

Environmental, Social and
Governance Report

BEAUTIFUL AMBITION

SASA 2025

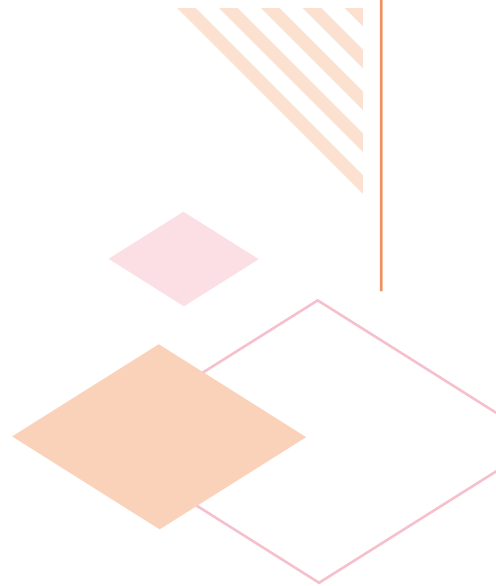
Making Life Beautiful



Message from the Chairs

“We are honoured to have received six ESG awards this year. They are both a recognition of Sa Sa’s performance and an encouragement for our sustainability efforts. Going forward, we will put our best foot forward to bring about long-term positive environmental and social impacts through effective business development and collaboration with stakeholders.”

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



“Amid the COVID-19 pandemic, and despite the changing environment around us, we will continue to set an excellent example for the industry by fulfilling our commitment to ‘Beautiful Ambition: SASA 2025’ and taking on more responsibilities on sustainability development for our employees, customers, the environment and the community. At the same time, we will continue to work together with the community to overcome adversity.”

Ms KWOK Sze Wai Melody, MH◇
Chair of Sustainability Steering Committee

◇ Since 1 July 2021

Our Approach to Sustainability

Sustainability Framework

Our Shared Purpose

Sa Sa believes that making our sustainability ambitions known to every stakeholder involved in our business is the key of our approach to sustainability.

In the financial year 2019/20, we established “Beautiful Ambition: SASA 2025” to deliver on Sa Sa’s purpose on sustainable development – making life beautiful for our customers, our talents, our environment and community, in the next five years.

Building on our heritage as a caring company, our sustainability framework connects to Sa Sa’s strategic priorities and guides us to be a responsible and sustainable business in long run. Most importantly, this big picture has also become a shared purpose as it allows our stakeholders to understand how they can contribute to our ESG efforts.

Beautiful Ambition: SASA 2025

Our Focus

Serve with Heart



Advance Resource Efficiency



Support Our Talent



Achieve Sustainable Growth



Our Commitment

- Safeguard beauty through quality and safety
- Integrate consumer rights and protection in customer experience
- Make quality beauty accessible and affordable to all

- Enhance energy efficiency
- Minimise waste
- Promote sustainable supply chain

- Galvanise talents to reach their full potential
- Enhance staff engagement and communication
- Foster workplace wellness

- Capture sustainability trends and opportunities
- Strive to be a sustainable business
- Bloom with community

Our Target

- Zero product recall
- See a reduction in the number of customer complaints each year

- A 38% reduction in GHG emissions against 2014/15 level
- A 50% reduction in paper consumption against 2014/15

- Cultivate a high-performance culture
- Nurture a vibrant and diverse workforce with robust training and succession plan

- A 10% increase in volunteering hours each year
- Partner up with different stakeholders to unleash innovation for sustainability

Our Progress

- Achieved
- In 2020/21, we had:
 - no product recalled
 - number of complaints dropped from 96 to 49

- Achieved
- In 2020/21, we had:
 - a 49% reduction in GHG emissions against 2014/15 level
 - a 58% reduction in paper consumption against 2014/15 level

- On track
- In 2020/21, we had:
 - 60 staff members graduated from our JBT Programme
 - our first KOL Training Programme

- On track
- In 2020/21, we had:
 - corporate donation and sponsorship of HK\$3.07 million
 - three new strategic ESG partnerships

Our Vision

Making Life Beautiful

Performance Highlights

Sa Sa made the below achievements for the year ended 31 March 2021:



Awards and Recognitions

Special thanks to the dedication of our people, we have been the proud recipients of six ESG awards this year:

- BDO/ESG Award (Small Market Capitalisation)
- Hong Kong Awards for Environmental Excellence – Gold Award 2019 (Shops and retailers sector)
- Hong Kong Investor Relations Association/The 6th “Investor Relations Awards”
 - Best ESG – Social (Small Cap)
 - Best ESG – Corporate Governance (Small Cap)
 - Grand ESG Award (Small Cap)
- Inno ESG Award 2020 Sustainability Prize



What is most important about these honours is not the reputation they bring, but what they represent. Being selected as an exceptional contributor in our field means that we are meeting our goal of making life beautiful for the environment, people and communities we serve.

