The new management trainee programmes aim to bring closer alignment between the interests of graduates and the ultimate needs of our management ladder. In addition to our traditional Management Trainee programme under our Sales and Operations department, the new streams include E-commerce MT, Logistics MT, and Finance and Accounting MT. Each programme serves a common goal of providing a career boost to talents, by offering enhanced leadership opportunities and diversified exposure to different aspects of our business.



By the numbers:

Applications	1,220
Rounds of Selection Screening Required	5
Final Intake:	28
MT Journey	18-24 months

Nurturing the Next Generation of Retail Excellence

As competition in the labour market intensifies, we see it as part of our strategy to reach potential talents before they join the labour market, so that they will be able to develop skills that are relevant at an early stage.

At Secondary School Level: Business – School Partnership Programme

As part of our commitment to develop a future talent pool for the cosmetic and retail industry, we have provided opportunities to 96 students from 29 secondary schools, offering them orientation training, real shop attachment experiences and follow-up sessions, so they can better understand the pros and cons of the retail industry.

At Tertiary Level: Earn and Learn with VTC

For the second year, Sa Sa has participated in the Earn and Learn Programme organised by Vocational Training Centre ("VTC") and Hong Kong Retail Management Association. In this course students from VTC are provided with opportunities for training and short term paid positions with Sa Sa. The training counts as part of their credit bearing Foundation Diploma programme.

Continuation of Learning, Continuation of Dreams

Believing in the importance of continuous development of our talents, we have established various programmes and platforms to further this aim.

Core Product and Service Competency: Enhancing the Digital Learning Experience

After months of development and testing, a revamped e-learning platform was completed, integrating some of the most insightful training materials relating to our products, skincare concepts, service tips, market trends and foreign language training, thereby offering a convenient way for our colleagues to develop their skills on-demand.

Management Effectiveness: The 7 Habits Workshop

A workshop was held this year as part of a management development workshop, with the focus on Stephen Covey's *7 Habits of Highly Effective People*. The aim was to strengthen both the personal and collaborative effectiveness of the team. The workshop was conducted through a mix of theory sharing and opportunities for immediate application.



Staff development subsidy

Since each of our colleagues has their own development needs, they are encouraged to identify programmes that fit their annual development objectives. These programmes can be fully paid for if they align with their object.



Qualifications Framework – to Recognise our Beauty Experts

Since many of our beauty consultants have already committed themselves to their profession for over 10 years with Sa Sa, they have acquired skills and capabilities that are truly best in class. To recognise these skills and expertise, Sa Sa participated in the Recognition of Prior Learning programme organised by the Qualifications Framework. More than 190 colleagues successfully acquired the qualification in this financial year after passing the written and/or verbal verification and the examination process.



To Connect and Communicate

To strengthen the connectivity and dialogue between all levels of the organisation, a number of channels have been established to promote connections.

Formal Channel

Board and management engagement

- **Board Meeting**

A total of 22 Board and Board Committee meetings were held this year to ensure that key strategic priorities were clearly defined.

- **Management Meeting**

Weekly meeting of key members of the management team to ensure continuous alignment of operations to organisational strategic priorities.

Regular alignment of goals

- **Night Meeting**

A series of annual meetings are held at regional level every year, where frontline colleagues gather and share challenges that they face in their area of operation. Key messages from Management are also communicated to empower actions that align with organisational strategy.

- **Supervisor Meeting**

A meeting of all major shop supervisors is held every month to ensure key trends, market updates, and company strategy are brought to the frontline in an appropriate manner.



BONDING WITH OUR TALENTS

Informal Channel

To provide a more active, sociable and fun working environment for our talents, a Staff Recreation Club was established in 2011, with the aim of organising events and classes of interest to our colleagues. With a dedicated budget, some of the events that were organised this year include:



Colleagues at cake making class, to make their favourite cartoon characters into cakes.



Colleagues at specialty pastry mooncake making class prior to Mid Autumn Festival.



Colleagues making their personalised storm glass, an instrument that became quite popular in the 1860s to predict weather patterns.



Sa Sa colleagues and families making a fun visit to the Legislative Council Complex together with Peter Shiu Ka-fai, member of the Legislative Council of Hong Kong for the Wholesale and Retail functional constituency.



Employee Rewards, Retention and Well Being

Staff Performance Appraisal

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, key performance indicators ("KPIs") are adopted to ensure that the requisite directions and standards are set and met.

We believe in the importance of recognising employees' accomplishments, and thus we have many different but equally valuable ways of rewarding our talents. There are many performance incentives for our employees, with discretionary bonuses, sales bonuses, sales commissions and share awards being offered to reward good performance.

The total employee benefit expenses of the Group amounted to HK\$1,064 million for 2016/17, sharing approximately 14% of our organisation's turnover.

Staff Induction and Wellbeing

To enable our talents to start their journey of beauty smoothly with Sa Sa, a comprehensive Employee e-Handbook is introduced to them on their welcome day, containing an outline of key benefits and compensation for staff. Our Employment Policy also provides our talents with a clear view of principles on how Sa Sa relates to our talents.

Catering for colleagues living in different parts of Hong Kong, shuttle services are offered to colleagues in the New Territories and Western Kowloon area, thereby reducing the challenges our colleagues face in commuting to work.

A series of health care and well-being talks have also been organised:

- Effective weight management;
- Winter disease prevention kit;
- Common work related pain;
- Eye disease; and
- Woman health care and cervical cancer.

Anti-corruption

To ensure the workplace operates in a fair and transparent manner, the following policies and practices are in place, including:

- Whistleblowing Policy: Providing the necessary mechanism for employees to report misconduct within the organization.
- Gifts and Entertainment Policy, Conflict of Interest Policy and Guidance on Prevention of Bribery Ordinance: preventing and managing possible conflicts of interest and bribery.

Our Internal Audit and Management Services Department is responsible for execution of these policies. Further details regarding relevant implementation and monitoring can be found in the Corporate Governance Report. No legal action was instigated against Sa Sa for corruption during the period.

Health and Safety, Well-Being and a Harmonious Workplace

Health and Safety

A dedicated Health and Safety Committee has been set up to address health and safety issues, led by the Head of Human Resources with members from various departments. The company's Health and Safety Policy sets out the employer's and employees' role in maintaining a safe and healthy work environment, and will be reviewed annually to ensure continuous updates and improvements. A module on avoiding workplace injury is also introduced at staff induction.

Health and safety by the numbers:

- There were zero cases of fatality due to workplace accidents in 2016/17;
- There were 14 cases of work related injuries in 2016/17;
- The total lost days due to work injury was 718 days; and
- An average of 0.21 days of sick leave were taken by our staff members per month.

Workplace Harmony and Equal Opportunity

Sa Sa's Employment Policy sets out clearly the importance of an inclusive and harmonious workplace.

Diversity and Equal Opportunity

We recognise the value of a diverse and skilled workforce and are committed to creating and maintaining a collaborative workplace culture in which all can thrive.

We are dedicated to providing equal opportunity in all aspects of employment and maintaining a workplace that is free from discrimination, physical or verbal harassment against any individual on the basis of race, religion, colour, gender, physical or mental disability, age, birth place, marital status, sexual orientation or any other status protected by applicable law.

We will strive to ensure that complaints, grievances and concerns, including whistle blowing, are dealt with promptly and confidentially.

Prevention of Child and Forced Labour

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

* Extract from Employment Policy



BONDING WITH OUR NATURAL ENVIRONMENT

Sustaining the miracle beauty of Gaia



We recognise our responsibilities towards the potential direct and indirect negative environmental impacts associated with our business operations.

By integrating environmental consideration into our decision making processes, we embrace our responsibilities to create an environmentally sustainable business. This is achieved through innovating and implementing measures that promote greenhouse gas emission reduction, energy and water conservation, efficient use of natural resources, waste reduction and any other green initiatives across the life cycle of our products and services.

