ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

# Sustainable Beauty 2025

## Making Life Beautiful
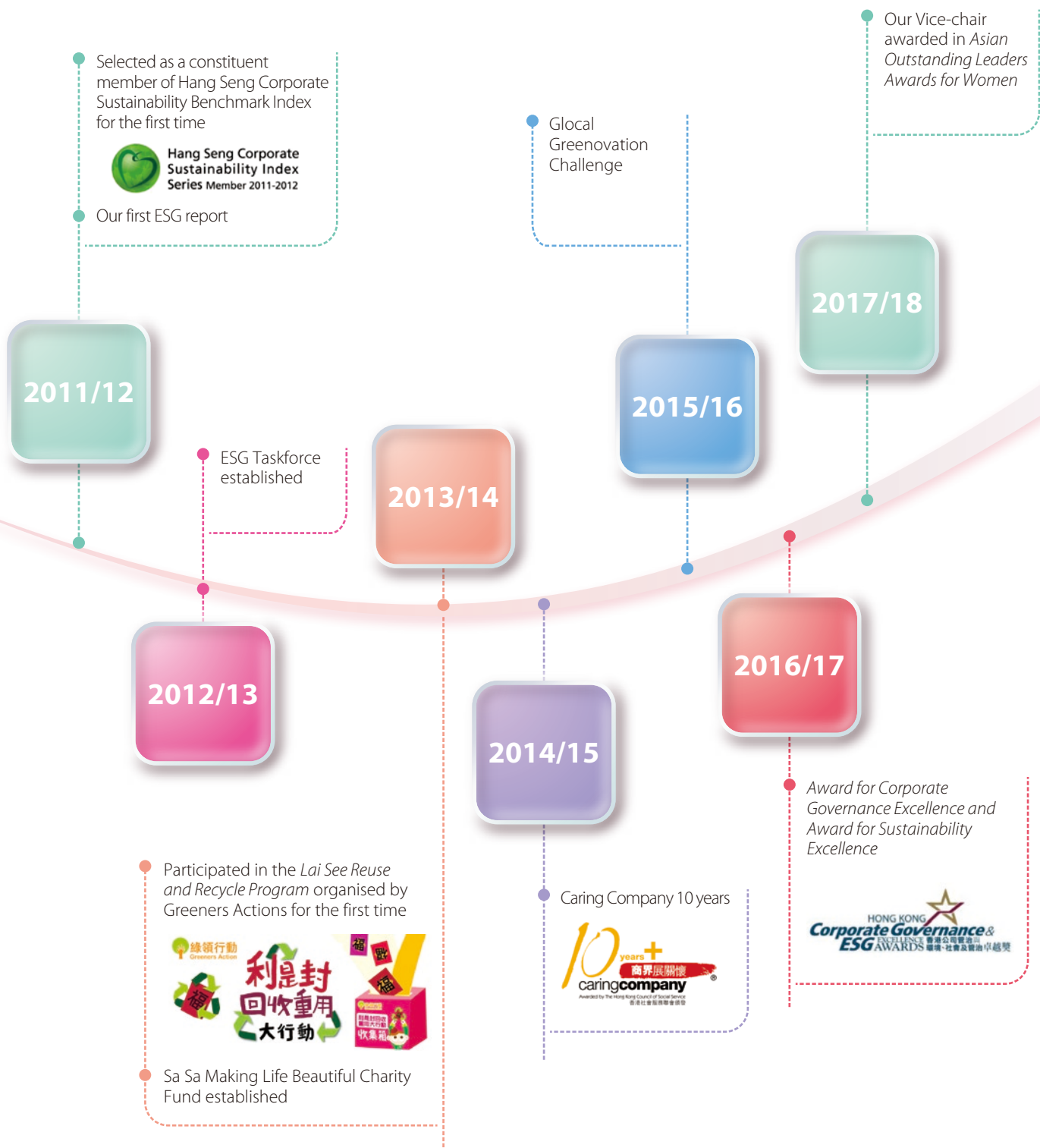
# MESSAGE FROM THE CHAIRS

The financial year ended 31 March 2022 continued to pose unprecedented challenges to the retail industry. At Sa Sa, we remain committed to building a sustainable business that is not only profitable, but acts responsibly towards our planet, people, customers and community.
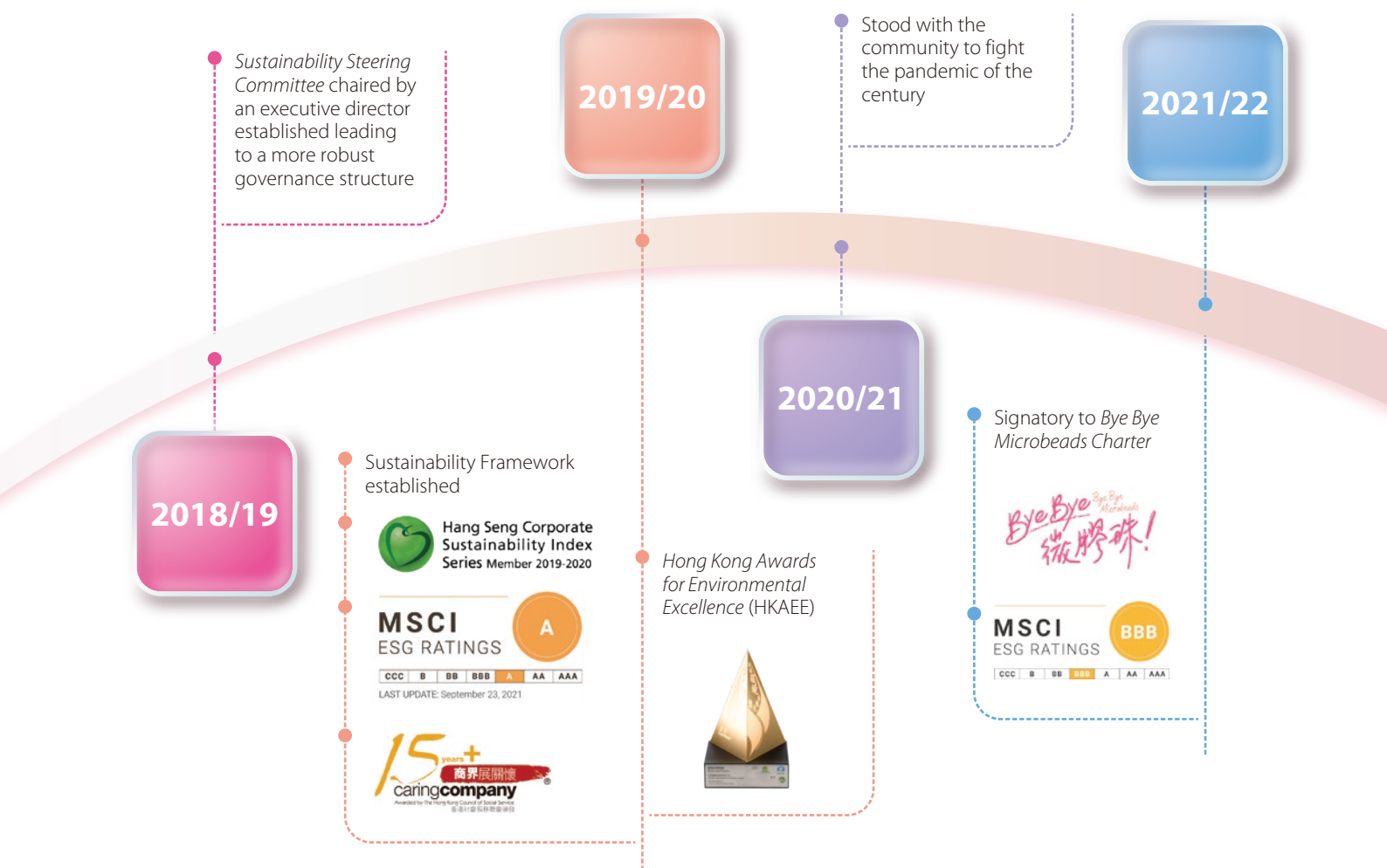
Ms KWOK Sze Wai Melody, *MH*
Chair of Sustainability Steering Committee

Dr KWOK Siu Ming Simon, *SBS, JP*
Chair of the Board

# OUR SUSTAINABILITY JOURNEY

**Selected as a constituent member of Hang Seng Corporate Sustainability Benchmark Index for the first time**

Hang Seng Corporate Sustainability Index Series Member 2011-2012

Our first ESG report

**Glocal Greenovation Challenge**

**Our Vice-chair awarded in *Asian Outstanding Leaders Awards for Women***

**2011/12**

**ESG Taskforce established**

**2013/14**

**2015/16**

**2017/18**

**2012/13**

**2016/17**

**2014/15**

Participated in the *Lai See Reuse and Recycle Program* organised by Greeners Actions for the first time

綠領行動 Greeners Action
利是封回收重用大行動

Sa Sa Making Life Beautiful Charity Fund established

Caring Company 10 years

10 years+ 商界展懷
caringcompany
Awarded by The Hong Kong Council of Social Service

*Award for Corporate Governance Excellence and Award for Sustainability Excellence*

HONG KONG
Corporate Governance & ESG EXCELLENCE 香港公司管治與 AWARDS 社會及管治卓越獎

**2018/19**

*Sustainability Steering Committee* chaired by an executive director established leading to a more robust governance structure

**2019/20**

Sustainability Framework established

Hang Seng Corporate Sustainability Index Series Member 2019-2020

MSCI ESG RATINGS — A
CCC | B | BB | BBB | A | AA | AAA
LAST UPDATE: September 23, 2021

15 years+
商界展關懷 caringcompany
Awarded by The Hong Kong Council of Social Service

*Hong Kong Awards for Environmental Excellence* (HKAEE)

**2020/21**

Stood with the community to fight the pandemic of the century

**2021/22**

Signatory to *Bye Bye Microbeads Charter*

Bye Bye 微膠珠!

MSCI ESG RATINGS — BBB
CCC | B | BB | BBB | A | AA | AAA

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## Areas of Focus

This is our 11th ESG report. In the financial year 2021/22:

1. We refined our sustainability framework and fine-tuned some of our focus areas and commitments to respond to rising trends and changing circumstances, paving the way for the development of a longer-term roadmap.

2. If we are to manage our impact, we must first measure our impact, positive or negative. We have therefore devoted significant effort to expanding the tracking and disclosure of the quantitative information of our ESG performance and the accompanying narratives in this year's ESG report. We reoriented our efforts to stay focused on areas that are material to our operations and our impact on the environment and society, whilst maintaining consistency in performance measurement metrics to enable comparative analysis of the key performance indicators that we continue to disclose.

3. Just before the end of the financial year, we initiated a large-scale stakeholder engagement and materiality assessment. The response rate from our customers was particularly overwhelming demonstrating the importance of sustainability issues among them. The results and follow-up actions arising from this engagement will be disclosed in our next ESG report.

4. Climate related disclosures were among the sustainability issues that the Board considered in the financial year. The Board has begun to identify climate related risks as highlighted in this report and will continue to focus effort in this regard with reference to TCFD recommendations.