Sustainability Benchmark and Commitment

Sa Sa is committed to transparency in our sustainability performance. Being open about it motivates us to go the extra mile to be a sustainable business. In addition to keeping up with the latest market trends, we continue to participate in different sustainability benchmarks to upgrade ourselves by recognising our strengths and weaknesses.

- Constituent of the Hang Seng Corporate Sustainability Benchmark Index for the tenth consecutive years with a rating of A
- MSCI’s ESG Ratings of “BBB”
- Awarded with “Caring Company for 15 years plus” status by the Hong Kong Council of Social Service



* Against 2019/20 level

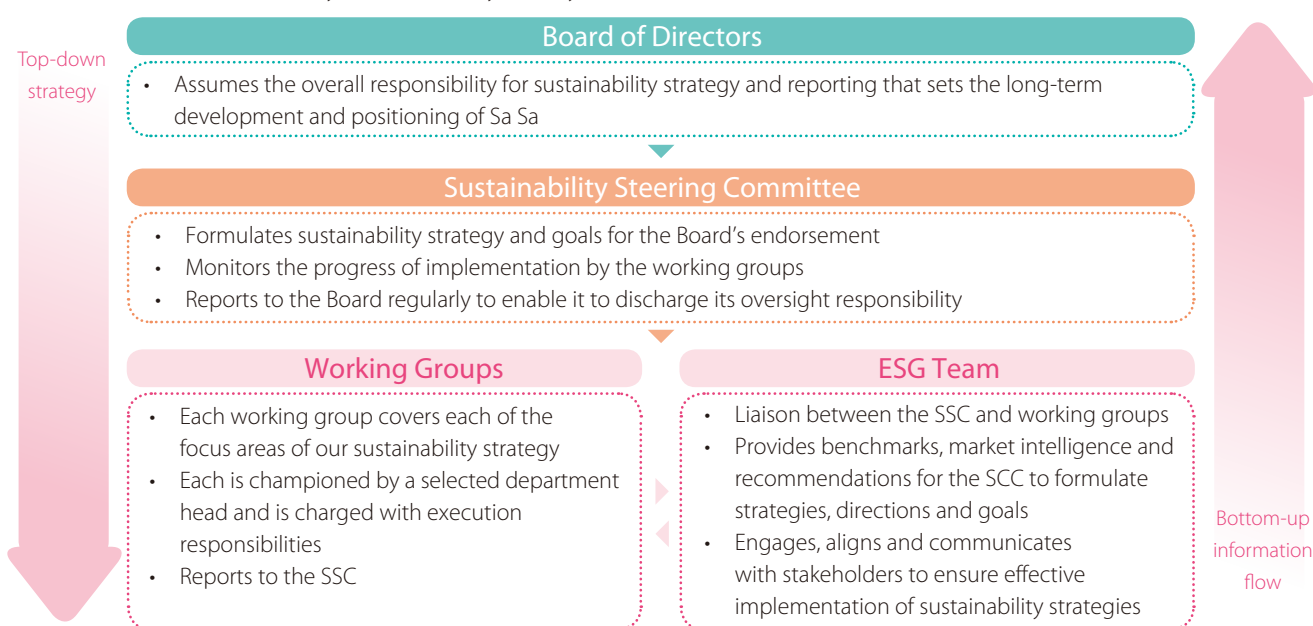
Our Approach to Sustainability

Sustainability Governance Structure

We believe a robust governance structure – committed leadership, clear direction and strategic influence – is vital to successful integration and effective management of sustainability at Sa Sa.

Our governance structure centres on the Sustainability Steering Committee (the SSC) which is directly accountable to the board of directors. Chaired by one of our executive directors, Ms Kwok Sze Wai Melody, and with different department heads as members, the SSC meets quarterly to deliberate on the focus areas of our strategic sustainability development, its direction and goals. The driving principle behind is to develop specific policy recommendations, enhance efficiency, minimise costs and engage staff in sustainability.

For each of us to pull the weight to integrate sustainability into our daily business operations, our sustainability governance structure also aims to create accountability for sustainability at every level.