* Extract from Environmental Policy



Reference page

"Most Material" Issues Relating to Our Natural Environment

Eco-friendly Products and Services	Page 78
Waste Management and Recycle of Waste	Pages 81, 103
Environmental Awareness	Pages 82-85

"Moderately Material" Issues Relating to Our Natural Environment

Use of Natural Resources	Pages 81, 103
Water Resources, Consumption, Discharge and Sustainable Management	Pages 81, 102
Energy Consumption and Efficiency	Pages 80, 102
Compliance with Environmental Regulations	Pages 82, 103

Despite the efforts from governments, corporates, nonprofits and individuals around the world, our planet's temperature continues to rise, 2016 was again the warmest year since global record begin 137 years ago (source: National Centers for Environmental Information). At the same time, recognising the seriousness of the climate issue, an important consensus was reached at the United Nations Climate Conference in Paris amongst most leaders: that we all must do our part to limit the increase in global temperature to no more than 2°C.

At Sa Sa, we see ourselves as part of the global community in addressing climate and environmental challenges. Thus we are reviewing the science-based target, to reflect the global community's commitment to meeting the challenge of global warming.

We also recognise that as part of our operations, we leave a significant footprint on the natural environment despite our progress in energy and carbon emissions reduction. We see the importance to be persistent in tackling our negative environmental impact via of two key pillars. First to optimise our operations and the second to raise environmental awareness through the reinforcement of positive behavioural change. We believe that if we get these policies right, we can ultimately bring benefits both to our environment and to our financial bottom line.

Turning our Operations and Channels Green

In the lifecycle of our operations, we recognise that we impact the planet's resources in many different ways. Through strengthening our approach over the years in governing, measuring, monitoring and exploring reduction opportunities, we believe we can become more efficient in achieving our aspiration of delivering beauty to our key stakeholders.

One important catalyst to our continuous improvement is our Board, providing the necessary direction and passion for our work through discussions of ESG strategy at Board meetings twice a year. Our management also places considerable emphasis on the subject of sustainability, engaging in conversations throughout the year with the ESG team to identify possible improvement opportunities. A dedicated ESG Taskforce, consisting of representatives from all major departments, helps Sa Sa to rapidly drive the sustainability agenda forward at operational level.

Phasing Out Microbeads

Microbeads are solid plastic particles of 5mm or less, and are mainly used as exfoliants and cleansing agents in rinse-off products. In recent years, microbeads have been scrutinized for the negative impact they may pose to the marine environment and human health. Many countries and major multinational brands have already stopped, or are taking steps to eliminate the usage of microbeads in rinse-off products.



As scientific evidence becomes more compelling on the environmental damage that microbeads cause to the global ecosystem, in August 2016 Sa Sa committed to eliminate plastic microbeads in any rinse-off product with the target of completely phasing out microbeads by the end of 2018. Sa Sa thus became the first large scale multi-brand cosmetic retailer in Hong Kong to make this commitment publicly.

"We believe and are committed to protecting the beauty of mother nature. However, to truly live up to our commitment is not easy as it requires us to constantly review, benchmark and reorganise aspects of what we currently do, which in turn necessitates substantial changes to product strategy and the entire supply chain. I think passion and persistency are the two critical elements that are needed to really make this happen.

With climate change, we have no choice but to take appropriate actions to stop it, for ourselves, and for our future generations."



Dr Guy Look
CFO & Executive Director



Tracking our Carbon Footprint

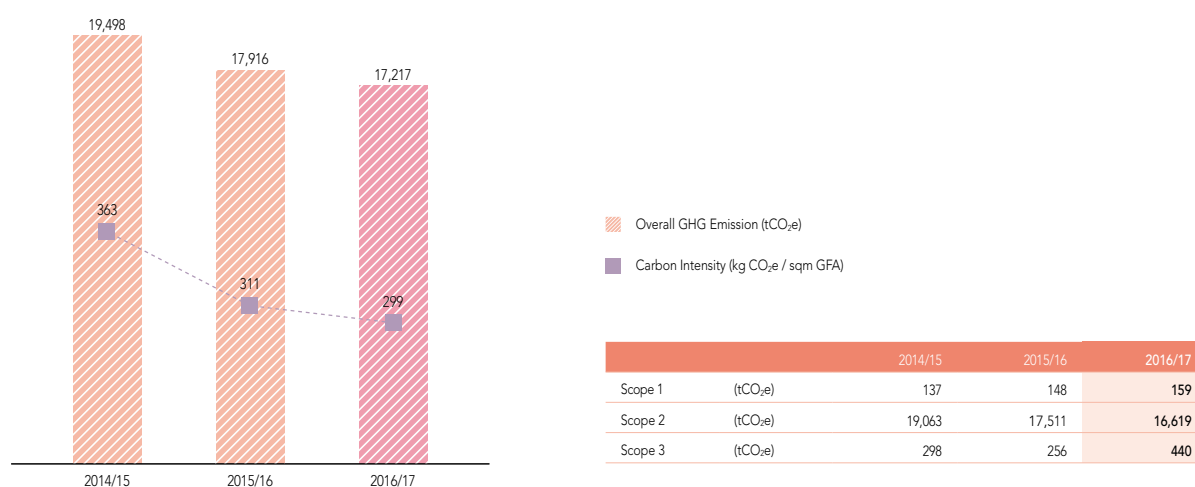
We believe that understanding environmental impacts across our operations is the first step towards taking meaningful actions. Since Sa Sa began to report on its carbon footprint in 2012/13, we have been extending the coverage and depth of our environmental performance report every year. This report includes the use of infographics to display three years' carbon data in 2014/15, and further analysing disclosure of our carbon footprint into direct and indirect emission in 2015/16. This year, we extend the coverage of scope 3 emissions by incorporate greenhouse gas ("GHG") emissions resulting from logistics operations carried out by external logistics operators based on the vehicles used to transport the product from our logistics centers to our stores.

As we reach the end of this financial year, we are pleased to report that our efforts in continuous monitoring and control of GHG emissions have again paid off. For the fifth consecutive years, we have reduced our carbon intensity (per gross floor area ("GFA")) across our operations. In measurable terms, our operations produced 17,217 tonnes of carbon dioxide equivalent ("CO₂e") emissions in this financial year, a 3.90 % reduction from 17,915 tonnes of CO₂e in 2015/16.

The emissions associated with electricity consumed in our stores, offices and warehouses (scope 2) remain the biggest contributor to our GHG emissions. We successfully reduced scope 2 emissions by 5.1% in 2016/17, which can be primarily attributed to the increasing utilization of LED lighting in our stores (For more details, see Energy Conservation on page 80).

Another change year on year was a 26.5% reduction in emissions related to business air travel, as a result of the promotion of alternative means of communications in order to minimise non-essential air travel.

GHG Emission and Carbon Intensity



Note: Previously published data for 2014/15 and 2015/16 are restated due to the change in the emission factors adopted and the inclusion of certain electricity consumed settled through a landlord which were not accounted for previously.

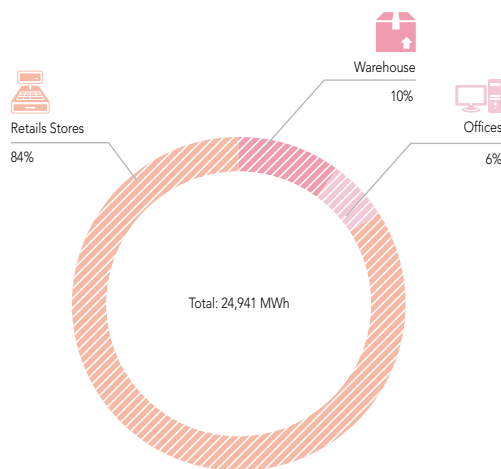
Looking ahead, we are in the process of reviewing relevant targets that have closer associations with the climate challenge the planet is facing. We are therefore using the "Science-based Approach" in working towards identifying possible carbon reduction targets. The "Science Based Targets", a joint initiative of CDP, the UN Global Compact, the World Resources Institute and World Wide Fund for Nature ("WWF"), aim to encourage companies to pursue bolder carbon targets by helping them determine how much they must cut emissions to help prevent the worst impacts of climate change. If the global community can work together collectively with the same commitment to reduction, the results would reduce global warming to well below a 2°C increase as compared with pre-industrial levels.