# OUR SUSTAINABILITY FRAMEWORK

## Preserve our Planet
- Take action on climate change by building a culture of sustainability and encouraging behaviour change
- Lower our carbon footprint
- Use resources responsibly
- Reuse and recycle to reduce waste

**13 CLIMATE ACTION**  **14 LIFE BELOW WATER**

## Empower our People
- Invest in training and development
- Develop women leaders in the retail industry
- Promote equality, diversity and inclusion

**4 QUALITY EDUCATION**  **5 GENDER EQUALITY**  **8 DECENT WORK AND ECONOMIC GROWTH**

Our Planet   Our People

Our Customers   Our Community

## Serve with Heart
- Commit to product quality and safety
- Integrate consumer rights and protection into customer experience
- Make quality beauty accessible and affordable to all
- Manage environmental and social risks along the supply chain

**3 GOOD HEALTH AND WELL-BEING**

## Achieve Sustainable Growth Together
- Invest in the community
- Collaborate to flourish

**17 PARTNERSHIPS FOR THE GOALS**

# OUR GOVERNANCE STRUCTURE

**Top-down directions**

**Bottom-up information flow**

## Board of Directors
- Overall responsibility for ESG strategy, reporting and management of ESG risks.
- Monitors Company's ESG performance.

## Sustainability Steering Committee (SSC)
- Delegated with duties of formulating goals, targets and action plans for the Board's endorsement.
- Advised by the ESG team, makes recommendations to the Board based on regulatory requirements, sustainability trends, and outcomes from stakeholder engagement and materiality assessment.
- Supports the Board in review of ESG risks.
- Monitors progress achieved by working groups.

## Working Groups
- Charged with execution duties for delivering goals and targets.
- May be an existing department or a newly formed working group.
- Led by an executive director, department head or his/her deputy.

## ESG Team
- Liaison between the SSC and working groups.
- Assists with ESG reporting, benchmarking, communications and engagement.
- Advises the SSC on regulatory requirements and sustainability trends.
- Conducts awareness education.

Our board of directors has overall responsibility for our sustainability strategy, development, reporting and management of ESG risks. Our sustainability steering committee, chaired by one of our executive directors and supported by our ESG team, was delegated with duties of formulating goals, targets and action plans for the Board's endorsement. Advised by the ESG team, the sustainability steering committee also makes recommendations to the Board based on regulatory requirements, sustainability trends, and outcomes from stakeholder engagement and materiality assessment. Six board meetings were held in the financial year 2021/22 and deliberation of sustainability related issues was on the agenda in two of such board meetings. In the financial year 2022/23, it is expected that the Board will commit even more time to sustainability related issues and climate change. ESG-related risks have not been integrated into our company-wide enterprise risk management framework but are considered on a standalone basis along with strategies at board meetings. The Board reviews progress made against sustainability goals and targets and the accomplishment of KPIs before the publication of our ESG report every financial year.

# OUR PLANET

## Every business will be impacted by climate change and the time to take action is now.



### Our Challenges

As a multi-brand cosmetic retailer offering over 600 brands and more than 9,000 different products in diverse categories ranging from colour cosmetics, skin care, personal care, health food to personal protection products in times of the Covid-19 pandemic, like any other retailer, our business operations are not without impact on the environment. The most significant being single-use plastic bags, packaging that may not be recyclable, materials we use for our online deliveries that may become waste, and the energy we consume in our operations. Since the beginning of the Covid-19 pandemic, the single-use disposable items like face masks, sanitary wipes and rapid antigen test kits that we have sold to fight the virus and protect lives have added to the already heavy burden of the landfills. To operate responsibly, these are issues that we must tackle to lessen the impact on the environment.

### Our Climate-related Risks

#### Physical risks

- Damage to assets in extreme weather, as has happened when typhoons struck flooding our inventory and damaging our shop front or external signages.

- Increased insurance premium to cover our assets against climate-related losses.

- Loss of business and productivity when stores need to be closed or employees are unable to travel to work.

- Increased cooling costs in rising temperature.

- Disruption to goods delivery whether from overseas or locally due to flooding or severe weather events.

- Knock-on effects affecting profitability of our business and the well-being of our stakeholders in the aftermath of severe weather.

#### Transitional risks

- Higher electricity costs in the transition to a low-carbon economy.

- Costs of replacing petrol and diesel vehicles with electric vehicles.

- Costs of replacing electrical equipment with higher energy efficiency.

- Increased raw materials or product costs as legislation like plastic packaging tax or carbon levy are introduced.

- Increased costs to comply with environmental laws and regulations like the waste charging scheme to be introduced in Hong Kong.

## Preserve our planet – our commitments:

- Take action on climate change by building culture of sustainability and encouraging behaviour change
- Lower our carbon footprint
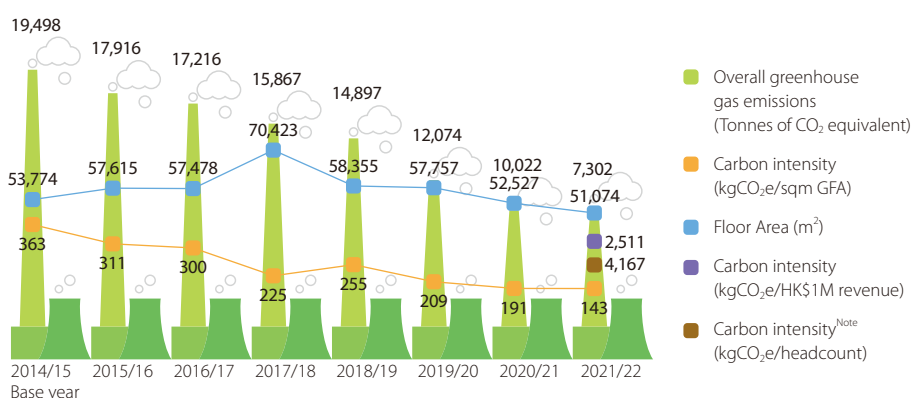- Use resources responsibly
- Reuse and recycle to reduce waste

Our commitment to minimise the potential negative environmental impacts of our operations is set out in our Environmental, Social and Governance Policy and our commitment to manage our greenhouse gas emission and waste is set out in our Environmental Policy.

**Take Action on Climate Change**

### GHG emissions – our performance

In the financial year 2021/22, we operated a total of 85 stores in Hong Kong and Macau, a reduction of 15 from last financial year. Our operations generated 7,302 tonnes of carbon dioxide equivalent ($CO_2e$), a decrease of 27.1% in absolute terms from 2020/21. Compared to the emissions in our base year of 2014/15, our emissions have come down by 62.6%.

### GHG Emissions and Carbon Intensity



Legend:
- Overall greenhouse gas emissions (Tonnes of $CO_2$ equivalent)
- Carbon intensity (kg$CO_2$e/sqm GFA)
- Floor Area ($m^2$)
- Carbon intensity (kg$CO_2$e/HK$1M revenue)
- Carbon intensity[Note] (kg$CO_2$e/headcount)

Energy consumption through purchased electricity (Scope 2 emissions) is the source of more than 96% of our total GHG emissions. Among our operation facilities, retail stores are responsible for most of the electricity consumed, accounting for 75% of the total, followed by logistics facilities (15.2%) and offices (9.8%). In 2021/22, our overall electricity consumption dropped by 18.6% compared to the previous financial year.

Note: New disclosure for this financial year as everyone has a part to play to lower our carbon footprint.

## Scope 1, 2, 3 Emissions

Scope 1
**2%**
(142 tCO$_2$e)

Scope 3
**1.6%**
(120 tCO$_2$e)

Scope 2
**96.4%**
(7,040 tCO$_2$e)
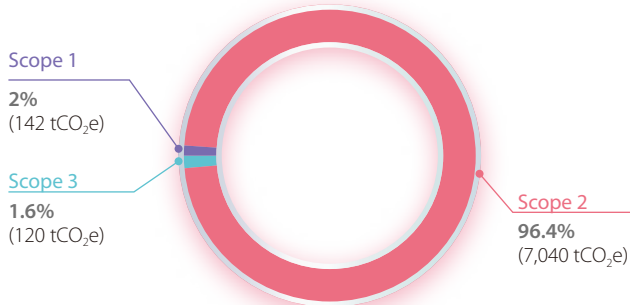
**Scope 1: Direct GHG emissions**
Company-owned trucks
**Scope 2: Electricity indirect GHG emissions**
Purchased electricity used in our offices, logistics centre and stores
**Scope 3: Other indirect GHG emissions**
Electricity used for freshwater processing and sewage treatment, trucks owned by external logistics service providers and waste disposal at landfill

## Electricity Consumption by Facility Type

Offices
**9.8%**
(1,306 MWh)

Logistics Centre
**15.2%**
(2,036 MWh)

Stores
**75%**
(10,016 MWh)
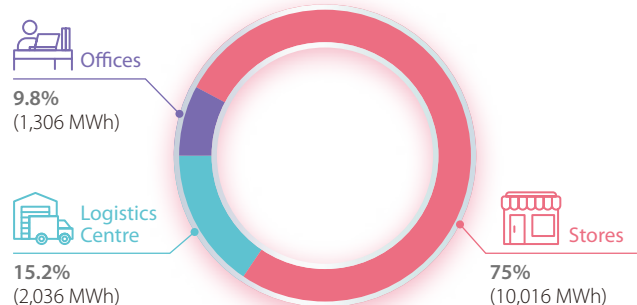
2021/22
Electricity consumption:

↓ **18.6%**
YoY change

2021/22
Electricity intensity
(by sqm GFA):

↓ **16.3%**
YoY change

## Building culture of sustainability, changing behaviour, and lowering our carbon footprint

Since the use of electricity (scope 2 emission) is the largest source of our total carbon emissions, our focus is on reducing our electricity consumption. The measures we took include:

### Offices

– 100% installation of LED lights

– Use of electrical appliances with energy efficiency label

– Time control for air-conditioning to ensure they are shut down after office hours

– Monitoring energy use with the use of real-time smart meters

– Delamping to maintain optimal illumination to under 500 lux

– Turning off half of the lights during lunch hours

– Turning off idle lights at vacant areas during office hours

– Implementing last person out procedure requiring lights and air-conditioning to be turned off when the office is vacated

– Clear zoning with reference to seating plans to facilitate proper lighting for staff who work overtime after office hours

– Proving energy saving tips and compliments to influence colleagues into changing daily habits like turning off electrical equipment not in use at own workstations

## Logistics Centre

– Sensors on conveyor belt to minimise energy use when idle

– 100% installation of LED lighting and motion sensors

– Interchangeable workstations: run only those in use to avoid energy wastage

– Electric forklifts and EURO V trucks

– Ceiling insulation to increase energy efficiency

– Ceiling fan to increase air circulation to reduce reliance on air-conditioners for cooling

– Zoning of interior space to enable independent control of temperature

– Participate in energy saving campaigns organised by electricity provider
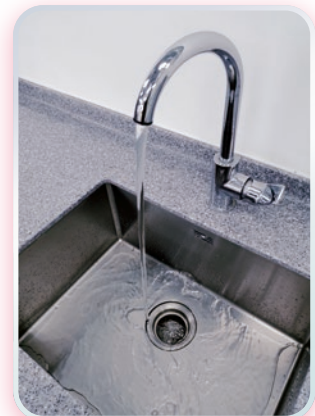
## Stores

– LED and smart lighting

– Thermostat and air curtain

– Timer control

– Signatory to Charter on External Lighting and commit to switching off lighting at preset time to minimise light nuisance and energy wastage



Charter on External Lighting
戶外燈光約章

## Targets and Progress

### Target set in 2019/20

• To achieve 38% reduction in GHG emissions against base year of 2014/15 by 2025[Note]

• Target already achieved

### Revised Targets

• GHG emissions reduction target revised to 70% against base year 2014/15 by 2025[Note]