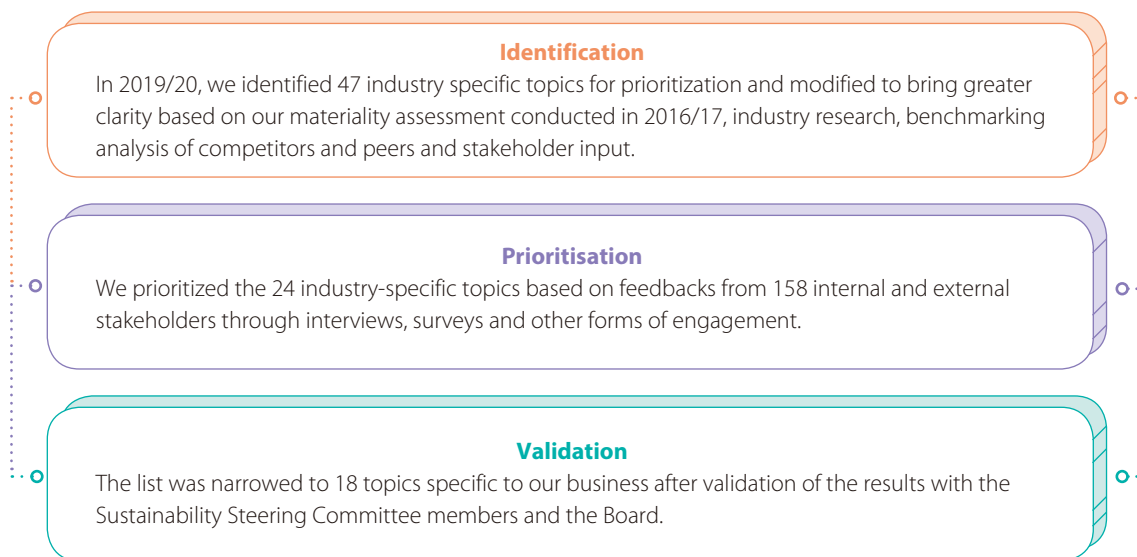
Stakeholder Engagement

As a leading cosmetic retailer, our company performance depends on direct and frequent engagement with our customers, employees, investors, suppliers and contractors, as well as local communities, NGO partners, the government, academia, media and industry peers and associates. Their perspectives and feedback not only help us to better understand our stakeholders needs and expectations, but also improve the relevance and effectiveness of our current and future sustainability strategies.

Our Stakeholders	Communication Channels
Employees	Daily communications, performance appraisal and talent development programme
Investors, shareholders and ESG research analysts	Sustainability reporting, benchmarks and indices, interviews and annual general meeting
Customers	Social media, Sa Sa websites, mystery shoppers programme
Suppliers and contractor	Regular project meetings and performance evaluation
Communities	Donations, community programmes and events
NGOs, academia and industry associations	Collaboration and conferences
Governments and regulators	Ongoing dialogues and information disclosure
Media	Interviews and press release

The Material Sustainability Issues of Sa Sa

Living in an ever-changing world, understanding and responding to the views and expectations of our stakeholders play a critical role in the success of our business. Thus, we conduct a materiality assessment regularly to assess the evolving sustainability landscape and to verify, rank and report the sustainability topics that matter most to our business and stakeholders.



Most importantly, this materiality assessment led to the development of our “Beautiful Ambition: SASA 2025” strategy and its pillars: “Serve with Heart”, “Advance Resource Efficiency”, “Support Our Talents” and “Achieve Sustainable Growth”.

The matrix below lists out the 18 moderate, high and very high priority topics identified.



During 2020/21, we had an internal review to examine the validity of these material topics identified. Since the last materiality assessment was conducted in a tumultuous year and COVID-19 still affected all of us, we concluded that Sa Sa’s strategic priorities and the material topics remained unchanged. While noticing the urgency to tackle these challenges had accelerated, we trust that the robust governance at Sa Sa and “Beautiful Ambition: SASA 2025” will continue to guide us to act in time to the challenges during this challenging time.

Our Customers

Serve with HEART

When customers choose to shop at Sa Sa, they have cast their vote of confidence in the quality of our products. To reciprocate this trust, we serve wholeheartedly to satisfy their needs and expectations by offering a diverse range of high-quality products, providing attentive shopping experiences, and supporting our customers to pursue beauty.



Key Challenges

1 Evolving retail landscape

- Providing a consistent experience across offline and online channels becomes important in keeping customer satisfaction, trust and loyalty

2 Changing customer needs and expectations

- Value for money, ease of shopping experience and product quality drive purchase decisions
- Customers are more sophisticated on the ingredients and composition of their cosmetics

3 Prioritising healthy and sustainable lifestyle

- COVID-19 and climate change have customers to rethink about health and sustainability and this fuels the rise of conscious consumerism

Beautiful Ambition: SASA 2025

Our Commitment

- Safeguard beauty through quality and safety
- Integrate consumer rights and protection in customer experience
- Make quality beauty accessible and affordable to all