Our carbon footprint analysis follows 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. You can view full carbon footprint data for the previous three years and an explanation of the methodology in the Sustainability Data Statement – Natural Environment (p.102-103).

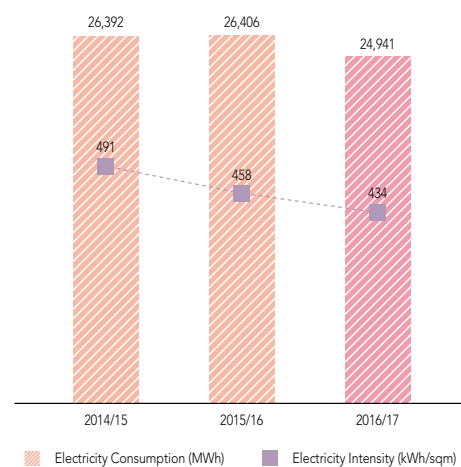
Energy Conservation

As a retailer with 116 stores in Hong Kong and Macau (as at 31 March 2017), it is important for us to make every effort to reduce our electricity consumption where practical. In 2016/17, Sa Sa made further progress in energy efficiency across our operations. Our total electricity consumption in Hong Kong and Macau was equivalent to 24,941 MWh in 2016/17, 5.6% less than in 2015/16. Our energy intensity, normalised against gross floor area ("GFA"), equated to 434 kWh per square metre. This is 5.3% less than the previous financial year.

Electricity Consumption by Facility Type



Electricity Consumption & Intensity



With retail stores accounting for about 84% of our total electricity consumption, much effort has been focused on energy-efficiency initiatives in stores, including:

- **Utilization of LED Lighting** – all lightings in our new stores are fully fitted with LED light.
- **Charter on External Lighting** – Sa Sa is a signatory to the Environment Bureau's Charter on External Lighting, with all relevant stores in Hong Kong having pledged to switch off external lights at preset time. In addition to energy saving, the Charter also aims to help reduce lighting disturbance to local residents.
- **Real time energy monitoring** – Our two stores in Temple Mall and Leung King Plaza participated in Link REIT's Tenant Energy Saving Pilot Programme, with a real time energy monitoring system installed. This allowed us to identify efficiency potential, and promote energy saving and eco-friendly behaviour among frontline staff.

Renewable Energy Certificate

We have recently purchased a Renewable Energy Certificate issued by WWF-Hong Kong with an offset value equivalent to 400kWh, generated solely from the rooftop solar system of Stilt House in Tai O, Hong Kong. Although this only offsets a small fraction of our carbon emissions from energy consumption, it is an opportunity for us as businesses to contribute to the local development of renewable energy.





Use of Natural Resources and Waste Management

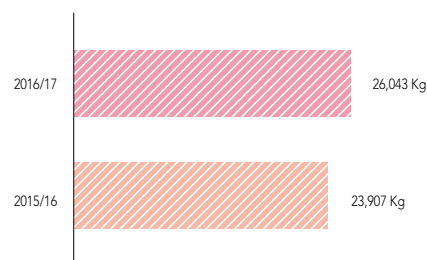
One material issue identified in our stakeholder engagement is waste management and the recycling and re-use of resources. To this end, we remain committed to minimising the amount of waste we produce and have taken many steps to reduce the burden that our daily operations place on landfills, as further elaborated below:

Waste Generation

We have begun to record the amount of general waste generated from our offices since 2015/16. In 2016/17, we generated 26,043 kg of waste as compared with 23,907 kg in the previous year, signalling the importance for us to review the sources of waste and our strategies in regard to minimisation.

In the coming year, priority will be placed on increasing the scope of reporting on waste across our operations so we have a better understanding of our waste footprint and reduction potential, echoing the government waste charging scheme scheduled for 2019.

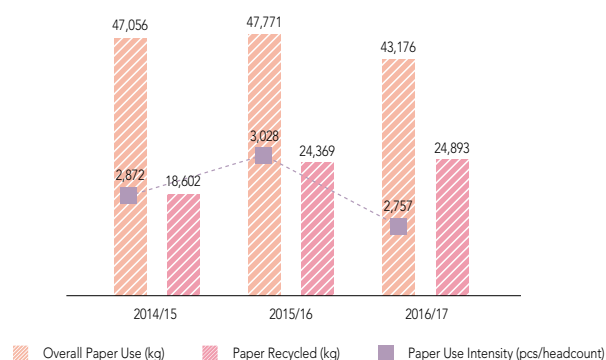
Office Waste Generated



Paper Use and Recycling

We are constantly looking for ways to take paper out of our waste equations. In April 2016, our Human Resources department launched an e-leave application system. In 2016/17, we diverted more than 24,000 kg of wasted paper from landfill via a local waste paper recycler, while on average every employee consumed a total of 2,757 sheets of paper, a reduction of 8.9% over last year.

Paper Use and Recycling



Reuse Carton Box

Our carton boxes reuse campaign have experienced much success since its launch in June 2015. Cumulatively we have reused 63% of our boxes since June 2015 on average, as shop supervisor being encouraged to stack up and return boxes as part of their regular re-shelving routine.

Environmental-Friendly Bags

Sa Sa's plastic shopping bags are oxo-biodegradable and its paper bags are also FSC certified.

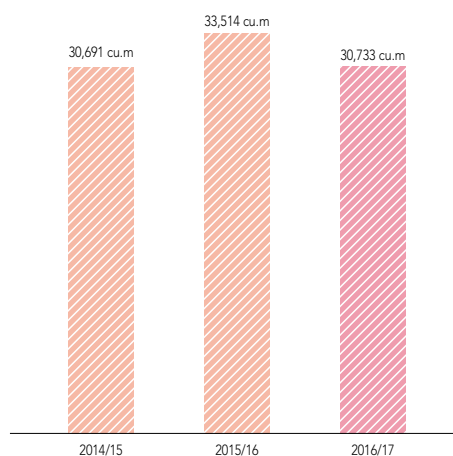
Computer Donation

In June 2016, we launched a computer recycling programme. Our staff were invited to recycle their unwanted computers, monitors and other accessories through Caritas Computer Workshop. 98 items in total were then redistributed to people in need or recycled in an environmentally responsible manner.

Water Consumption

Sa Sa's operations are not water intensive and represent just 0.1% of our carbon footprint. However, we recognise that water availability is a growing global concern, and we are committed to reducing our water usage.

Water Consumption



BONDING WITH OUR NATURAL ENVIRONMENT

Environmental Compliance

As a retailer, Sa Sa complies with the Product Eco-responsibility Ordinance (Cap. 602) with respect to the levy on plastic shopping bags. 50 cents will be charged for each shopping bag, including paper shopping bags purchased in our stores. In 2016/17, we provided more than 2.6 million shopping bags to the customers and collected HK\$1.3 million in total from this levy. Also, we dispose of the surplus products to designated waste collector in accordance with the Waste Disposal Ordinance (Cap. 354).

Environmental Awareness – Greening Culture

One key driver towards the continuous improvement of our sustainability performance includes continuous education and engagement of our talents and their families. Our aim is for them to better understand how their current activities contribute towards environmental damage, and inspire them to contribute towards the solution.

Green Lunch – From Listening, Experiencing to Believing

To provide a comprehensive green experience to our colleagues, a series of two green lunches were organised for our office and shop supervisors, providing an opportunity for our colleagues to listen to and experience various green issues.

Listen:

We were fortunate to be able to invite a number of insightful speakers to share green ideas.

Dr Guy Look – Interaction of Ecosystem



CLP – Eco Power 360



Greenpeace – Impact of Plastic Waste



Fair Trade Hong Kong – Understanding Fair Trade

Hong Kong and Shanghai Hotels – Sustainable Luxury





Experience:

To provide physical interaction opportunities, deepening participation and hopefully to enhance the likelihood of permanent behavioural change.



Eco-award registration:

A pop-up store provides opportunities for colleagues to register for paperless power bills.



Eco-cutlery:

To echo Greenpeace's plastic free campaign, an eco cutlery shop was invited to sell their products at our Green Fair.



Fair Trade Hong Kong Trader:

Providing various organic and fair-trade product options.