• At least two sustainability training or briefings on topics relating to emission or energy use efficiency to build a culture of sustainability and change behaviour

### Progress

GHG emissions: over-achieved, down **62.6%** vs base year 2014/15, and down **27.1%** vs 2020/21
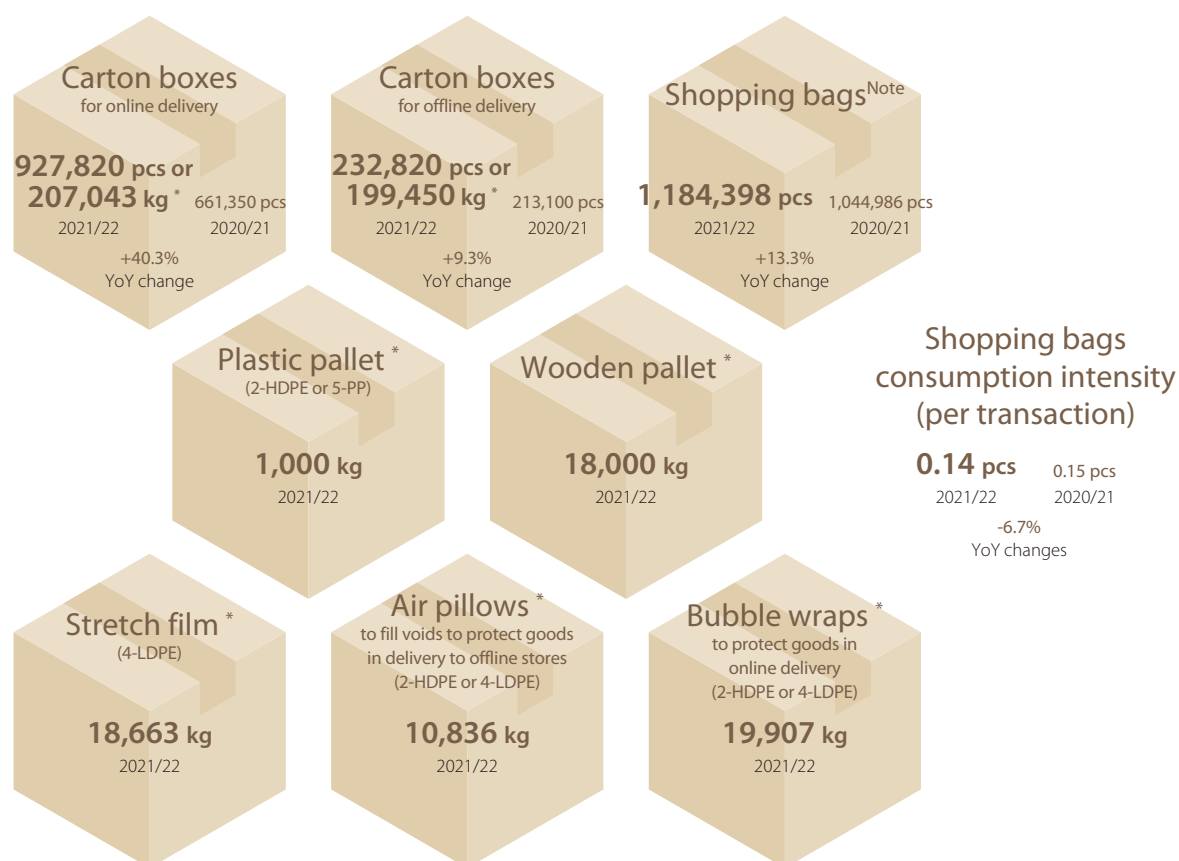
Electricity Consumption: down **18.6%** vs 2020/21

Electricity Intensity: down **16.3%** measured by gross floor area in square meter

Apart from our energy-saving efforts, shorter store hours, temporary store closures and close-down of stores due to Covid-19 have also contributed to the reduction in electricity consumption in the financial year.

Note: As energy consumption through purchased electricity is the source of more than 96% of our total GHG emission, this is our target for energy use efficiency too.

## Using Resources Responsibly

### Packaging – our performance

**Carton boxes**
for online delivery

**927,820 pcs or**
**207,043 kg** *   661,350 pcs
2021/22        2020/21

+40.3%
YoY change

**Carton boxes**
for offline delivery

**232,820 pcs or**
**199,450 kg** *   213,100 pcs
2021/22        2020/21

+9.3%
YoY change

**Shopping bags**Note

**1,184,398 pcs**   1,044,986 pcs
2021/22        2020/21

+13.3%
YoY change

**Plastic pallet** *
(2-HDPE or 5-PP)

**1,000 kg**
2021/22

**Wooden pallet** *

**18,000 kg**
2021/22

**Shopping bags**
**consumption intensity**
**(per transaction)**

**0.14 pcs**    0.15 pcs
2021/22      2020/21

-6.7%
YoY changes

**Stretch film** *
(4-LDPE)

**18,663 kg**
2021/22

**Air pillows** *
to fill voids to protect goods
in delivery to offline stores
(2-HDPE or 4-LDPE)

**10,836 kg**
2021/22

**Bubble wraps** *
to protect goods in
online delivery
(2-HDPE or 4-LDPE)

**19,907 kg**
2021/22

\*      New disclosures for 2021/22

Given the continuous growth of our e-commerce business, from this financial year onwards, we have separated our carton box consumption disclosure to distinguish the ones used to deliver goods to our offline stores and the ones used to deliver goods to our online customers. The weight has also been given in line with conventional disclosure methodology.

We have also commenced disclosure of the plastic (protective stretch film, air-pillows and bubble wraps) consumed by our offline and online operations. All secondary and tertiary packaging used for protecting our goods during transport and delivery are recyclable, albeit some more difficult than others.

While we will continue to encourage recycling efforts among our colleagues in the offices and provide recycling facilities whenever possible, we will shift our emphasis from measuring the recycling rate of plastic drink bottles, food packaging materials or aluminium cans consumed by our colleagues, to tracking the consumption and recycling of packaging materials related to our operations.
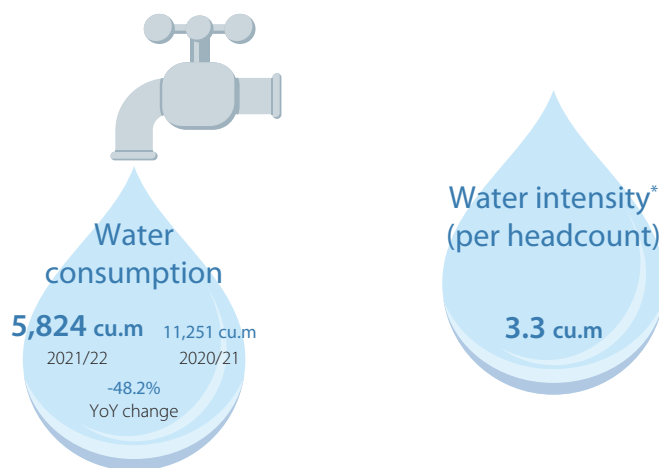
The increase in disclosure scope and better classification of quantitative data will greatly enhance our ability to set goals and measure our performance as we build up the historical data for analysis. The Company is also moving from O2O (online-to-offline) to a new era of retail, OMO (online-merge-offline). We hope to encourage more customers to opt for our hybrid click and collect e-commerce model ordering online and collecting offline to conserve resources as well as to avoid the GHG emission generated in delivery trips.

Note:  Our shopping bags are made of paper sourced from sustainably and responsibly managed forests and certified by the Forest Stewardship Council (FSC). The plastics content of the shopping bags is made from oxobiodegradable material to lessen their impact on the environment.

In an effort to conserve resources, we continuously strive for innovation and efficiency in our operational practices. The actions we have taken include:

- Using double instead of triple wall corrugated carton boxes to reduce resources used. Although each box is 35.5% lighter, it still protects products well.

- Deploying pallet wrapping machines in the wrapping of loaded pallets for transportation to avoid waste from excessive or inaccurate manual wrapping.

- Replenishing our stores using the original carton boxes from our suppliers. This creates more of a logistical challenge as the sizes of the carton boxes may vary greatly between suppliers, but it avoids repackaging using additional boxes. We also have a policy in place requiring stores to seek replenishment of certain products in multiples of the quantity contained in one carton box to avoid having to fill voids in the boxes with air pillows.

### Water – our performance

**Water consumption**

**5,824 cu.m**   11,251 cu.m
2021/22    2020/21

-48.2%
YoY change

**Water intensity***
**(per headcount)**

**3.3 cu.m**

\*    New disclosure in 2021/22

We do not have any issue sourcing water that is fit for purpose.

Water plays an important role in the extraction and manufacturing of cosmetic raw materials as well as the production of finished products. However, the water consumption disclosed in this report does not extend to the supply chain but captures only the tap water used for washing and cleaning purposes which we do not regard as material. Instead of providing our water intensity based on gross floor area and revenue, in 2021/22, we have started to provide intensity based on headcount to reflect the amount of water used per person. Wastewater discharge is not a material aspect in our operations.

### Steps and targets

- We ensure water conservation icons are placed next to the water faucets in our facilities.
- Flow controllers for water taps have been installed at our logistics facilities to improve water efficiency.
- In 2022/23, we will start to install flow controllers for water taps at our offices as well to strive for further reduction.

## Reuse and Recycle to Reduce Waste

### Waste – our performance

Non-hazardous waste disposed

Hazardous waste disposed

**Solid waste***

**27.4 tonnes** 13.9 tonnes
2021/22 2020/21

+97.1%
YoY change

**Liquid waste***

**16.1 tonnes** 21.1 tonnes
2021/22 2020/21

-23.7%
YoY change

**Chemical waste**

**0 tonnes** 3.5 tonnes
2021/22 2020/21

Waste intensity*
(per HK$1M revenue)

**15 kg**

\* New disclosure in 2021/22

### Zero landfill vision

Our vision is to achieve zero landfill in line with the SAR Government's Waste Blue Print for Hong Kong 2035.

For the financial year 2021/22, we have re-organised our disclosure into solid, liquid and chemical waste in line with our own operational classification to pave the way for better performance measurement and data analysis that will help to establish more specific targets for reduction. Solid waste comprised mainly of damaged or expired products as well as materials such as backing paper for adhesive labels which are not recyclable and other damaged packaging materials. Liquid waste comprised mainly of damaged or expired products containing liquid. Chemical waste consisted mainly of items such as expired or damaged perfumes, and nail vanish and remover, which are flammable. As chemical waste needs special treatment, it is disposed of only when a minimum quantity has been reached which was not the case in 2021/22.

The general waste collected in our offices and retail stores composed primarily of single-use lunch boxes, disposable paper towels and napkins as well as other consumables generated by our employees and customers. Some recyclables are sometimes wrongly discarded as landfill waste due to a lack of environmental awareness or conveniently accessible recycling facilities. Going forward, while we will prioritise our performance measurement and management on waste generated from our operations, which is where we have the biggest impact, we will continue to raise awareness among our stakeholders to encourage waste separation and recycling and to discourage the use of non-reusable items.

### What we did to practice reduce, reuse and recycle

- For the ninth consecutive year, we sponsored and participated in the Lai See Reuse and Recycle Program organised by Greeners Actions. This event has been well-supported by our customers as demonstrated from the number of red packets we collect in our 50 participating stores every year. With the support of Carbon Wallet, customers were rewarded with 100 carbon wallet points this year when they dropped the red packets at our collection points. Unfortunately, the event occurred at the height of the 5th wave of Covid-19 and had to be cut short for safety reasons.