Our Target

- Zero product recall
- A reduction in customer company every year

Our Progress

In 2020/21, we had:

- no product recalled
- number of complaints dropped from 96 to 49

Our Key Development This Year

- Continued to be recognised for our service excellence
- Upgraded our Hong Kong shopping website and mobile app to make online shopping convenient
- Partnered up with Boutir to leverage the strengths of our beauty consultants to extend the in-store customer intimacy to this online platform

Safeguard Beauty through Quality and Safety

Although Sa Sa houses over 10,000 SKUs to keep up with the needs of customers of all ages and backgrounds, we still put product quality and safety first. Our teams in category management and product development, quality control, frontline sales and customer service go the extra mile to ensure the quality and safety of each and every product we carry. As in the past year, there are no incidents of product recall or non-compliance due to safety or health issues this year.

Here are some examples of the measures we have adopted to ensure product quality and safety:

- ✓ Being certified as ISO 9001: 2015 compliant, our Logistics Department acts as gatekeeper to safeguard product safety in every procedure including receipt, inspection, proper storage, expiration date management and delivery of our products.
- ✓ Except for food, pharmaceutical products, certain giveaways and discounted products, we ensure the products we sell are with remaining shelf life of at least four months.
- ✓ Assurance of authentic products through vendors' evaluation, contractual measures, quality control undertaken at the warehouses and monthly checking conducted at our stores.
- ✓ Provide suppliers with the latest list of harmful ingredients that must be avoided or restricted in major regions.
- ✓ Senior management will directly participate in all product safety or quality complaints and investigations. Before the investigation process is completed, we will remove such products from the shelves based on the principle of prudence.
- ✓ In addition to requiring suppliers and service providers to respect intellectual property and third-party rights, we also encourage suppliers to continuously improve their environmental, social and governance performance.



Integrate Consumer Rights and Protection in Customers Experiences

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

- ✓ 30-Day Purchase Guarantee to ensure a satisfying purchase experience for customers across all our sales platforms.
- ✓ Mystery shoppers programme to objectively assess the quality of service, providing us with not only service assurance but also room for improvement of our customer service.
- ✓ Customer experience training for frontline staff, providing on-site guidance and up-to-date product and other information to improve customer service.
- ✓ Customer complaints and investigation process* is immediately on whenever we receive complaints regarding the quality of products or services or incidents reports so that we can respond to the customers in a timely manner.
- ✓ Privacy of personal data is safeguarded by strictly complying with the Personal Data (Privacy) Ordinance. We commit to using the customer information we collect only for the purpose intended and notified.

Our Mystery Shopping Programme Score

94.8%

▲ 4.8% vs. last year

* During this financial year, we received a total of 49 complaints and 132 compliments.



Our Customers

Sa Sa's Service Excellence Got Recognised

We have once again won the "Q-Mark Elite Brand Award 2020" in the retail category (lifestyle) for 2020 from the Hong Kong Q-Mark Council in recognition of our continuous efforts in upholding the "serve with heart" commitment and delivering the best quality products and shopping experiences to customers.



Make Quality Beauty Accessible and Affordable to All

In response to the fast-changing retail landscape, Sa Sa has adopted the "New Retail" model as the core of our strategic development in the medium to long term. Since 2017, we have partnered up with various e-commerce platforms including Shopee, Tmall Global, JD Group, Xiaohongshu, Kaola and so on to expand our online presence.

Tapping into the remarkable growth of social commerce, we launched WeChat mini-programme in last year to make shopping convenient for our customers. We also actively engage in live broadcasting at multiple social media platforms like Facebook to interact with customers.

The recent collaboration with Boutir has leveraged the expertise of our beauty consultants to extend their first-class customer service in brick-and-mortar stores seamlessly into an online platform. Apart from improving customer loyalty and broadening the customer base, this helps generating additional commission income for the frontline staff amid COVID-19 outbreak.

To brace against tough market situation, we also listened to customer feedbacks and upgraded our Hong Kong shopping website and mobile app during this financial year.



Did you know.....

Sa Sa garnered the "Adversity Award – Good Use of Technology Award 2020" and "Best Retail Innovation – Industry Recognition Award" by Hong Kong Retail Technology Industry Association ("RTIA") in recognition of our dedication in retail technology and innovative contribution with insightful strategies in the hardest-hit retail industry by the COVID-19 pandemic.



Progress towards Sustainable Beauty

Sa Sa is a responsible and care company. Not only we aim to do things right for the environment, we empower customers to feel good and be a “better-me” too. In addition to providing eco-friendly beauty products like microbead-free cleansing and exfoliating products, we offer our customers clean beauty products that are believed to be made without ingredients shown or suspected to harm human health.



Did you know.....