Vegetarian lunch served:

A diverse menu of healthy vegetarian food was served by a social enterprise caterer.

Pop-up / Start-up:

As part of ESG development programme for our MTs, they were given the opportunity to explore and develop social enterprise and green business ideas through design and operate 5 different pop up stores at our green lunch event, with all proceeds going towards Po Leung Kuk ("PLK").



BONDING WITH OUR NATURAL ENVIRONMENT

Facing our Challenge Hands On – Beach Cleanup Day

To align with our waste minimisation and microbeads free campaign this year, we organised a beach cleanup event with the help of Plastic Free Sea. More than 100 colleagues and their family members took part and learned about the negative environmental impacts that our daily waste generation creates.

With young and adult volunteers joining hands, we were able to restore the beach to its unpolluted state after a full morning of rubbish clearing.



Making our Festival Green With Love

From Red to Green – Red Packet Collection

Beginning in 2014, Sa Sa has been a Diamond sponsor of and participant in the “Red Packet Re-use and Recycling Programme” organised by Greener’s Action. Entering our fourth consecutive year of participation, Sa Sa committed to place collection boxes in our offices and 50 of our shop premises, allowing our employees and customers to give away their used red packets.

The red packets collected were sent to Greeners Action, where they will be reorganised and stored for reuse next year. This year 580,000 red packets were collected in total by Sa Sa, demonstrating a 99% increase as compared to last year.





Mid-autumn Angel – Mooncake Collection

Partnering with Food Grace and Food Angel, we collected over 150 mooncakes this year from colleagues prior to Mid-Autumn Festival. The mooncakes were redistributed to underprivileged families who cannot afford such luxurious festival food, resulting in both waste minimisation and positive community impact.



Recognition and Influence Beyond the Pink Boundary

Sa Sa's commitment to practising green management in the office has continued to be recognised by various green groups. In 2016/17, Sa Sa was honoured by WWF-Hong Kong and World Green Organisation with the "Gold Label" in the Low-carbon Office Operation Programme ("LOOP") Labelling Scheme and the Green Office Awards Labelling Scheme ("GOALS") respectively.

Reflecting Sa Sa's passion for making a difference, our CFO & Executive Director, Dr Guy Look, currently serves on the Energy Advisory Committee of the HKSAR, with the ultimate aim of assisting government to make decisions that will benefit both Hong Kong and the planet.

Sa Sa also collaborates widely with other businesses, NGOs, regulators and government on the advancement of ESG reporting in Hong Kong. Some of these initiatives include our sharing at the Carbon Audit Seminar for Listed Companies in October 2016, co-organised by the Environmental Protection Department and HKEx, and participate in sharing at the Community Investment Forum in June 2016, hosted by Community Business.



BONDING WITH OUR CUSTOMERS

Delivering an enlightening beauty experience

We value our customers and are committed to strengthening our ties with them over time by continuously improving the quality of our products and customer experience.

* extracted from Responsible Product and Supply Chain Policy



Reference page	
"Most Material" Issues Relating to Our Customers	
Product Responsibility, Health and Safety	Page 92
Quality Customer Service and Management	Pages 87-90
Quality Assurance	Page 92
Supply Chain Management	Page 92
"Moderately Material" Issues Relating to Our Customers	
Customer Data Protection and Privacy	Page 90
Compliance with Law	Pages 87, 90

We recognise it is increasingly challenging to create a truly enlightening experience for our customers as the customer journey and expectation have evolved rapidly over the last decade. Simply making products available at our retail store alone is no longer sufficient to fully satisfy our customers' desire for beauty solutions. Many customers are expecting deeper insights into a product's unique value. They want to gain confidence at a convenient touch point in that specific product and they expect our system to provide intuitive feedback so they can complete their transactions with ease.

With so much of our efforts being invested in enhancing customer channels and touch points over the last few years, we now recognise that the emerging priority over the next 12 months is to identify opportunities to drive forward Online-to-Offline ("O2O") Transformation. Our ultimate aim is to strengthen the interaction between Sa Sa and our customers and to obtain a deeper understanding of their purchasing patterns so that we can better fulfil their expectations of better products and deeper engagement.





Customer Frontend: Customer Service, Management and Experience

Founded 39 years ago in a 40 square feet shop in Causeway Bay, Hong Kong that was our only customer touch point, Sa Sa has since expanded our physical network to cover the five key regions of Hong Kong, Mainland China, Taiwan, Singapore and Malaysia. Besides the regional network of 288 shops, we are active in multiple online channels that reach customers in over 100 countries. In mapping our customer experience and interaction with our online and offline touch points, we have identified four key phases as follows:



Customer Awareness and Consideration



Sa Sa employs numerous channels to reach out to our existing and potential customers. We have established policies and process that ensure our marketing practices are fair and accurate and in full compliance with the Trade Description Ordinance ("TDO").

As part of our efforts to continuously enhance our multimedia content, we have recently launched *Sa Sa Beauty Live*, with live Facebook sharing about some of the hottest products that are in the market, essential skin care and makeup tips, and critical product comparisons that enable our customers to make the right product choices.



BONDING WITH OUR CUSTOMERS

A Beauty Carnival for All – Sa Sa Ladies Purse Day

Sa Sa Ladies Purse Day held jointly with Hong Kong Jockey Club was again a huge success this year, attracting a record crowd of 83,383 individuals, an increase of 15% as compared to last year.

With the history of Lady Purse races being traced back as far as 1846, it is always a festive occasion bringing together many of the city's celebrities, designers and horse racing enthusiasts. In this year's programme, in addition to the horse races, British headwear designer Harvy Santos was invited to showcase some of his work at on the fashion catwalk. A best dress contest was held during the day and the public was invited to take part in this beauty carnival. A makeup workshop and popup store were also arranged so that event guests could truly experience Sa Sa's unique beauty solutions.



Customer Purchase



In regard to online sales channels, in addition to maintaining our strong customer engagement on sasa.com and jd.com, we commenced a new strategic partnership with Kaola during the year. Kaola is one of the largest cross-border e-commerce platforms in China, providing yet another channel for our customers to fulfil their beauty dreams. In parallel, the recent migration of our Mainland logistics centre to Zhengzhou Bonded Warehouse also provided added convenience, enabling us to fulfil customer online purchases in China in a more timely and cost efficient manner.

With our physical stores still contributing the majority of Sa Sa's revenue, much effort has been invested in establishing various types of experience options to complement our signature Sa Sa shop. These options include Sa Sa Supreme, which was launched in 2013 and positioned to provide a comprehensive range of products to customers who demand variety in their shopping experience. Our Sa Sa Boutique and Shine formats launched in 2015 offered solutions at the other end of the product variety spectrum, with the aim of attracting customers who are looking for a grab and go experience. Meanwhile, our long established La Colline Shop is uniquely positioned to provide specialty products and services to some of our most exclusive clients.

The payment option offers to our customers were also significantly diversified during this financial year. Sa Sa was amongst the first retailers in Hong Kong to introduce various forms of mobile payment convenience, including Android Pay and Apple Pay. These mobile applications provide alternative payment solutions to customer that are simple as to use and secure as the traditional credit card transactions.



Demonstration of service excellence

We believe in the importance of serving our customers from the heart. We are committed to do so through our routine health check tool, the Target Management Sustaining System ("TMSS"), and the Mystery Shopper programme. Our dedication to excellence was well recognised this year, with a full array of awards being presented to Sa Sa, including:



Hong Kong Retail Management Association Awards

Sa Sa won a total of six accolades this year, with three from the "Mystery Shoppers Programme 2016" Awards and three from the "Service and Courtesy Awards". These awards included the 20th Anniversary "The-Most-Award-Winning Brand" – Gold Award for our La Colline Shop and the Best Team Performance Award – Silver Award.



"Hong Kong Service Awards" East Week Magazine for the Ninth Time

Being awarded "Tourist Choice" at the "Hong Kong Service Awards 2017" was another recognition of Sa Sa's continuous commitment to service excellence that focuses primarily on our customers.