- We collected leftover mooncakes after the Mid-Autumn festival from our office staff and sent them to Food Angel to reduce food waste.

- We educate our staff on waste classification and use a carrot and stick approach to encourage recycling.

- We stopped using single-use utensils at corporate events like birthday parties and working lunches.

- We continuously improve our recycling facilities to make waste separation more convenient.

- Recycling facilities are usually provided for our stores located in malls by landlords. For street stores, we very often rely on cardboard collectors in the community. Previous studies conducted internally have revealed that stores with environmentally conscious staff do much better in waste separation and recycling than others. We are therefore a strong believer in education, awareness and behaviour change which we will continue to focus our efforts on.

- Teaming up with iRecycle, we sponsored small gifts to provide rewards for recycling.

- Carton boxes used in our store replenishment are reused as many times as possible, and to encourage our store staff to help return the carton boxes to our central warehouse for reuse after unpacking, we offer small rewards to our store staff for their good work.
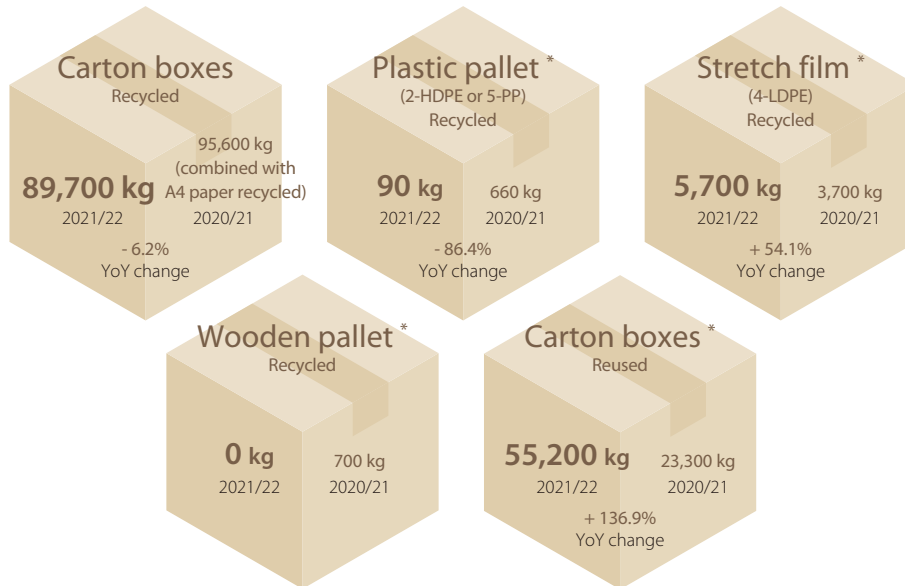
### Lai See Reuse and Recycle Program

Red packets collected

**2.4 tonnes**
2021/22

**3,899 kg (3.9 tonnes)**
2020/21

**-38.5%**
YoY change

## Recycle and reuse – our performance

**Carton boxes**
Recycled

**89,700 kg**
2021/22

95,600 kg
(combined with
A4 paper recycled)
2020/21

- 6.2%
YoY change

**Plastic pallet** *
(2-HDPE or 5-PP)
Recycled

**90 kg**
2021/22

660 kg
2020/21

- 86.4%
YoY change

**Stretch film** *
(4-LDPE)
Recycled

**5,700 kg**
2021/22

3,700 kg
2020/21

+ 54.1%
YoY change

**Wooden pallet** *
Recycled

**0 kg**
2021/22

700 kg
2020/21

**Carton boxes** *
Reused

**55,200 kg**
2021/22

23,300 kg
2020/21

+ 136.9%
YoY change

\* New disclosure in 2021/22

## Targets and progress

- To hold one "no plastic bag day" in our stores each month.

- To deliver at least one training session to our employees on the topic of waste and circular economy.

- Our goal is to influence both our internal and external stakeholders to make waste behaviour change.

- Subject to the development of Covid-19 and the ability to overcome internal resource constraints, we plan to seek Wastewi$e Certificate in the financial year 2022/23 as a first step in developing a more quantitative waste reduction target.

- We will continue to collect mooncakes after the Mid-Autumn festival and send them to Food Angel so that no food waste is disposed at landfills, whilst at the same time benefiting the under-privileged.

- In the long run, our ambition is to achieve zero landfill in our operations.

## Paper consumption – our performance

**Consumed**

| | | |
|---|---|---|
| Offices | 643,500 pcs | / 3,218 kg |
| Logistics centre | 1,641,500 pcs | / 8,208 kg |
| Stores | 1,932,500 pcs | / 9,663 kg |

By pieces
**4,217,500 pcs**
2021/22

4,000,000 pcs
2020/21

+5.4%
YoY changes

By weight
**21,088 kg**
2021/22

19,958 kg
2020/21

+5.7%
YoY changes

**Recycled**

| | 2021/22 | 2020/21 |
|---|---|---|
| Offices | 18,635 kg | 14,366 kg |
| Logistics centre | 1,800 kg | 95,600 kg (combined with carton boxes recycled) |

Total
**20,435 kg**
2021/22

109,966 kg
2020/21

**Paper use intensity
(per headcount)**

**2,407 pcs**
2021/22

1,999 pcs
2020/21

+20.4%
YoY changes

**Paper use intensity
(per HK$1M revenue)**

**1,450 pcs**

We have eliminated "paper disposal at landfills" from the Scope 3 GHG emissions in our data statement from financial year 2021/22, and replaced it with "waste disposal at landfills".

The emissions from "paper disposal at landfills" in previous years were calculated by reference to the difference between the office paper consumed and recycled. The office paper consumed included printed documents, like letters or invoices, for delivery to third parties, whilst the office paper recycled also included paper received from third parties. As we recycle close to 100% of the paper in our office that is no longer required, little to none is sent to landfills. The small percentage of paper not recycled comprised of paper fully recyclable but disposed of as general waste by colleagues. We will continue to encourage behaviour change to further reduce fully recyclable materials being sent to the landfills. The Covid-19 pandemic has already accelerated our transformation to a more digital approval process. In the financial year 2021/22, we started the development process of a robotic process automation (RPA) for accounting work, and in 2022/23 we will implement a digital solution for handling of non-trade payment requisitions. Such sustainable innovation not only helps us to be more efficient, but also helps to reduce paper use in our digital transformation journey.

**Targets and progress**

- In 2019/20 when we first developed our sustainability framework, we set a target to achieve 50% reduction in paper consumption against our base year 2014/15 level by 2025. This target has already been accomplished.

- We will continue to look for sustainable solutions in our digital transformation journey to do away with traditional printed copies.

- We will also continue to increase environmental awareness among our staff and encourage them to go digital as well as to reduce, reuse and recycle.

- We are planning to introduce a little incentive scheme to reward departments that accomplish the highest reduction rate on paper usage year-on-year.

## Compliance with Laws and Regulations

There has been no non-compliance with environmental related laws and regulations in the financial year. We regard the following (some of them being voluntary charters) as relevant but they do not have a significant impact on our operations.

- Plastic bag charging scheme

- Charter on external lighting

- Bye bye microbeads charter

- Air pollution regulations regulating volatile organic compounds (VOC) and the switching off of idling vehicle engines

- Waste charging scheme

- Chemical waste control scheme

- Laws relating to protection of endangered species

# OUR PEOPLE

Our people are our main asset. It is our responsibility to upskill and nourish them, empowering them to reach their full potential. It is also our duty as a responsible employer to provide a working environment that is fair, inclusive and free from discrimination.

## Our Challenges

Attracting and retaining talents is difficult even at the best of times. The retail industry in Hong Kong has been in decline even before Covid-19 and the coronavirus has taken a heavy toll on the industry. Retailers must adapt to embrace the new era for retail which means transformation to smart retail, a digital world, and a hybrid operational mode of online and offline.

## Sustainable Beauty 2025

### Empower our people – our commitments:

- Invest in training and development
- Developing women leaders in the retail industry
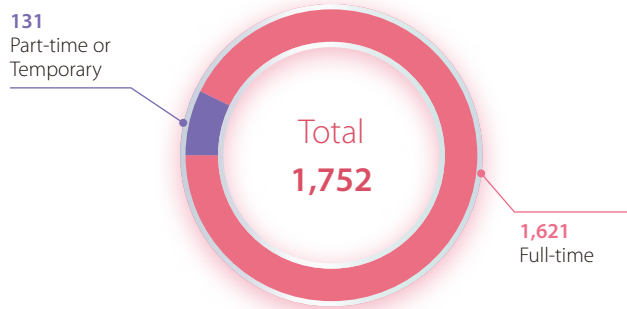- Promote equality, diversity and inclusion

Our commitments to our people are set out in our Employment Policy, Training and People Development Policy, Health and Safety Policy, and Equal Opportunities Policy.
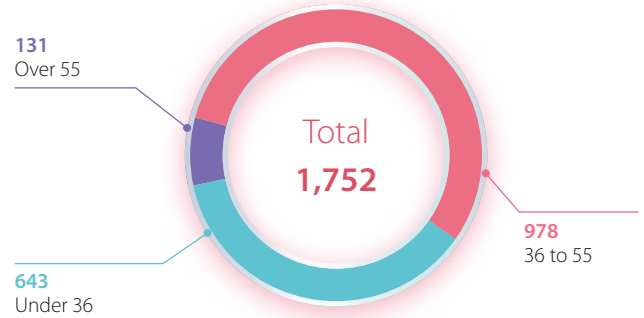
Our principal subsidiary in Hong Kong is also a signatory to the Mental Health Workplace Charter.
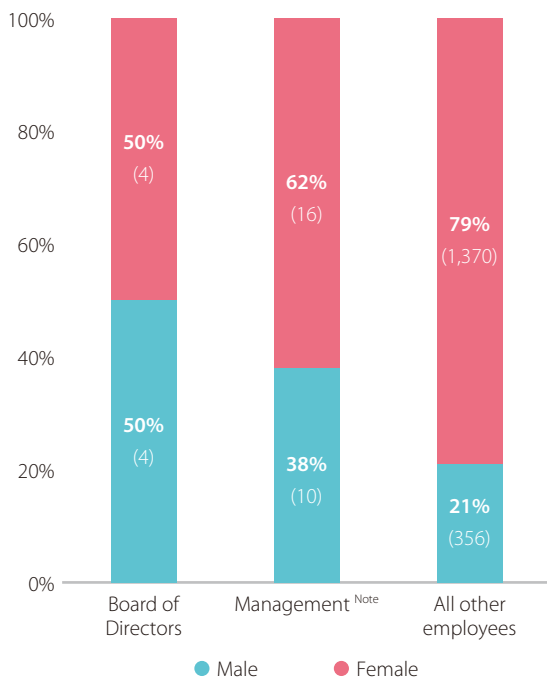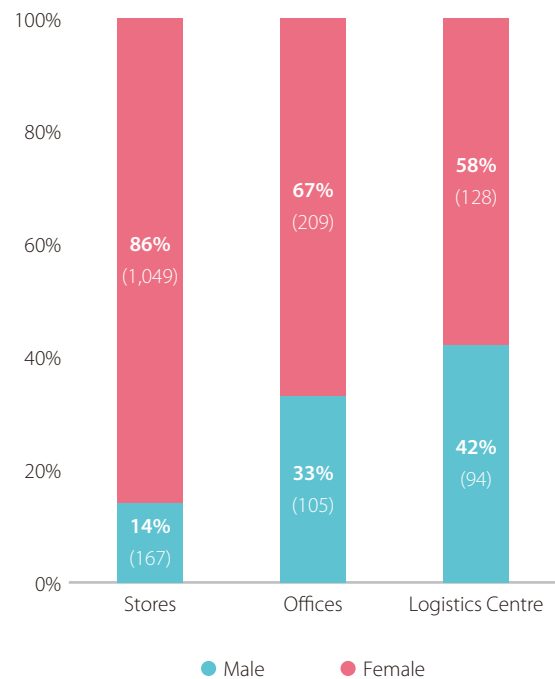
## Number of employees by employment type

**131**
Part-time or Temporary

Total
**1,752**

**1,621**
Full-time

## Number of employees by age group

**131**
Over 55

Total
**1,752**

**978**
36 to 55

**643**
Under 36

## Gender distribution by seniority (number of employees)

| | Board of Directors | Management Note | All other employees |
|---|---|---|---|
| Female | 50% (4) | 62% (16) | 79% (1,370) |
| Male | 50% (4) | 38% (10) | 21% (356) |

● Male ● Female

## Gender distribution by function * (number of employees)

| | Stores | Offices | Logistics Centre |
|---|---|---|---|
| Female | 86% (1,049) | 67% (209) | 58% (128) |
| Male | 14% (167) | 33% (105) | 42% (94) |

● Male ● Female

\* New disclosure in 2021/22

Note: "Management" in this ESG report refers to the Company's executive directors, all senior vice-presidents, vice-presidents, department directors and associate directors of the Group.