What’s special this year is that Sa Sa finally has her own brand, Sasatinnie, to launch green and clean beauty products. These products include unbleached bamboo pulp tissue packs and Zero Skin Moisturising and Repairing Bio-cellulose Masks.



Practise Safe Retail

Safety and wellness of our frontline staff and customers matter the most to Sa Sa. To prevent them from the attack of COVID-19, we have implemented a series of sanitisation measures at our stores:



Our Customers

Cater to Different Customers' Needs

We listen and respond quickly to what customers need and want. Since the early days of the COVID-19 pandemic, we have been working hard to provide customers with different types of anti-epidemic products to bring them joy, quality choice and protection. Here are some measures we have taken:

- Coordinate with stores, logistics centre and suppliers so that the anti-epidemic products are fast-tracked through the supply chain and prioritised for re-stocking.
- Upgrade Hong Kong website and mobile app to support safe retailing.
- Provide more affordable level-3 face masks to better protect our customers from COVID-19.
- Carry many colours and designs of face masks to fulfil customers' needs of different styles.
- Support local brands while sourcing face masks from Japan, Korea, Vietnam, Europe and the USA.

Our Key Achievements in 2020/21

Hong Kong Retail Management Association Quality Service Programme

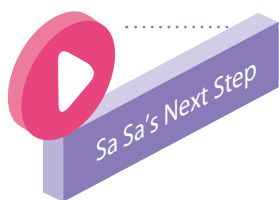
- 2020 Quality Service Retailer of the Year of Flagship Stores Gold Award – La Colline
- 2020 Quality Service Retailers of the Year (Beauty Products/ Cosmetics Category Award) – La Colline Shop

Hong Kong Q-Mark Council

- Q-Mark Elite Brand Award 2020 (Retail Lifestyle Category)

Hong Kong Retail Technology Industry Association ("RTIA")

- Adversity Award – Good Use of Technology Award 2020
- Best Retail Innovation – Industry Recognition Award



To empower our customers in pursuing beauty, we will continue to:

- Create a consistent shopping experience across offline and online channels.
- Continue to listen and respond with our heart to rising consumer expectations on being socially and environmentally responsible, from data protection to product safety and responsible marketing.
- Stay transparent and authentic in our approach persistently to activate the power of beauty sustainably and responsibly together with our customers.

Our Environment

Advance Resource EFFICIENCY

Making life beautiful, Sa Sa aspires to protect the environment by integrating environmental considerations into our decision-making process. We implement appropriate measures to advance energy efficiency to minimise the impacts on the environment brought about by our daily operations.



Key Challenges

1 Climate Change

- The world calls for collective action to limit global temperature increase to below 2°C
- Extreme weather events can affect our sales, products supply and the reliability of our supply chain
- The COVID-19 pandemic has accelerated the transition to the low carbon economy

2 Waste

- Hong Kong aims for zero landfill in 2035, but our disposal rate is record-high and our recycling rate is record-low too

3 Supply chain

- As supply chain is complex in nature, there is a greater call for collection action and transparency

Beautiful Ambition: SASA 2025

Our Commitment

- Enhance energy efficiency
- Minimise waste
- Promote sustainable supply chain

Our Target

- A 38% reduction in GHG emissions against 2014/15 level
- A 50% reduction in paper consumption against 2014/15

Our Progress

- In 2020/21, we had:
- a 49% reduction in GHG emissions against 2014/15 level
 - a 58% reduction in paper consumption against 2014/15 level

Our Key Development This Year

- Recognised as Hong Kong Green Organisation
- Updated our corporate green manual based on data analytics resulted from the real-time smart metre
- Partnered up with iRecycle in encouraging consumers to recycle properly
- Sasatinnie launched green beauty products

Our Environment

Enhance Energy Efficiency to Reduce Our Carbon Footprint

Tackling climate change has already been listed as a priority in Sa Sa's Environmental Policy. As a responsible corporate citizen, we aim to reduce GHG emissions by 38% below 2014/15 baseline level by 2025 contributing to the transition to a low-carbon economy.

In 2020/21, Sa Sa operated a total of 100 stores in Hong Kong and Macau. Our operations generated 10,022 tonnes of carbon dioxide equivalent (CO₂e). Our GHG emissions were down a significant 17% year-on-year due largely to temporary store closures, reduced operating hours or the permanent closing of some of our retail stores as the COVID-19 has continued to affect all of us. This year, we reduced our emissions by 11% compared to the 38% reduction target we need to achieve by 2025. As we expect market conditions to return to normal after the COVID-19 pandemic, we have decided to maintain our 38% reduction in GHG emissions as one of our targets to achieve for 2025.