World's Excellent Brands Awards 2016-2017



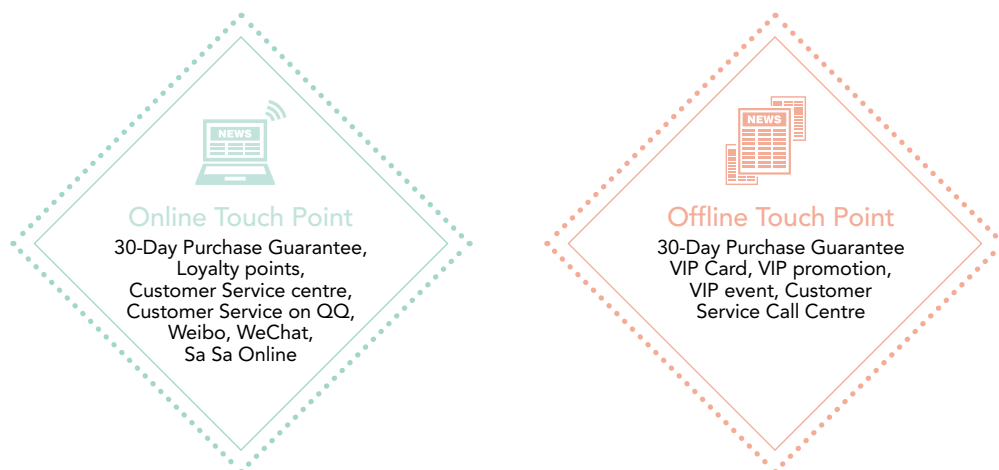
Sa Sa's customer-centric philosophy in the delivery of our products and services was recognised in the World's Excellent Brands Awards 2016-2017 sponsored by China Media Network ("CMN") and based on brand awareness, recognition, leadership and representativeness.



Outstanding QTS Merchant Award 2017

In recognition of Sa Sa's high standard of products and services, Sa Sa was recognised by Quality Tourism Services Association ("QTSA") again this year, winning a total of eight awards for our shops and staff. These awards included the Gold Award for our La Colline Shop, Silver Award for Sa Sa stores and a total of six Gold Awards for our supervisory and frontline staff.

Customer After Service and Retention



Ensuring our customers are satisfied is one important promise that we hold at Sa Sa. Consistent across all our platforms, Sa Sa offers our customers a 30-Day Purchase Guarantee, ensuring their peace of mind when they shop at any Sa Sa touch point.

Our various customer service touch points also provide different options for our customer to offer feedback on their shopping experience, with options that including email, online live chat, call centre and website, to ensure customers can reach us on a channel that is convenient to them. During this financial year, we received a total of 157 complaints, as compared to 160 in the previous year. All complaints are handled according to an ISO certified complaint management protocol, so that our operations centre can respond to product quality, safety or service quality issues in the most appropriate manner. Members of management team are involved in this process, so that all incidents are attended to diligently, on a timely basis, and resolved reasonably.



In recognising customer concerns over the privacy of their personal data, our operations strictly comply with the latest Personal Data (Privacy) Ordinance, and we are committed to ensuring that the customer information we receive is only used for the purpose for which the personal data were collected.

Customer Back End: Supply Chain Management and System Optimisation

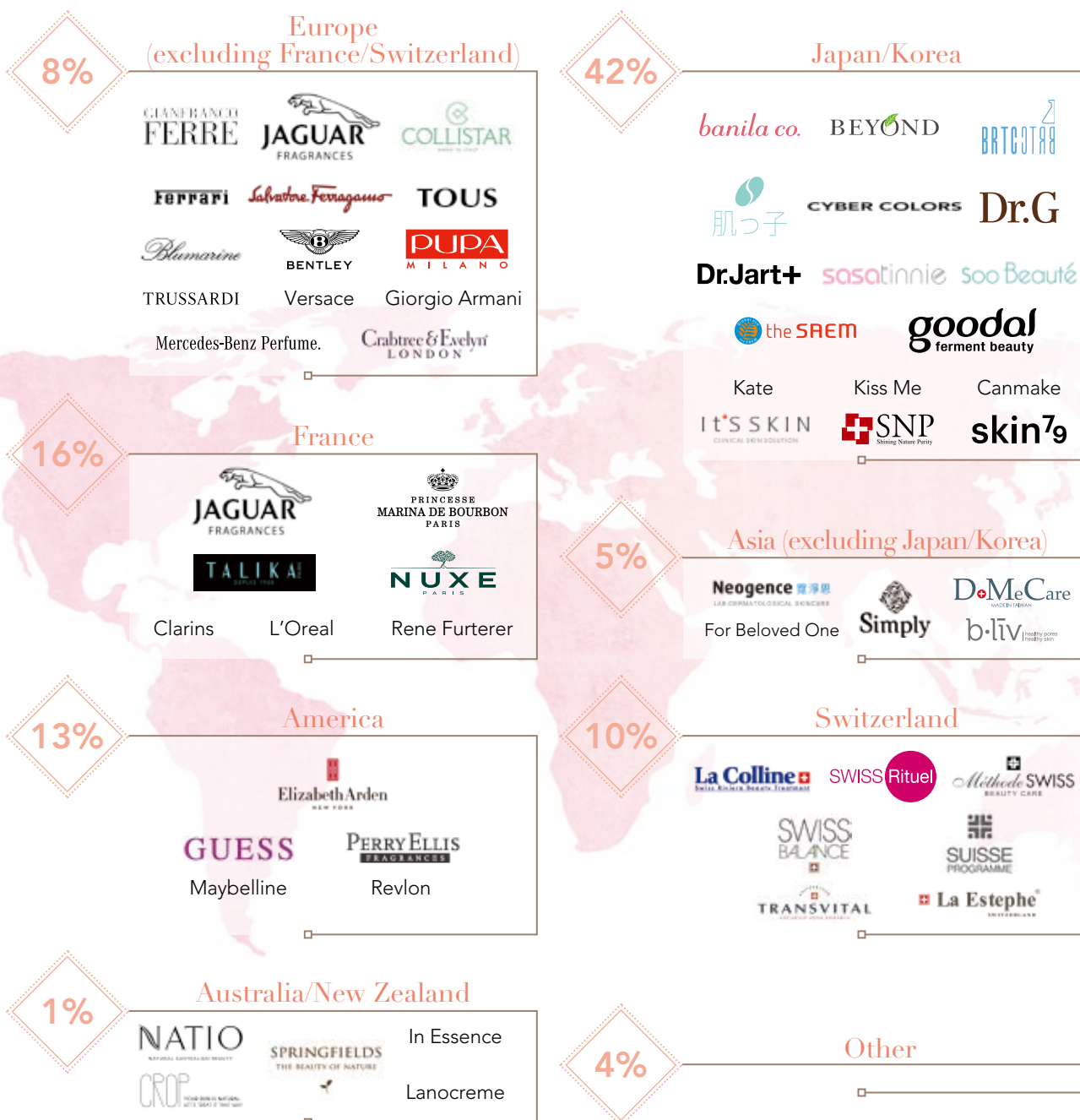
To support the desired frontend customer experience, we see our work at the backend as consisting of two key pillars: our supply chain, which consists of product selection and management; and our data system, which is comprised of our product attribute data, customer behavioural data, each sales touch point's unique attribute data, market intelligence data, as well as the bridges that connect all these data.





Product and Supplier Diversity

We recognise that different customers require different solutions, and we seek only the best solutions appropriate to them. Their needs may vary in terms of product functionalities, ingredients, product concepts etc. We see it as our duty to identify the best solutions and we endeavour to source the best products for them through our continuous explorations around the world.



Notes:

- Figures in percentages indicate the breakdown of origin of brands sold in Hong Kong and Macau in 2016/17. 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.

Quality, Responsibility and Safety

Product safety and quality are fundamental to what we offer our customers. A number of our key supply chain processes are certified by third parties according to ISO9001:2008, including Logistics, Category Management and Product Development, and Customer Service for both our physical stores and online operations in Hong Kong. Significant efforts have been invested to ensure 100% customer satisfaction with our products.