## Training and Developing Leadership

### Empowering our people – our performance

**Number of junior beautician trainees (JBT) trained and qualified under the Qualification Framework**

| 87 | 60 |
|---|---|
| 2021/22 | 2020/21 |

+45%
YoY change

**Women in leadership**

| Directors | **50%** | 50% |
|---|---|---|
| | 2021/22 | 2020/21 |
| Management | **62%** | 62% |
| | 2021/22 | 2020/21 |

**Total number of employees trained**

| 767 | 1,422 |
|---|---|
| 2021/22 | 2020/21 |

-46.1%
YoY change *

**Total number of training hours**

| 45,742 | 27,014 |
|---|---|
| 2021/22 | 2020/21 |

+69.3%
YoY change

**Average hours of training per employee**

| 26.1 | 13.5 |
|---|---|
| 2021/22 | 2020/21 |

+93.3%
YoY change

\* Number of employees in Hong Kong and Macau came down by 12.4% compared to 2020/21.
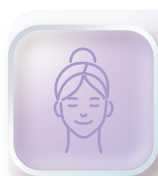
### Recognition of professional qualifications

Some of our professional beauty consultants have served our customers for more than a decade. To better recognise their expertise in the beauty industry, Sa Sa has joined the Recognition of Prior Learning programme, a mechanism under the Hong Kong Qualifications Framework (HKQF). It provides an alternative route for beauty practitioners to obtain recognised qualifications based on their work experiences and enables them to facilitate their on-going professional development.

To further enhance the career potential of our talents, Sa Sa Beauty Academy ran by our in-house training and people development department has successfully applied for the HKQF accreditation recognised by the Hong Kong Council for Accreditation of Academic and Vocational Qualification in July 2019.

Four subjects of our JBT programme are now recognised under the HKQF's level-two programme.

### Recognised subjects:

Identification of various types of skin and skin care

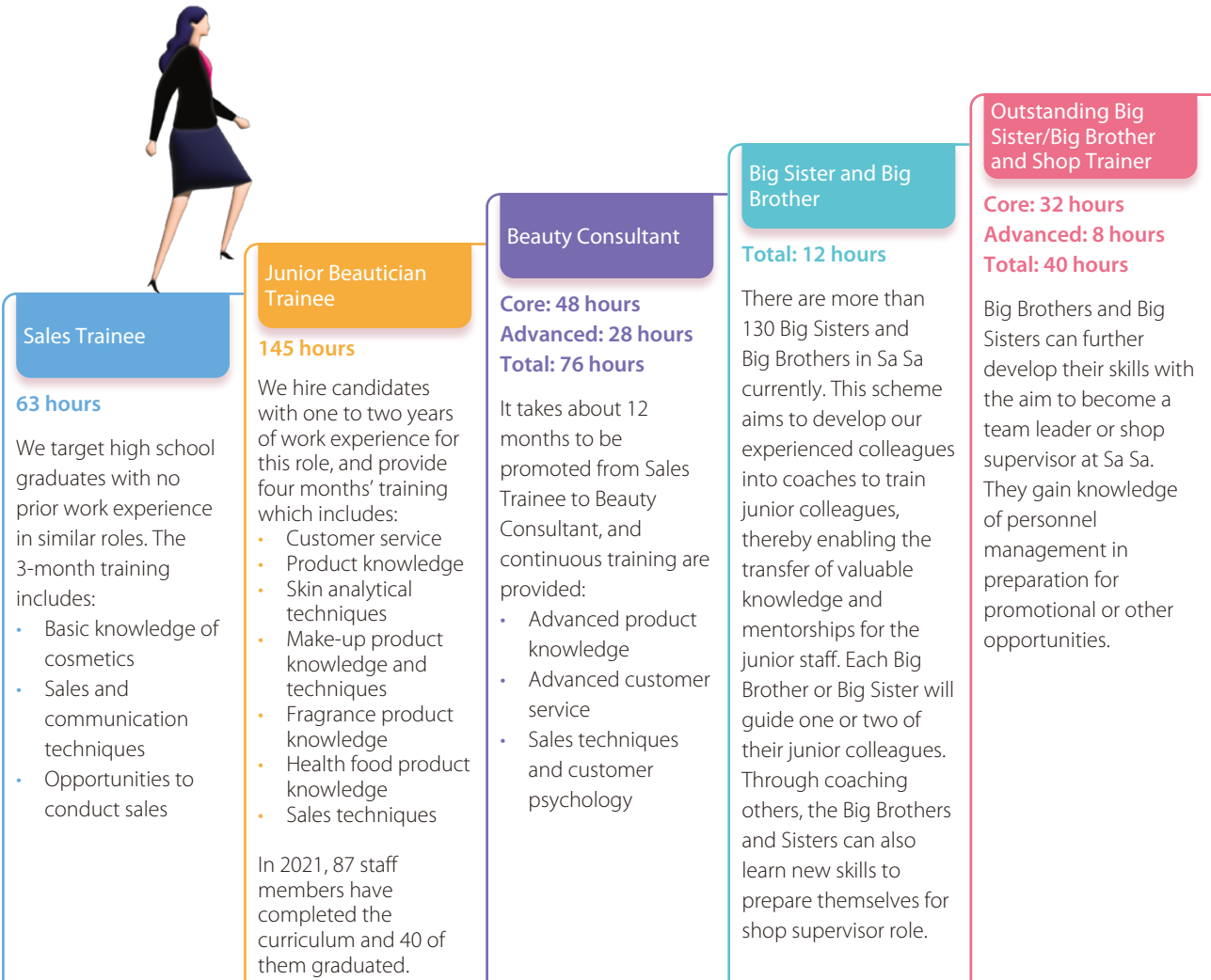Use of general cosmetic products and tools

Building up relationship with customers

Use of good communication skills to facilitate transactions

## Creating advancement opportunities for our frontline staff

### Sales Trainee

**63 hours**

We target high school graduates with no prior work experience in similar roles. The 3-month training includes:

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

### Junior Beautician Trainee

**145 hours**

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

- Customer service
- Product knowledge
- Skin analytical techniques
- Make-up product knowledge and techniques
- Fragrance product knowledge
- Health food product knowledge
- Sales techniques

In 2021, 87 staff members have completed the curriculum and 40 of them graduated.

### Beauty Consultant

**Core: 48 hours**
**Advanced: 28 hours**
**Total: 76 hours**

It takes about 12 months to be promoted from Sales Trainee to Beauty Consultant, and continuous training are provided:

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

### Big Sister and Big Brother

**Total: 12 hours**

There are more than 130 Big Sisters and Big Brothers in Sa Sa currently. This scheme aims to develop our experienced colleagues into coaches to train junior colleagues, thereby enabling the transfer of valuable knowledge and mentorships for the junior staff. Each Big Brother or Big Sister will guide one or two of their junior colleagues. Through coaching others, the Big Brothers and Sisters can also learn new skills to prepare themselves for shop supervisor role.

### Outstanding Big Sister/Big Brother and Shop Trainer

**Core: 32 hours**
**Advanced: 8 hours**
**Total: 40 hours**

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

## Taking Care of our People

### Employees health, safety and wellness

Employees health and safety and wellness are of paramount importance especially during the Covid-19 pandemic. Our goal is to lessen the number of people infected and take care of those who have been affected, both physically and mentally, by this unprecedented crisis. To this end, we have adopted a number of measures to boost health and safety and wellness among our employees in the financial year 2021/22 and live up to our commitment to being a Caring Company.

1.  Allowed employees to work from home at certain periods during the year in response to the Covid-19 outbreak.

2.  Allowed pregnant staff and employees with long-term illness to work from home throughout the pandemic.

3.  Provided home-cooked quality lunch made by our company's chef for free or at a nominal cost to avoid the risks of employees dining outside.

4.  Flexible lunch hours to enable better distancing and safer mask-off activity.

5.  Vaccine lucky draw for staff.

6.  Vaccine leave.

7.  Provided free face masks, hand sanitiser and rapid antigen test kits for employees to protect themselves and those around them.

8.  Rapid antigen test kits, high quality face masks and sanitising products were offered to staff at cost or with staff discount for employees to acquire personal protection products for family and friends.

9.  Special support was provided to employees in quarantine.

10. Investment was made to enhance technological tools to enable remote working and online meetings to be conducted more efficiently and effectively.

11. Online yoga classes were organised for employees to get together in the virtual space and have fun together.

12. Office staff from all levels of seniority were sent to the logistics centre to help clear online delivery backlogs, providing both physical and moral support to warehouse workers with everyone pulling together creating a greater sense of unity and camaraderie throughout the company to navigate these difficult times.

13. Transparent communication, with the consent of the relevant employees, as to the identity and office seat location of infected employees so that other employees could stay more alert to their own infection risk.

14. Promptly closing temporarily and disinfecting areas infected employees had stayed.

15. Regularly disinfecting common areas to minimise the risk of infection.

16. Promoting team engagement and camaraderie through organising birthday lunches between Covid outbreaks whenever there were windows of opportunity to do so.



### Occupational health and safety – our performance

**Work related injuries**

**14 cases**
2021/22

19 cases
2020/21

-26.3%
YoY change

**Lost days due to work injury**

**1,141 days**
2021/22

903 days
2020/21

+26.4%
YoY change

**Work-related fatalities**

**None in each of the past three years including financial year 2021/22**

## Occupational health and safety measures

Health and safety guidelines are provided to newly-joined employees on commencement of employment and training provided from time to time throughout employment. We have a health and safety committee chaired by our human resources director delegated with duties relating to occupational health and safety. The committee met three times in the financial year 2021/22 and reviewed each of the employee compensation cases outstanding at the date of the meeting. If any incident of employee injury is suspected to be caused by the Company or any of its subsidiaries not having taken adequate health and safety measures, the committee will explore whether improvements are required to the company's facilities to prevent similar incidents in the future.