Energy consumption through electricity (Scope 2 emissions) is the source of more than 97.5% of our total carbon emissions. Among Sa Sa's main operation facilities, stores are responsible for most of the energy consumed, accounting for 76.6% of the total, followed by logistics facilities (15.5%) and offices (7.9%). Our overall electricity consumption this year dropped by 14% compared to last year.

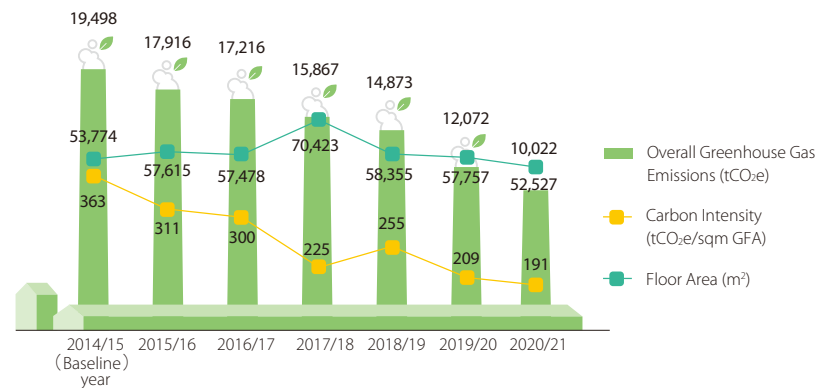
Apart from actively supporting in the Environment Bureau's External Lighting Charter by switching off unnecessary external lighting during pre-set hours, we turn off card readers and not-in-use appliances during non-business hours. We have also implemented a number of measures to reduce emissions in our shops, offices and logistics centres, including but not limited to the installation of LED lights and smart meters.

With the full support of our Board, we are extending our carbon reduction programmes to raw material production and manufacturing operations, including our suppliers and their operations.

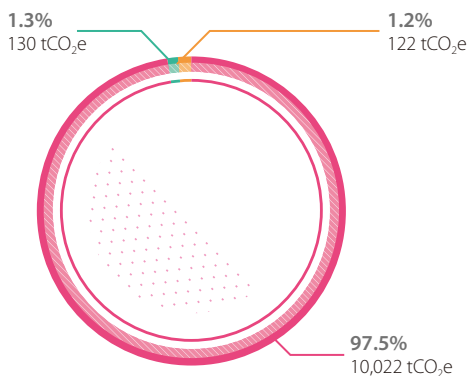
GHG Emissions and Carbon Intensity



Environmental Policy



GHG Emission by Scope 1,2,3



Scope 1: Direct GHG emissions

Company-owned transport fleet and employee-owned vehicles used for business purposes

Scope 2: Electricity indirect GHG emissions

Electricity consumed in our stores, headquarters and logistics facilities

Scope 3: Other indirect GHG emissions

Paper disposal in landfill, business air travel, fresh water supply and sewage treatment, and transport fleet owned by external logistics operators

Energy Consumption by Facility Type



2020/21
Electricity consumption:

14%
vs 2019/20 level

2020/21
Electricity intensity:

313 kWh/m²

Conserve Water

Sa Sa's operations are not water intensive and represent just 0.03% of our carbon footprint, but we still actively monitor our water consumption. We have placed signs next to the water faucets to remind our staff to conserve water.



CLP Recognised Sa Sa's Effort in Saving Energy



CLP's Peak Demand Management programme aims to encourage Bulk or Large Power Tariff customers to reduce electricity consumption during peak demand hours. As a supportive participant, we rearrange our operation schedule to help whenever it is necessary.

Minimise Waste at Source to Support Our City's "Zero Landfill" Target

The HKSAR Government has set a long term goal of "zero landfill" to achieve in 2035. Sa Sa is committed to handling waste in a more sustainable and low-carbon manner to help our city to achieve this goal. During the year, we continued to implement our strategy to reduce, reuse and recycle across our logistics centre, retail stores and offices, in an effort to minimise waste disposal to landfill.

We understand that a substantial source of our waste comes from the packaging materials that protect our products during transportation: most of the products we procure are first sent to our logistics centre before being distributed to individual retail stores. While exploring new ways to lessen the waste generated through this distribution and delivery processes relentlessly, we have employed a number of measures to reduce, reuse and recycle in our logistics center.

Reduce

- Continuous evaluation to identify opportunities for reduction of packaging materials, e.g., we began to use double instead of triple wall corrugated carbon box to reduce waste. Although each box is 31% lighter, it still protects products well.
- Pallet wrap machines are employed to reduce stretch film consumption in the wrapping of loaded pallets for transportation.
- Whenever our stores replenish our 20 best-selling products, the order must be a multiple of the quantity contained in a carton box to avoid the need for re-packaging. Not only does it benefit the environment, it also saves us time and cost too.