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 finished product; vendors' warranties for ingredient and product safety; and preference for vendors who are Good Manufacturing Practices certified. We also aim to continuously review the verification 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. We are pleased to report that there was again no case of product recall this financial year due to product safety or health issues. In the case of any potential issues with any of our products for quality, safety or health reasons, our management team will be directly involved in the discussion and decision making process, and the interests of our customers will always be placed as the top priority.

Product Safety

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 expiry periods are offered to our customers. This stringent quality control system is followed through with digital tracking 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 intellectual property rights of others, we have requested warranties in most of our contracts with suppliers with a view to ensure that intellectual property rights are not infringed.

Responsibility Towards Other Stakeholders

In addition to bearing responsibility towards our customers, we are committed to encouraging our suppliers to continuously improve their sustainability performance in regard to the environmental and social agenda. This commitment is embedded within our Responsible Product and Supply Chain Policy, as well as being integrated into our current ISO process for engaging new suppliers. Our supplier evaluation includes preferential selection of suppliers that embed the following aspects in their business: protection of the environment, protection of labour welfare and rights, provision of equal opportunities, non participation in animal testing, protection of endangered species and responsibility for own sourcing.

Back End Data System Optimisation and Connectivity

In our O2O transformation journey, it is part of our ultimate goal to serve our customer so that products are offered to them even before they recognise their need for them. Achieving this high level of service requires seamless connectivity between our supply chain and our customer value chain, with clear mapping across customer and product data.

As a start to the transformation journey, a number of core touch points and backend systems have already undergone initial review during this period in order to assess their readiness for transformation, and to identify gaps and potential system incompatibility issues. The hosting server for our e-commerce operation has already begun the transformation process, with the commencement of migration towards a more efficient cloud server host. A number of inventory logic processes and dashboards are also undergoing review to ensure that the applied logic is still relevant to their specific touch points and current customer behaviour. As the ongoing transformation journey will begin, we very much expect the outcome to truly enlighten and delight our customers.



BONDING WITH OUR COMMUNITY

Bringing the beauty of hope to families



Sa Sa recognises that as a good corporate citizen, we have a real responsibility for the community in which we operate. The results of our materiality assessment echo that commitment: "Charity, Community Involvement and Investment" are amongst the "Most Material" Issues selected by our stakeholders.

With our "Making Life Beautiful" aspiration in mind, we fervently desire that our presence in the community brings hope to individuals and families, so that their lives in turn become more beautiful.



Our Approaches

A number of platforms have been established to effectively channel our manpower and financial resources towards supporting various meaningful causes:

The *Sa Sa Making Life Beautiful Charity Fund* ("the fund") was established in March 2013, with the vision of helping our community to realise inner harmony and true beauty through delivering our "Making Life Beautiful" philosophy from the heart. The fund is used as one of the primary vehicles for helping some of the Inland Revenue Department registered charities that are in need for support.



Donations:
\$3.1 m



Total volunteer hours:
1,253 hours

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 various Sa Sa activities. To further strengthen our corporate mission of helping the community, the *Charity Committee* was set up this financial year with invited representatives from all major departments of the Company. The Committee provides a platform where staff can bond with like minded individuals from different parts of the organisation.

Involvements Within the Community

Our involvement in the community has mainly focused on four key areas this year, with the aim of creating a better future and bringing hope to:

- youth and sports;
- the aged and unwell;
- families and the poor; and
- Hong Kong in its progress towards greater harmony.

Bringing the Future to Youth

Our youth of today is the future of our society tomorrow. We hope that our contribution towards young people's well-being will help them to be more complete and confident, and therefore more able to truly shine in the future.

Bringing Confidence to Young People – Partnership with IVE

Sa Sa made a commitment in June 2016 to provide students of Business Administration at Hong Kong Institute of Vocational Education ("IVE") with "Business Grooming & Etiquette" classes, the aim being to enhance their confidence and beauty-care skills. With classes already beginning in 2017, students are provided with the opportunity to learn about skincare, grooming and make-up in terms of knowledge and techniques that are becoming essential to professional life. It is expected that over 1,000 students will benefit from the one year commitment from Sa Sa. Students that perform well in class are also provided with opportunities for scholarship and internship with Sa Sa to further their interest.





UNICEF Charity Run – Run For AIDS to ZERO

Sa Sa sponsored the UNICEF Charity Run this year, sending a corporate team to participate in and raise funds for the event. The funds raised will contribute towards the UNICEF AIDS to ZERO campaign, providing medical solutions for developing countries and reducing children's risk of HIV infection.



Credit to: Hong Kong Table Tennis Association

Sports Development for Hong Kong

In support of the development of sports in Hong Kong, Sa Sa provided a team to participate in the Hong Kong Table Tennis Open, with the Men's Grade A winning the championship. Since the team consisted of international level players such as TANG Peng, the quality of the play drew large crowds from the local sports and youth community that showed their strong appreciation of the competition.

A Future and Hope for the Aged and Unwell

Hong Kong faces increasing challenges from an ageing population and arising public health care burden. Sa Sa is therefore committed to building a caring culture for the elderly, and where possible to contributing to disease prevention and intervention. Some of our programmes this year include:

Po Leung Kuk – Elderly Home Visit

Sa Sa is a sponsor and supporting organisation of the annual PLK Elderly Home Visit. This year, with our Chairman and Vice Chairman joining them, our colleagues and their family members participated in a visit to the elderly neighborhood at Kai Ching Estate near Kowloon Bay.

Each volunteer pairs with a partner for the visit. Those elderly people that live on their own are given priority preference to receive a visit.



Pink Heels Race

In order to support the Hong Kong Hereditary Breast Cancer Family Registry, Sa Sa sponsored and participated in the Pink Heels Race this year.

The event aimed at promoting knowledge and risk awareness of hereditary breast, ovarian and prostate cancers caused by BRCA gene mutation, and also at raising funds for supporting under-served high-risk families to undergo BRCA testing and to benefit from genetic counselling services in the community.

A Future for Families and The Poor

Not every child is fortunate enough to be born in family that provides sufficient resources for them to meet their basic needs. With nearly 1 million people in Hong Kong still living below the poverty line, according to government report published in 2016 (less than HK\$3,800 per month income for a single person family), we believe that it is important for Sa Sa to play a role as part of the solution.



Hong Kong & Kowloon Walk for Millions – Community Chest

Hong Kong & Kowloon Walk for Millions has been a signature charity event for Hong Kong for many years. In 2016, Sa Sa supported the event by sponsoring and sending a corporate team to join the Walk. 100% of the funds raised from the event went towards maintaining and strengthening family bonds and to assisting family members to establish mutual support.



Partnership Fund for the Disadvantaged

Sa Sa was recognised this year with the “Outstanding Contribution Award” for our efforts in helping the disadvantaged through the government matching grants scheme. The Partnership Fund is part of the government’s effort to encourage companies to invest in society, through providing a matching donation for a charity event that a company chooses to support.

Heifer – Race to Feed 2016

As part of our continued support for Heifer work in poverty alleviation, Sa Sa was the Village Sponsor of the Race to Feed, which Sa Sa assisted in the form of cash and a racing team. Adding to the vibrancy of the event, our makeup artists provided a free face painting popup booth service, adding fun to the event.





Hope for a Harmonious Hong Kong – We Like Hong Kong

With Sa Sa being founded and having our headquarters in Hong Kong, the city is home to over 50% of Sa Sa employees. As part of our support for building a city that is filled with positive energy and a culture of appreciation, Sa Sa participated in the We Like HK campaign. The campaign involved the promotion of care, love and appreciation of Hong Kong through sharing on various media channels and providing various shopping, eating and entertainment offerings.



The We Like HK launch campaign in August 2016 was supported by Sa Sa, along with other retail, entertainment, travel, food and beverage organisations, allowing everyone to share together in the creation of positive energy for a better Hong Kong.

Over 50 Sa Sa volunteers joined in the event, fuelling its momentum for a significant leap forward.

Sa Sa Charity Concert

As Sa Sa approaches its 40th anniversary, Sa Sa organised a charity concert in place of our traditional annual dinner, with around 3,000 colleagues and guests taking part in an evening filled with entertainment and love. The concert was presented by some of the top artists in Hong Kong, include Hacken Lee, Vivian Chow and Kit Chan, to name just a few.