### Plans for the future

- A new cloud-based e-learning platform will be launched in 2022/23 enabling employees to learn and develop their skills more efficiently and effectively. The platform will enhance the company's ability to opt for traditional classroom or online training as appropriate depending on the objective and needs.

- Apart from the regular training and development that our training and people development department have been delivering, the e-learning platform will allow the ESG team to provide more sustainability-related training not otherwise possible during the Covid-19 pandemic. Discussions are already in progress to produce a mini-series on waste and the circular economy in the 2nd quarter of the financial year 2022/23 which all employees can conveniently access with their mobile devices.

## Compliance with Laws and Regulations

The below laws and regulations are relevant to us but not regarded as having a significant impact.

- Employment and employees compensation legislation
- Occupational health and safety legislation
- Anti-discrimination legislation
- Anti-bribery and corruption legislation

In the financial year 2020/21, we received two discrimination complaints both of which were investigated according to our company protocols and were found to be unsubstantiated. There was no non-compliance with anti-discrimination or employment related laws or regulations in 2021/22.

We do not force our employees to work overtime and provide rest days, breaks during working hours, annual leave and sick leave over and above the statutory requirements. There were no cases of child or forced labour in the financial year.

Our Whistleblowing Policy provides the necessary mechanisms for employees to report misconduct within the company. Complaints are handled by our internal audit team and findings reported to the audit committee of the Company. To ensure ethical business practices, the Company and its employees are also guided by our Gifts and Entertainment Policy, Conflict of Interest Policy and Guidance on Prevention of Bribery Ordinance.

One seminar conducted by the Independent Commission Against Corruption was provided to general staff in the year 2020/21, and one training to the Company's directors on anti-corruption was conducted in the year 2021/22. No legal case relating to anti-corruption was brought against the Company or any of our employees during the reporting period.

Fraud risk is one of the risks regularly monitored by the Company. Please refer to the section on Ethical Business Practice in our Enterprise Risk Management Report on page 80 of this annual report for further details.

# OUR CUSTOMERS

Our customers are one of our key stakeholders. We serve them with our heart living up to our *Making Life Beautiful* motto.

## Our Challenges

The market is changing rapidly. Today's customers are more knowledgeable, more aware of their consumer rights, and demand more information on products generally, including everything from ingredients, effectiveness to certification. Apart from being price-sensitive in difficult economic times like the present, their expectations are rising and retailers must constantly review the entire customer experience, from online enquires made before shopping all the way to after sales services, serving the customers with speed having all information readily on hand.

## Sustainable Beauty 2025

### Serve with heart – our commitments:

- Commit to product quality and safety
- Integrate consumer rights and protection into customer experience
- Make quality beauty accessible and affordable to all
- Manage environmental and social risks along the supply chain

Our commitment to product quality and safety, responsible marketing and the protection of customers privacy are set out in our Responsible Product and Supply Chain Policy and our Privacy Policy.

**Product responsibility – our performance**

Products subject to recalls for safety and health reasons

**0**
2021/22

0
2020/21

Number of products or service-related complaints received for offline stores

**50**
2021/22

46
2020/21

+8.7%
YoY change

Average score under HKRMA's Mystery Shopper Programme

**94.1%**
2021/22

98.4%
2020/21

-4.4%
YoY change

Number of compliments received for offline stores

**120**
2021/22

132
2020/21

-9.1%
YoY change

One of the targets set under our sustainability framework is to see a reduction in the number of customer complaints each year. For the financial year 2021/22, we did not achieve this target.

## Product and service excellence

Our house brand, La Colline, was the proud winner of 2021 Quality Service Retailer of the Year of Flagship Stores (Silver Award) and 2021 Quality Service Retailer of the Year (Beauty Products/Cosmetics Category).

We received three awards in "Smart Retailing" organised by the Hong Kong Retail Management Association in 2021:

- Smart Transformation & Innovation Award (Retailer Group) – Merit Award

- Smart Transformation & Innovation Award (Retailer Group) – Industry Impact Award

- Smart Retail Talent Award – Grand Prize for E-Commerce Specialist – Mr Hong Li, our e-commerce director

## Quality and safety

Product quality and safety is at the core of our operations.

Please refer to the section on Supply Chain Management for more information on how we manage our suppliers to ensure that the products we source are free from quality and safety issues.

In addition,

- Our logistics department is ISO 9001:2015 (quality management system) certified. They act as a gatekeeper to ensure that goods entering our warehouse pass quality control, are properly stored and the expiry dates managed.

- Except for food, pharmaceutical products, certain giveaways and discounted products, we ensure the products we sell have a remaining shelf life of at least four months.

- Our buyers look out for prohibited or regulated ingredients when sourcing products.

- Our management directly participate in product safety or quality complaints and investigations. Before the investigation process is completed, we may err on the side of caution and proactively remove the product in question from the shelves.

- We offer a 30-day purchase guarantee to enable customers to return products that they are not satisfied with.

Our target under our sustainability framework is to maintain zero product recall. This has been achieved.

We continue to practise safe retail in times of the pandemic.

Regular sanitisation of shop displays

Require customers to wear face masks

Hand sanitiser dispenser available at shop entrance

Require customers to measure body temperature before entering

Hand sanitiser before product trials

Sanitise hands again after checkout

## Clean beauty

In recent years, consumers are demanding for more clean beauty (beauty products without ingredients suspected to be harmful to human health), which we actively source from around the world. In the financial year 2021/22, 25 new clean beauty products across eight different brands were launched.

## Marine life

Apart from human health, we also care deeply about marine health and marine life.

Since 2010, we have banned shark fins from being served at corporate functions.

We committed in 2016 to eliminate microbeads from all cleansing and exfoliating products (rinse-off products) sold at our stores by 2018. And in 2021, we were among the first batch of signatories to the Bye Bye Microbeads Charter.

Some of our microbead-free brands



## Integrate Consumer Rights and Protection into Customer Experience

We regard consumer protection legislation as having a significant impact on the Company and take active steps to ensure compliance with the standards laid down by such legislation. The three pieces of legislation highly relevant to our operations as a retailer are: the Trade Description Ordinance regulating goods with false trade description or forged trademarks and undesirable trade practices, the Personal Data (Privacy) Ordinance governing personal data and giving rights to data subjects, and the Consumer Goods Safety Ordinance and Regulations requiring consumer goods to be safe and labelled with certain information in certain circumstances. Our staff are familiar with the rights and protection conferred to consumers through such legislation and regard them as imperative throughout the entire customer experience. Please refer to the section on Compliance with Laws and Regulations in our Corporate Governance Report for the steps that we take to ensure compliance.

In the financial year 2021/22, we were not involved in any consumer-related non-compliance cases that resulted in prosecution, but we did receive one letter of advice and one warning letter for minor non-compliance with product labels.

## Make Quality Beauty Accessible and Affordable to All

Our OMO (online merge offline) business model and the multiple sales channels through which our products are offered means customers no longer need to go to the products, but rather, the products will be brought to the customers.

As a multi-brand retailer offering over 600 brands and more than 9,000 beauty related and other products, from daily necessities to special occasion needs, mass market brands to premium brands, there is something for everyone.

From the beginning of the Covid-19 pandemic, we have been especially eager to provide quality but affordable face masks, sanitising products and rapid antigen test kits for everyday use. We stand by everyone in our community to fight the virus together.



Over 130 brands of different products for fighting the coronavirus, ranging from a few dollars to a few hundred dollars.

**Number of suppliers by geographical region**

| Hong Kong SAR | Asia (excluding Hong Kong) | Europe | America | Others |
|---|---|---|---|---|
| 284 | 131 | 64 | 11 | 1 |
| (57.9%) | (26.7%) | (13%) | (2.2%) | (0.2%) |

**Our practices**

Before engaging a supplier or service provider, we ask for information on both the supplier/service provider and the product/service/solution sought to be supplied to conduct an initial assessment. We may ask for more information or screen information available in the public domain, our business intelligence system or network looking out for red flags throughout the process. The decision to engage the supplier or service provider is usually made after consideration or approval at different levels of seniority within the company ensuring there are checks and balances. We seek to identify commercial risks and environmental and social risks by watching out for:

- legality of the entity providing the product or service

- major regulatory or compliance issues in the past especially those involving trade description, personal data, consumer goods safety, and registration or labelling requirements

- employment issues especially if manual labour or foreign workers are involved in the provision of services

- safety and effectiveness issues, which were dominating factors in the last two years involving face masks and rapid antigen test kits

- ingredients that might be prohibited, limited or not illegal as such but undesirable such as microbeads

We mitigate our risks through contractual provisions, and seeking additional supporting documents as assurance, or third-party certification as appropriate.

For both existing and new suppliers, we are guided by the selection criteria set out in our Responsible Product and Supply Chain Policy. Through regular engagement and communication, we collaborate and exchange views with our suppliers on different matters including sustainability through which we may identify both risks and opportunities and potentially discover environmentally preferable products or services previously unbeknownst to us.

In the past, we have successfully identified and implemented sustainable innovation, for example "follow you printing", from an existing supplier that provided a solution to printed waste from paper left uncollected at printers.

The above practices extend by varying degree to the majority of our suppliers except for those perceived to be of low risk because of their scale, reputation, market position or the length of time the products or services have already been available on the market.

# OUR COMMUNITY

Building a community where everyone feels they belong and can thrive calls for a holistic approach. But we are all in it together, so let's come together for our shared future.

## Our Challenges

As the Covid-19 pandemic evolved from being a health crisis to both a health and economic crisis, we cannot but acknowledge the widening social and economic disparities in society. We need a stable and cohesive community to foster prosperity and overcome the economic impact of the pandemic.

## Sustainable Beauty 2025

### Achieve sustainable growth together – our commitments:

- Invest in the community
- Collaborate to flourish

Our commitment to invest in the community and foster its development through support in the form of financial and human capital, with a focus on programmes and issues that we are most concerned with, is set out in our Environmental, Social and Governance Policy.

**Amount invested – our performance**
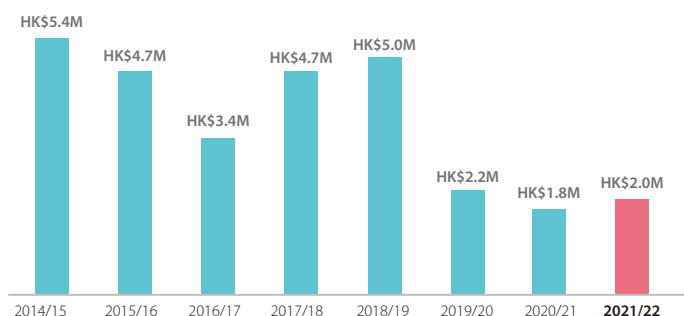


Sa Sa has a long history of supporting the community. Since the establishment of Sa Sa Making Life Beautiful Charity Fund in 2013, we have invested a total of HK$29.2 million in the community through donations, sponsorships, and other financial support. Po Leung Kuk, The Community Chest of Hong Kong, The Hong Kong Girl Guides Association and Greeners Action are among the organisations that we support and collaborate with regularly, on top of other NGOs. Since the Covid-19 outbreak in 2020, we have provided both manpower and financial support to give out personal protective products to those in need. In the year ended 31 March 2022, a total of 74,000 items, including 50,000 rapid antigen tests, 15,000 face masks and 9,000 boxes of Lianhua Qingwen capsules, were donated to elderly homes, quarantine centres and other organisations.