Reuse

- Each carton box is used on average four times before being recycled.



Recycle*

- Our recycling service provider collects and recycles our used cardboards, stretch film and pallets.



Carton box recycled:

95.6 tonnes
(YoY change: -35%)



Wooden pallet recycled:

0.7 tonnes
(YoY change: -85%)



Stretch film and air packing recycled:

3.7 tonnes
(YoY change: +16%)



* Affected by COVID-19, our recycling performance dropped.

Our Environment

Proper Waste Classification and Handling

Waste classification is important in the development of a robust waste management system. Damaged or expired goods which need to be disposed of are classified into solid, liquid or chemical waste and are disposed of in the following manner:

- When we reached a certain quantity of solid and liquid waste, we submit a Disposal of Special Waste at Landfills Admission Ticket to the Environmental Protection Department. The waste is only sent to landfill through our service provider after we receive approval. In 2020/21, we disposed 13.9 tonnes of solid waste (e.g. paper masks) and 21.1 tonnes of liquid waste (e.g. shampoo).
- When our chemical waste (such as perfume) reaches a certain quantity, we notify the Chemical Waste Treatment Centre (CWTC) to make arrangements for disposal. This year, we disposed of 3.5 tonnes of chemical waste.

Responsible Waste Management at Stores

While our waste management working group will continue to coordinate the waste reduction effort across our stores, the below are some measures in place:

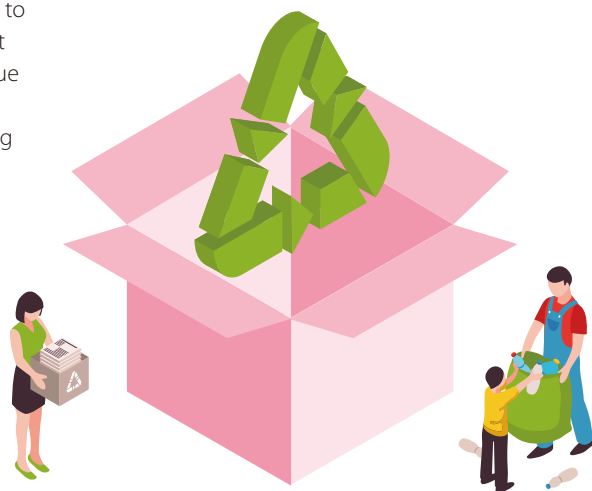
- Offer incentives to reinforce reduce, reuse and recycle at stores.
- Coordinate with relevant property management companies and cleaning service providers to facilitate recycling efforts.
- Return carton boxes from stores to logistics centre for reuse purpose.
- Deliver orders to stores in suppliers' carton boxes to save carton boxes.
- Provide our subcontractors with guidance to ensure that waste generated during renovations should be properly handled by authorised waste disposal vendors.

Lessen Our Customers' Impacts on the Environment

We are in compliance with the Product Eco-Responsibility Ordinance (Cap. 603) of Hong Kong and the Restrictions on the Supply of Plastic Bags (Law No. 16/2019) of Macau. For every shopping bag*, Sa Sa charges customers HK\$0.50 in Hong Kong and MOP\$1 in Macau. During the year 2020/21, Sa Sa distributed around 1.04 million plastic bags to its customers, 26% less than last year. While we saw more customers brought their own shopping bags, the reduction also demonstrated COVID-19's impact on the number of transactions this year. With the inclusion of Macau's transactions this year, the average number of shopping bag per transaction was 0.15, a 12% reduction as compared to the previous year. Under Sustainability Steering Committee, our Shopping Bag Working Group is actively looking into ways to actualize 50% reduction of plastic shopping bags by 2025.

Since 2015, we have invested around HK\$4 million to inspire our people and community to preserve the beauty of our planet among employees and consumers every year. Over HK\$1.1 million of this green investment was from the plastic bag levy collected.

We took precautionary measures and postponed most green activities to avoid mass gathering during this pandemic. However, COVID-19 didn't stop us to promote environmental awareness. Not only did we continue to support Greeners Action to give second life to Hong Kong's red packet, we also teamed up with iRecycle to encourage proper recycling in our community.



* 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 oxo-biodegradable material to lessen their impact on the environment.

Provide Convenience to Customers in Recycling Their Red Packets

This financial year was Sa Sa's eighth consecutive year to sponsor and participate in the Red Packet Reuse and Recycling Programme organised by Greeners Actions. Impressively, this year's result doubled last year's – we collected 3,899 kg of red packets across our offices and 50 selected stores after Chinese New Year. With an average of 400 red packets per kilogram, this amounted to approximately 1,559,600 red packets, equivalent to saving 79* trees.