As part of the concert, Sa Sa helped PLK to raise funds through the collection of donations from all the concert attendees, and these donations were matched dollar for dollar by our Vice Chairman. Young performers from various PLK schools and the Directors of PLK also took part in sharing their talent with the crowds.

Total proceeds of around HK\$2 million were donated to PLK.



Our Dedication Towards a Beautiful Hong Kong

It has been a year in which Sa Sa's involvement in the community rose significantly, more so with our Sa Sa Vice Chairman being appointed Chairman of PLK for the term of one year, from 1 April 2016 to 31 March 2017. Our Vice Chairman was interviewed as part of this report to share with you some of the work of PLK.

BONDING WITH OUR COMMUNITY

It has been a meaningful and extraordinary year for me at Sa Sa, as I accompany the company on its journey towards our 40th anniversary. In addition to my usual responsibilities as Sa Sa's Vice Chairman, this year I was honoured to be appointed Chairman of Po Leung Kuk. Looking back on a very busy year when I essentially occupied two full-time positions, and often found I could afford only four hours sleep, I feel that it was all worth it. The changes that I witnessed at both Sa Sa and Po Leung Kuk, the lessons I learned, and the memories of working together with all those who shared this journey with me, are going to stay with me for the rest of my life.



"Dr KWOK Siu Ming Simon and Dr KWOK Law Kwai Chun Eleanor Scholarship Fund" Establishment Ceremony
To sponsor students with outstanding public exam results to pursue bachelor degrees at local university.



Po Leung Kuk Eleanor KWOK Law Kwai Chun Kindergarten Opening Ceremony
To nurture young children's interests towards innovation technology.



A family-themed charity dinner promoting charitable support passed on through generations.

Mr Patrick KWOK and Mr Kenny LO performed in the rock climbing session and kicked off the charity performances.



Po Leung Kuk Chairman (2016-17) Eleanor KWOK Chinese Medicine Mobile Clinic Opening and Dedication Ceremony
To provide quality, convenient and affordable Chinese medicine services to the community.



Donated by Dr KWOK Law Kwai Chun, Eleanor



Donated by Sa Sa Making Life Beautiful Charity Fund



District Elderly Campaign

Po Leung Kuk Board of Directors, corporate sponsor, artist and over 1000 elders at the closing ceremony.



Po Leung Kuk Chinese New Year Charity Walk

To raise fund for further strengthening of the multi-faceted services.

I am particularly thankful for my caring family and friends, who advised me on several occasions to decline the position of Po Leung Kuk Chairman, voicing their concerns over my health. But I persisted because of the meaning of the job which is "Protecting the Young and the Innocent" so that beauty can continue to propagate.

Creating beauty from a fulfilling lifestyle

The senior citizens of Hong Kong have made a tremendous contribution to our city, and I believe it is our duty to ensure that they can enjoy their twilight years in a peaceful and enriching way. One of the most meaningful activities I took part in this year involved joining our Sa Sa volunteers when they visited senior citizens who are living alone. It moved me that we could bring them a small gift and a heart full of care as we listened to their sharing of their time in Hong Kong. My personal experience of minor illness this year led me to rethink the importance of health and costs associated with ill health. For this reason, through the "MedSoLink" service platform with Po Leung Kuk, I have donated a mobile Chinese Medicine clinic this year, with the aim of providing high quality and affordable Chinese Medical Services to the people most in need.

Spreading virtue and beauty from the heart

As I commute to work daily, I sometimes hear heart-wrenching news about students resorting to suicide to escape from stressful schoolwork. It is my belief that children should be entitled to a happy childhood, which is why this year, I have made donations specifically in support of the opening up of a kindergarten. The focus of the kindergarten is to promote the educational concept of "learning through play", so that children can learn in a relaxing environment.

To pass on our legacy to the future, we must nurture our successors. I believe that the successors of the future should possess traits of strong leadership, the capability of independent and critical thinking, and unbounded creativity. This year, my husband and I set up a scholarship with the goal of providing financial aid and encouragement for students with outstanding grades or who aim to be enrolled in occupational therapy and physiotherapy programmes at local universities, so that one day they will be of great service to the public through their acquired knowledge.

Beauty as your companion

Performing good deeds and practicing virtue are not as difficult as one might imagine. For instance, Po Leung Kuk organised a charity walk this year in an effort to deliver financial and emotional support to the disadvantaged, while Sa Sa took an active part with colleagues and friends dressed up as zodiac animals to echo the event's theme of "Twelve Zodiac Animals Celebrating the Year of the Rooster". In addition, we broke with our tradition of holding an annual dinner this year by turning the event into a charity concert featuring performances from many popular singing stars, with all proceeds being donated to Po Leung Kuk.

Shall beauty propagate

The coda to one section of a musical movement is often the introduction to another. As I ushered Po Leung Kuk towards a brand new chapter last year, I felt Po Leung Kuk is filling me with vitality and providing new possibilities for my Making Life Beautiful journey. I look forward to meeting people with a beautiful heart so that together we can continue to compose melodies that beauty can propagate to future generations.

Nurturing Green Leaders

Glocal Greenovation Challenge ("GGC") is a competition fully funded by money collected by Sa Sa via the Environmental Levy Scheme on Plastic Shopping Bags. As part of GGC, a banquet was organised for the winning team of the competition – Team GreenAct – with the aim of further facilitating opportunities for collaboration and delivery of their Green Mobile App, which was designed under GGC. With the venue and food being generously sponsored by The Peninsula Hong Kong, GreenAct was provided with exclusive access to senior representatives from the Environment Bureau (the honorary guest was Ms Christine Loh, JP, the then Under Secretary for the Environment), MTR Corporation, Hong Kong Polytechnic University, Links REIT and hosting organizations Sa Sa and Voltra.



Recognition of Sa Sa's Contribution to the Community

Outstanding Social Caring Organisation Award – by Social Enterprise Research Institute

In recognition of Sa Sa's leadership and continuous commitment to corporate innovation and sustainability, Sa Sa Vice Chairman Dr Eleanor Kwok was awarded the – "Outstanding Social Caring Organisation Award" this year as part of the 5th Social Caring Pledge Scheme Award presented by the Social Enterprise Research Institute.

The Nobel Laureate selects and honours leaders from across industry sectors in Asia for their outstanding contribution to social environment protection, human rights, labour standards, anti-corruption policies and customer care.



ABOUT THIS REPORT



This report covers Sa Sa's ESG related activities and performance for the year ending 31 March 2017.

This report is prepared in accordance with the HKEx ESG Reporting Guide under Appendix 27 to the Listing Rules, and has complied with all "Comply or Explain" provisions that became effective from 1 January 2016, covering "General Disclosures" under each aspect of the ESG Reporting Guide. Reference to relevant KPIs can be found in the HKEx ESG Reporting Guide Content Index (p.104-105).

Scope

Unless otherwise specified, the ESG report covers Sa Sa's operations in Hong Kong and Macau only, which represent the core of all our operations, contributing over 80% of our Group's turnover in the year ended 31 March 2017.

Feedback

Readers are invited to share comments, suggestions and thoughts on our ESG report or our sustainability performance by filling in the online survey or reaching us at esg@sasa.com



Sustainability Data Statement – Social

	FY2016/17		FY2015/16	
	Total headcount	Fulltime employee turnover rate ¹	Total headcount	Fulltime employee turnover rate ¹
By Geographical Locations				
Hong Kong & Macau	3,130	3.9%	3,152	4.3%
Mainland China	660	7.7%	656	8.5%
Taiwan	266	6.4%	330	7.0%
Singapore	175	7.1%	220	5.5%
Malaysia	616	5.5%	540	5.5%
By Gender				
Male	843	5.0%	846	5.0%
Female	4,004	4.8%	4,252	5.3%
By Age Group				
Under 26	1,369	7.4%	1,361	7.7%
26-35	1,910	5.0%	2,029	5.3%
36-45	938	3.2%	911	3.8%
46-55	515	2.0%	503	2.1%
Over 55	115	1.1%	94	1.4%
By Employment Type				
Full Time	4,281	4.9%	4,348	5.2%
Part-time/Temporary	566	–	550	–

Data Footnotes:

¹ Fulltime employee turnover rate is calculated based on the average monthly fulltime staff departure during the year, dividing by the average staff number at the beginning and end of year.