Despite a 61.1% drop in turnover of our online and offline operations in Hong Kong and Macau against the pre-Covid year of 2018/19, our investment in the community remained at HK$2 million for the year ended 31 March 2022.

## Bonding in the Community

### "SaSa Making Life Beautiful" My STEAM cross-generational project

In the financial year 2021/22, we saw the closing of a cross-generational project ran by Po Leung Kuk and sponsored by Sa Sa Making Life Beautiful Charity Fund with matching funds from the Government of the HKSAR. The project objective was to build an innovative cross-generational communication platform for the youth and the elderly through STEAM (Science, Technology, Engineering, Art and Mathematics). It kicked-off in 2019 with a cross-generational video competition, with the Sa Sa multi-media content management team providing coaching on video shooting, editing and creative techniques, and concluded with four short live-performances in 2021 with participants showcasing their insights on cross-generational communication to the audiences. As the project was interrupted by Covid-19, participants also took the chance to organise workshops on Covid prevention measures for the community and helped distribute protective equipment.

Project duration: September 2019 to July 2021

Provided over 800 times of benefits or services to beneficiaries

Game booths
at the closing
ceremony



Tour of the
community using VR



Elderly student Mandy discovered performing with young people made her feel younger and more cheerful. She learnt from these young people new knowledge to keep up with modern trends; in exchange, she was able to share her life experience with them.

**Connecting and engaging**



Connecting the community through sports – TVB's All Star Sports Day held in the run up to the Tokyo Olympics to raise funds for The Community Chest of Hong Kong

Po Leung Kuk Flag Day in the offices – Covid-19 did not stop us from fund raising



Celebrating success with women in the community – sponsoring Ladies Purse Day and Miss Hong Kong pageant





Outstanding Corporate Responsibility Award

**Community support during critical times brought about by the Covid-19 pandemic**



Vaccine lucky draws held between August and October 2021 to encourage our staff and customers to get vaccinated in order to protect themselves and the community.



*Rapid antigen test kits donated to five elderly centres*

*Donating to quarantine centre*

*Supporting our long-term community partner, Po Leung Kuk*

*Donating to HK Cadets Army Association*

*Joined hands with the entire cosmetic industry to create impact*
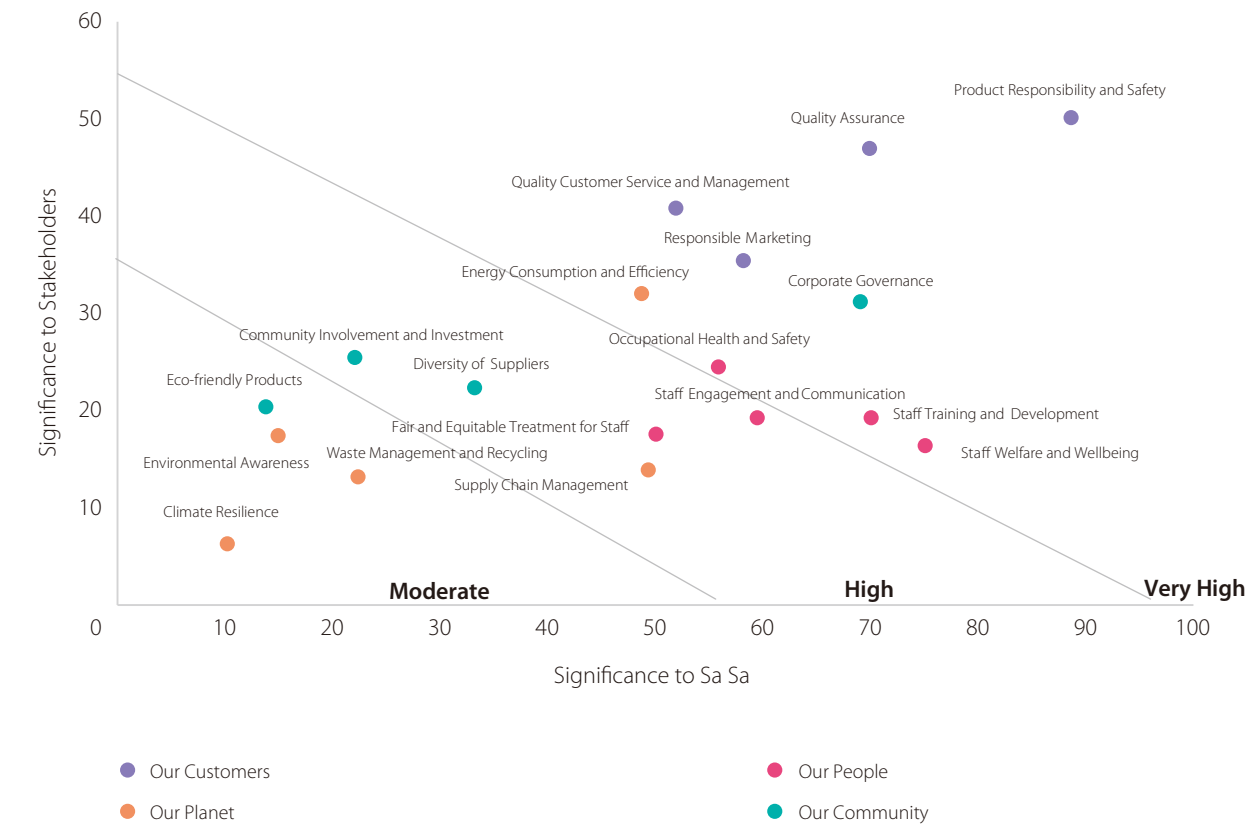
# MATERIALITY ASSESSMENT

We listen, engage and communicate regularly with our stakeholders through multiple channels using different methodologies to understand their priorities and expectations. With economic and resource constraints, as well as social distancing brought about by Covid-19, we have not been engaging with our stakeholders as often as we wished to in the last two years. Towards the end of the financial year 2021/22, however, we initiated a large-scale stakeholder engagement and materiality assessment with the support of an independent consultant with a view to developing a more robust roadmap for our sustainability journey.

The results and follow-up actions arising from this engagement will be disclosed in our next ESG report.

The key stakeholders included in our most recent engagement include:

Landlords
Suppliers
Universities career services units
Service Providers
Trade Associations
NGOs
Investors
Banks
Employees
Customers

**Key Stakeholders**

## Materiality Matrix Note



- Our Customers
- Our Planet
- Our People
- Our Community

Note: Based on previous assessment

# ABOUT THIS REPORT

This report covers the Group's online and offline operations in Hong Kong and Macau which, together, contributes to more than 80% of the Group's total turnover in the year ended 31 March 2022. The reporting boundary remains the same as compared to previous years. It is in full compliance with the mandatory disclosure requirements and the "comply or explain" provisions as set out in Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Guide.

We welcome your feedbacks. Please do not hesitate to write to us at esg@sasa.com with any comments.

# SUSTAINABILITY DATA STATEMENT – SOCIAL

| Description | | Unit | 2021/22 | 2020/21 | 2019/20 |
|---|---|---|---|---|---|
| **Headcount** | **Total** | pers | **1,752** | 2,001 | 2,423 |
| **By gender** | Male | pers | 366 (20.9%)* | 428 | 519 |
| | Female | | 1,386 (79.1%)* | 1,573 | 1,904 |
| **By age group** | under 36 | pers | 643 (36.7%)* | 831 | 887 |
| | 36-55 | | 978 (55.8%)* | 1,109 | 1,184 |
| | over 55 | | 131 (7.5%)* | 61 | 64 |
| **By employment type** | Full-time | pers | 1,621 (92.5%)* | 1,850 | 2,262 |
| | Part-time/Temporary | | 131 (7.5%)* | 151 | 161 |
| **Total no. of employees trained** * | | pers | **767** | 1,422 | 1,623 |
| **Total no. of training hours** * | | hr | **45,742** | 27,014 | 47,733 |
| **Average hours of training per employee (percentage of employees who received training)[1]** | **Total** | hr | **26.1 (43.8%)** | 13.5 (71.1%) | 19.7 (67%) |
| **By gender** | Male | hr | 7.4 (44.8%) | 10.1 (51.2%) | 14.6 (51.4%) |
| | Female | | 31.1 (43.5%) | 14.7 (69.8%) | 20.8 (70.9%) |
| **By seniority** | Management | hr | 3.6 (53.8%) | 5.1 (50.0%) | 4.3 (38.3%) |
| | Managers | | 2.0 (35.4%) | 2.1 (50.3%) | 3.7 (52.6%) |
| | All other employees | | 31.1 (45.2%) | 23.7 (74.4%) | 22.2 (68.4%) |
| **By function** * | Stores | hr | 24.6 (26.0%) | N/A | N/A |
| | Offices | | 2.5 (55.4%) | N/A | N/A |
| | Logistics Centre | | 67.6 (124.8%) | N/A | N/A |
| **Fatality** | | cases | **0** | 0 | 0 |
| **Work-related injuries** | | cases | **14** | 19 | 30 |
| **Lost days due to work injury** | | days | **1,141** | 903 | 1,588 |
| **Average days of sick leave taken by employee per month** | | days | **0.22** | 0.29 | 0.27 |

| | 2021/22 | | 2020/21 | | 2019/20 | |
|---|---|---|---|---|---|---|
| | **Overall** | **Excluding employees who left during probation period** | **Overall** | **Excluding employees who left during probation period** | **Overall** | **Excluding employees who left during probation period** |
| **Turnover rate[2]** | **37.5%** | **28.0%** | 20.2% | 19.8% | 35.6% | 28.1% |
| **By gender** | | | | | | |
| Male | 34.7% | 25.8% | 22.1% | 21.0% | 34.9% | 27.3% |
| Female | 38.2% | 28.5% | 19.6% | 18.4% | 36.1% | 28.4% |
| **By age group** | | | | | | |
| under 36 | 59.5% | 37.7% | 20.0% | 17.8% | 45.0% | 32.4% |
| 36-55 | 23.4% | 19.2% | 15.2% | 14.8% | 23.1% | 15.4% |
| over 55 | 32.2% | 31.2% | 15.1% | 15.1% | 124.4% | 137.8% |

\*     New disclosure in 2021/22

**Notes to the Sustainability Data Statement:**
1. Average number of training hour is based on the number of full-time employees as of 31 March 2022.
2. Full-time employees only.