Sustainability Data Statement – Natural Environment

The environmental data covers our operation in Hong Kong and Macau only.

	Unit	2016/17	2015/16	2014/15
GHG Emission¹	tCO₂e	17,217	17,916	19,498
Scope 1 Company-owned transport fleet and employee owned vehicles used for business purposes	tCO ₂ e	159	148	137
Scope 2 Purchased electricity used in our offices, warehouse and stores ²	tCO ₂ e	16,619	17,511	19,063
Scope 3 Business air travel	tCO ₂ e	92	125	143
Fresh water supply and sewage treatment	tCO ₂ e	18	19	18
Paper disposal at landfills ³	tCO ₂ e	88	112	137
Transport fleet owned by the external logistics operators ⁴	tCO ₂ e	242	–	–
	kg CO ₂ e/sqm GFA	299	311	363
Carbon Intensity	kg CO ₂ e/HK\$1m revenue ⁵	2,748	2,858	2,664
Electricity Consumption	MWh	24,941	26,406	26,392
Stores	MWh	20,919	22,504	23,105
Offices	MWh	1,623	1,629	1,407
Logistic centers	MWh	2,399	2,273	1,880
	kWh/sqm GFA	434	458	491
Electricity Intensity	kg CO ₂ e/HK\$1m revenue ⁵	2,651	2,793	2,604
Water Consumption	cu.m	30,733	33,514	30,691
	cu.m/sqm GFA	0.00288	0.00303	0.00244
Water Intensity	kg CO ₂ e/HK\$1m revenue ⁵	0.313	0.330	0.332

Data Footnotes:

- GHG emissions are calculated in accordance with the *Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong (2010 Edition)* issued by the Electrical and Mechanical Services Department and Environmental Protection Department. Scope 1 and 2 (direct emissions) are calculated for all stores, offices and logistics center in Hong Kong and Macau, while Scope 3 includes indirect GHG emissions from sources not owned or directly controlled by the Company but related to our activities.
- Emissions associated with electricity purchased are based on latest available emission factors provided by power companies. Previously published data for 2014/15 and 2015/16 are restated due to updated emission factors for our operations in Macau and improved estimations.
- GHG emissions avoided by recycling of paper have been incorporated.
- Since 2016/17, we extend the coverage of scope 3 emissions by incorporate GHG emissions resulting from distribution and logistics operations carried out by external logistics operators based on the vehicles used to transport the product from our logistics centers to our stores. Here the data for 2016/17 is not directly comparable to data for 2014/15 and 2015/16.
- Previously published data for 2014/15 and 2015/16 are restated due to revisions in Company's turnover.





	Unit	2016/17	2015/16	2014/15
Vehicle Fuel Consumption	'000L	140	54	50
Company-owned transport fleet and employee owned vehicles used for business purposes	'000L	59	54	50
Transport fleet owned by the external logistics operators ⁶	'000L	82	–	–
Vehicle Fuel Efficiency	L/sqm	2.44	0.94	0.93
	kg CO ₂ e/HK\$1m revenue ⁵	64	24	19
Vehicle Sulphur Oxides (SOx) Emission⁷	g	2,115	–	–
Paper Consumption	kg	43,176	47,771	47,056
	'000 pcs	8,631	9,547	9,316
Paper Use Intensity	pcs/headcount	2,737	3,028	2,872
	kg CO ₂ e/HK\$1m revenue ⁵	14	18	19
Business Air Travel	'000 km travelled	595	804	929
	km travelled/ headcount	190	255	286
Business Air Travel Intensity	kg CO ₂ e/HK\$1m revenue ⁵	1.6	2.2	2.7
Carton Box Consumed⁸	'000 pcs	410	305	–
Carton Box Collected for Reuse	'000 pcs	278	175	–
Shopping Bag Consumption⁹	'000 pcs	2,646	2,529	2,805
Shopping Bag Consumption Intensity	pcs/HK\$1m revenue ^{5,10}	428	409	388
Natural Resources Recycled¹¹				
Paper	kg	24,894	24,369	18,602
Plastic	kg	102	38	–
Aluminum	kg	87	65	–
General Waste¹¹	kg	26,043	23,907	–
Hazardous Waste¹²	kg	1,696	3,874	–

Data Footnotes:

6 Figures from the external logistics operators have been added to the reporting scope since 2016/17.

7 SOx emissions calculated in accordance with the *Appendix 2: Reporting Guidance in Environmental KPIs* issued by HKEx.

8 The program was started in July 2015. Hence, the data for 2016/17 is not directly comparable to data for 2015/16.

9 The quantity of shopping bag delivered with respect to the levy on plastic shopping bags under the Product Eco-responsibility Ordinance (Cap. 602).

10 Cover the turnover to Hong Kong only.

11 Cover offices only.

12 Surplus products containing chemical waste as defined in Waste Disposal (Chemical Waste) (General) Regulation (Cap. 354C).

Due to rounding, numbers presented throughout the ESG Report may not add up precisely to the totals.

HKEx ESG Reporting Guide Content Index

Subject Areas, Aspects, General Disclosure and KPIs	Description	Disclosure Level	Reference Page
A. Environmental			
Aspect A1: Emissions			
General Disclosure	Information on:	Fully Reported	P.63 – 64, 77, 82
	(a) the policies; and		
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste		
KPI A1.1	The types of emissions and respective emissions data	Partially Reported	P.79, 102 – 103
KPI A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	Fully Reported	P.79, 102 – 103
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity	Partially Reported	P.103
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity	Partially Reported	P.81, 103
KPI A1.5	Description of measures to mitigate emissions and results achieved	Partially Reported	P.79 – 80
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Partially Reported	P.81 – 82
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources including energy, water and other raw materials	Fully Reported	P.63 – 64, 77
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	Fully Reported	P.80, 102
KPI A2.2	Water consumption in total and intensity	Fully Reported	P.81, 102
KPI A2.3	Description of energy use efficiency initiatives and results achieved	Fully Reported	P.80
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Not Reported	Not Available
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	Partially Reported	P.81 – 82, 103
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	Fully Reported	P.63 – 64, 77
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Partially Reported	P.78
B. Social			
Employment and Labour Practices			
Aspect B1: Employment			
General Disclosure	Information on:	Fully Reported	P.63 – 64, 68
	(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.69, 101
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Fully Reported	P.101
Aspect B2: Health and Safety			
General Disclosure	Information on:	Fully Reported	P.63 – 64, 76
	(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.76
KPI B2.2	Lost days due to work injury	Fully Reported	P.76
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Fully Reported	P.75 – 76



Subject Areas, Aspects, General Disclosure and KPIs	Description	Disclosure Level	Reference Page
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Fully Reported	P.63 – 64, 70 – 73
KPI B3.1	The percentage of employees trained by gender and employee category	Not Reported	Not Available
KPI B3.2	The average training hours completed per employee by gender and employee category	Not Reported	Not Available
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Fully Reported	P.63, 76
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Fully Reported	P.76
KPI B4.2	Description of steps taken to eliminate child and forced labour practices when discovered	Not Reported	Not Available
Operating Practices			
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain	Fully Reported	P.63 – 64
KPI B5.1	Number of suppliers by geographical region	Not Reported	Not Available
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.92
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	Fully Reported	P.63 – 64, 86 – 87, 90
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Fully Reported	P.92
KPI B6.2	Number of products and service related complaints received and how they are dealt with	Fully Reported	P.90
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Partially Reported	P.92
KPI B6.4	Description of quality assurance process and recall procedures	Fully Reported	P.92
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Partially Reported	P.90
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.75
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.75
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Fully Reported	P.75
Community			
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration the communities' interests	Fully Reported	P.64, 93
KPI B8.1	Focus areas of contribution	Fully Reported	P.93 – 100
KPI B8.2	Resources contributed to the focus areas	Fully Reported	P.93 – 100