# SUSTAINABILITY DATA STATEMENT – ENVIRONMENT

| Description | | | Unit | 2021/22 | 2020/21 | 2019/20 | Baseline 2014/15 |
|---|---|---|---|---|---|---|---|
| GHG emissions[1] | Total | | $tCO_2e$ | **7,302** | 10,022 | 12,074 | 19,498 |
| | Scope 1 | Company-owned trucks[2] | $tCO_2e$ | 142 | 122 | 170 | 137 |
| | Scope 2 | Purchased electricity used in our offices, logistics centre and stores[3] | $tCO_2e$ | 7,040 | 9,770 | 11,675 | 19,063 |
| | Scope 3 | Total | | **120** | N/A | N/A | N/A |
| | | Business air travel | $tCO_2e$ | 0 | 0 | 61 | 143 |
| | | Electricity used for fresh water processing and sewage treatment | $tCO_2e$ | 4 | 3 | 12 | 18 |
| | | Trucks owned by external logistics service providers[4] | $tCO_2e$ | 84 | 38 | 70 | N/A |
| | | Waste disposal at landfills[5] | $tCO_2e$ | 32 | N/A | N/A | N/A |
| Carbon intensity | | | kg $CO_2e$/sqm GFA | **143** | 191 | 209 | 363 |
| | | | kg $CO_2e$/HKD1m revenue | **2,511** | 5,012 | 2,547 | 2,663 |
| | | | kg $CO_2e$/headcount * | **4,167** | N/A | N/A | N/A |
| Energy consumption | Total | | MWh | **13,896** | N/A | N/A | N/A |
| | Electricity consumption | Total | MWh | **13,358** | 16,419 | 19,162 | 26,392 |
| | | Stores | MWh | 10,016 | 12,576 | 15,082 | 23,105 |
| | | Offices | MWh | 1,306 | 1,304 | 1,424 | 1,407 |
| | | Logistics centre | MWh | 2,036 | 2,539 | 2,656 | 1,880 |
| | Non-renewable fuel consumption* | | MWh | 538 | N/A | N/A | N/A |
| Electricity intensity | | | kWh/sqm GFA | **262** | 313 | 332 | 491 |
| | | | kWh/HKD1m revenue | **4,593**[6] | 4,885 | 4,044 | 2,604 |
| Water consumption[7] | | | cu.m | **5,824** | 11,251 | 19,517 | 30,691 |
| Water intensity[8] | | | cu.m/headcount* | **3.3** | N/A | N/A | N/A |
| Vehicle fuel consumption | Total | | L | **85,288** | 59,926 | 84,628 | 50,119 |
| | Company-owned trucks | | L | 53,558 | 44,556 | 61,108 | 50,119 |
| | Trucks owned by external logistics service providers | | L | 31,730 | 14,400 | 23,520 | N/A |
| Vehicle fuel efficiency | | | L/sqm GFA | **1.7** | 0.9 | 1.5 | 0.9 |
| | | | L/HKD1m revenue | **29**[9] | 18.8 | 50 | 19 |
| Vehicle emissions | $So_x$ | | g | **1,325** | 696 | 1,272 | N/A |
| | $No_x$* | | g | **0** | N/A | N/A | N/A |

*    New disclosure in 2021/22

**Notes to the Sustainability Data Statement:**

1. GHG emissions are calculated in accordance with the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong (2010 Edition) issued by EMSD & EPD. See breakdown by facilities on page 90.
2. Comprised of emissions from the three delivery trucks owned by the company as in previous years, but emissions based on the petrol consumption of two employees paid for by the company excluded based on materiality.
3. Emissions associated with electricity purchased are calculated based on the latest available emissions factors provided by the power companies.
4. Description changed from "transport fleet owned by the external logistics operators" to "trucks owned by external logistics service providers" for greater clarity.
5. Based on emissions factor derived from the latest available data on GHG emissions in waste sector and total disposed waste at landfills in Hong Kong in 2019 published by HKSAR Government.
6. The denominator changed from kg $CO_2e$ to kWh since 2021/22.
7. Calculated by reference to the water and sewage charges paid in the period. The reduction was due partly to the concessions granted by the HKSAR Government as relief measures to support businesses.
8. Organisation-specific metrics for calculating water intensity changed from GFA and revenue to number of employees to reflect the amount of water used per person for washing and cleaning purposes.
9. The denominator changed from kg $CO_2e$ to L since 2021/22.

| Description | | Unit | 2021/22 | 2020/21 | 2019/20 | Baseline 2014/15 |
|---|---|---|---|---|---|---|
| **Paper consumption** | **Total**[1] | '000 pcs (kg) | **4,218 (21,088)** | 4,000 (19,958) | 6,265 (31,020) | 9,316 (47,056) |
| | Stores* | '000 pcs (kg) | 1,933 (9,663) | N/A | N/A | N/A |
| | Offices* | '000 pcs (kg) | 644 (3,218) | N/A | N/A | N/A |
| | Logistics centre* | '000 pcs (kg) | 1,642 (8,208) | N/A | N/A | N/A |
| **Paper use intensity** | | pcs/headcount | **2,407** | 1,999 | 2,586 | 2,872 |
| | | pcs/HKD1m revenue | **1,450**[2] | 10 | 12 | 19 |
| **Business air travel** | | '000 km travelled | **0** | 0 | 435 | 929 |
| **Business air travel intensity** | | km travelled/headcount | **0** | 0 | 174 | 286 |
| | | km travelled/HKD1m revenue | **0**[3] | 0 | 13 | 20 |
| **Packaging:** | | | | | | |
| Carton box consumption[4] | **Total** | '000 pcs (kg) | **1,161 (406,493)** | 874 | 436 | N/A |
| | Offline * | '000 pcs (kg) | 233 (199,450) | N/A | N/A | N/A |
| | Online* | '000 pcs (kg) | 928 (207,043) | N/A | N/A | N/A |
| Bubble wraps consumption* | | kg | **19,907** | N/A | N/A | N/A |
| Airpillow consumption* | | kg | **10,836** | N/A | N/A | N/A |
| Stretch film consumption* | | kg | **18,663** | N/A | N/A | N/A |
| Plastic pallet consumption* | | kg | **1,000** | N/A | N/A | N/A |
| Wooden pallet consumption* | | kg | **18,000** | N/A | N/A | N/A |
| **Shopping bags consumption** | | '000 pcs | **1,184** | 1,045 | 2,373 | 3,010 |
| **Shopping bags consumption intensity** | | pcs/transaction | **0.14** | 0.15 | 0.18 | N/A |
| **Resources recycled[5]:** | | | | | | |
| Paper | Offices | kg | **18,635** | 14,366 | 19,514 | 18,602 |
| | Logistics centre | kg | **1,800** | 95,600[6] | 148,000 | N/A |
| Plastic | | kg | **5,790** | 4,400 | 3,200 | N/A |
| – Plastic pallet* | | kg | **90** | N/A | N/A | N/A |
| – Stretch film* | | kg | **5,700** | N/A | N/A | N/A |
| Carton box* | | kg | **89,700** | N/A | N/A | N/A |
| Wooden pallet* | | kg | **0** | N/A | N/A | N/A |
| **Resources reused:** | | | | | | |
| Carton box* | | kg | **55,200** | N/A | N/A | N/A |
| **Non-Hazardous waste**[7] | Solid* | tonnes | **27.4** | N/A | N/A | N/A |
| | Liquid* | tonnes | **16.1** | N/A | N/A | N/A |
| **Hazardous waste** | Chemical | tonnes | **0** | 3.5 | N/A | N/A |
| **Waste intensity*** | | kg/HKD1m revenue | **15** | N/A | N/A | N/A |

\* New disclosure in 2021/22

**Notes to the Sustainability Data Statement:**

1. Total may not add up due to rounding.
2. The denominator changed from kg $CO_2$e to pcs since 2021/22.
3. The denominator changed from kg $CO_2$e to km travelled since 2021/22.
4. The carton box consumption for offline and online were disclosed separately since 2021/22.
5. Aluminium cans and plastic containers for personal use recycled by employees in the offices no longer disclosed.
6. Disclosure in 2020/21 represented the combined weight of paper and carton boxes recycled in our logistics centre.
7. Personal waste generated by employees replaced by waste from operations from financial year 2021/22.

# HKEX ESG REPORTING GUIDE CONTENT INDEX

| Subject Areas, Aspects, General Disclosures and KPIs | Description | Page No. |
|---|---|---|
| **A. Environmental** | | |
| **Aspect A1: Emissions** | | |
| General Disclosure | Information on: <br>(a)   the policies; and <br>(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. | P.89 and P.97 |
| KPI A1.1 | The types of emissions and respective emissions data. | P.89, P.90 and P.118 |
| KPI A1.2 | Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | P.89, P.90 and P.118 |
| KPI A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | P.94 and P.119 |
| KPI A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | P.94 and P.119 |
| KPI A1.5 | Description of emissions target(s) set and steps taken to achieve them. | P.90 and P.91 |
| KPI A1.6 | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them. | P.94 and P.95 |
| **Aspect A2: Use of Resources** | | |
| General Disclosure | Policies on the efficient use of resources, including energy, water and other raw materials. | P.89 |
| KPI A2.1 | Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility). | P.90 and P.118 |
| KPI A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility). | P.93 and P.118 |
| KPI A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. | P.90 and P.91 |
| KPI A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them. | P.93 |
| KPI A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | P.92-93 and P119 |
| **Aspect A3: The Environment and Natural Resources** | | |
| General Disclosure | Policies on minimising the issuer's significant impacts on the environment and natural resources. | P.89 |
| KPI A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | P.88-P.97, P.107, P.108 |
| **Aspect A4: Climate Change** | | |
| General Disclosure | Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer. | P.89 |
| KPI A4.1 | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. | P.88, P.90 and P.91 |
| **B. Social** | | |
| **Employment and Labour Practices** | | |
| **Aspect B1: Employment** | | |
| General Disclosure | Information on: <br>(a)   the policies; and <br>(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. | P.98 and P.103 |
| KPI B1.1 | Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region. | P.99 and P.117 |
| KPI B1.2 | Employee turnover rate by gender, age group and geographical region. | P.117 |
| **Aspect B2: Health and Safety** | | |
| General Disclosure | Information on: <br>(a)   the policies; and <br>(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. | P.98 and P.103 |
| KPI B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | P.102 and P.117 |
| KPI B2.2 | Lost days due to work injury. | P.102 and P.117 |
| KPI B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored. | P.102 and P.103 |

| Subject Areas, Aspects, General Disclosures and KPIs | Description | Page No. |
|---|---|---|
| **Aspect B3: Development and Training** | | |
| General Disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. | P.98 |
| KPI B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management). | P.117 |
| KPI B3.2 | The average training hours completed per employee by gender and employee category. | P.100 and P.117 |
| **Aspect B4: Labour Standards** | | |
| General Disclosure | Information on:<br>(a)  the policies; and<br>(b)  compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour. | P.98 and P.103 |
| KPI B4.1 | Description of measures to review employment practices to avoid child and forced labour. | P.98 and P.103 |
| KPI B4.2 | Description of steps taken to eliminate such practices when discovered. | P.98 and P.103 |
| **Operating Practices** | | |
| **Aspect B5: Supply Chain Management** | | |
| General Disclosure | Policies on managing environmental and social risks of the supply chain. | P.105 and P.109 |
| KPI B5.1 | Number of suppliers by geographical region. | P.109 |
| KPI B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored. | P.109 |
| KPI B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | P.109 |
| KPI B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | P.109 |
| **Aspect B6: Product Responsibility** | | |
| General Disclosure | Information on:<br>(a)  the policies; and<br>(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 | P.105, P.108 and P.109 |
| KPI B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | P.105 |
| KPI B6.2 | Number of products and service related complaints received and how they are dealt with. | P.105 and P.106 |
| KPI B6.3 | Description of practices relating to observing and protecting intellectual property rights. | P.108 |
| KPI B6.4 | Description of quality assurance process and recall procedures. | P.106 |
| KPI B6.5 | Description of consumer data protection and privacy policies, and how they are implemented and monitored. | P.105 and P.108 |
| **Aspect B7: Anti-corruption** | | |
| General Disclosure | Information on:<br>(a)  the policies; and<br>(b)  compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. | P.103 |
| 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. | P.103 |
| KPI B7.2 | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored. | P.103 |
| KPI B7.3 | Description of anti-corruption training provided to directors and staff. | P.103 |
| **Community** | | |
| **Aspect B8: Community Investment** | | |
| General Disclosure | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. | P.110 |
| KPI B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). | P.110 – P.115 |
| KPI B8.2 | Resources contributed (e.g. money or time) to the focus area. | P.110 and P.111 |