2x

more than last year



50

collection points



3,899 kg

of red packets in 2020/21



79

trees saved



Regardless of the COVID-19, the recycling awareness in Hong Kong has continued to grow. Witnessing this exponential growth has further motivated us to act faster in contribute to Hong Kong's circular economy by making our packaging more sustainable.



Mr Angus Ho and Ms Man Yip from Greeners Action verified the total quantity of the red packets collected with our Senior Manager, Mr Jacob Wan

Sa Sa x iRecycle: Monthly Giveaway to Promote Proper Recycling

iRecycle is a brand new mobile application to encourage the public to separate at source and recycling through redemption. To increase the public awareness of clean recycling glass and plastics (type 1 and 2) bottles, we have recently teamed up iRecycle to boost Hong Kong's recycling rate by sponsoring their monthly giveaway program. The registered users can earn iDollar by recycling properly at their designated collection points and then use their earned iDollar to redeem Sa Sa's gifts every month.

Digital Transformation to Save Paper

Aiming to reduce our paper usage by 50 percent as compared to 2014-15 baseline levels by 2025, our latest move is to digitalise some of our internal processes to go paperless. For example, our recent upgrade of Human Resource Management System has help us save at least 500 pieces of paper a month. Other existing efforts to save paper include installing more paper recycling bins, printing out the documents only if printer detects the presence of staff card, encouraging frontline staff to read them on devices and minimise the weekly circulation materials.

Although we have reached the paper reduction target of 50% this year our paper working group will review to set a new target for 2025.

No Single-use Utensil at Sa Sa

Although Sa Sa colleagues are used to the "bring-my-own-utensils" culture, the Company provides re-usable dishes and utensils to sustain our "no single-use utensils" campaign in our internal social gatherings.

* According to the organising group, 320 million red packets are equivalent to cutting down 16,300 trees. And therefore 1,559,600 red packets are equivalent to 79 trees.



Our Environment

Electronics Donation for the Environment and People in Need

We collected 162 items from the office and from colleagues' donations for recycling through Caritas Computer Workshop this year. The organisation will then refurbish all the donated corporate computers for community distribution.

Cultivate a Strong Sense of Corporate Sustainability

Traditionally, we would hold green events and activities to help our coworkers acquire the practical environmental knowledge and advice they need during Sa Sa Green Month in November. Due to the COVID-19 preventive measures, we could only engage our staff online and through donation. For example, we recorded and shared a series of upcycled art and craft workshops within the Company to celebrate Chinese New Year while inviting everyone at Sa Sa to donate mooncakes to Food Angel prior to Mid-Autumn Festival.

Additionally, we continued to leverage on several internal communication channels to share Sa Sa's environmental commitments, aspirations and challenges with our staff:

- Share environmental news and daily green tips with all staff quarterly.
- Updates on environmental policies and procedures are circulated internally through various digital means.
- All new hires receive training on Sa Sa's environmental policies to learn about the company's ethos and how everyone can play a part in minimising our operations' environmental impacts, sharing our commitment to preserve the beauty of the planet.

Promote Sustainable Supply Chain

Sa Sa is committed to addressing the environmental and social impacts of our business within our operations and across our supply chain. We trust operating a sustainable business will enable us to serve our customers for generations to come. Operating over a hundred retailer stores in Asia, we also aspire to use our influence to engage our stakeholders to promote sustainable supply chain and thus strengthen the resilience of our business.

Climate Change Mitigation

Sa Sa believes mitigating the effects of climate change requires every stakeholder in the supply chain to do their parts too because most emissions of the retail sector indeed are from the product supply chain rather than stores or logistics centers. Thus, we have committed to pursue ambitious emissions and waste reduction to inspire those across the product supply chains to join us. Due to the complex nature of supply chain, we also continue to work with suppliers, NGOs, customers and others to contribute to create business, social and environmental values through building a sustainable supply chain together.

Choose the Right Partners Referencing to International Standards

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

100%

Completion of New Vendor Evaluation



Responsible Product
and Supply Chain Policy

Source Responsibly in the Pursuit of Beauty

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

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



We are committed to maintaining high quality of our products

Sa Sa seeks to maintain a balance between providing quality products for our customers to pursue their personal beauty and preserving the beauty of the ocean. We would continue to monitor international studies on the environmental impacts of personal skincare and cosmetic products and regularly review our policy.

Key Achievements in 2020/21

Sa Sa is Recognised as "Hong Kong Green Organization"

Aiming to benchmark organisations in green management, the Hong Kong Green Organisation Certification (HKGOC) is organised by the Environmental Campaign Committee together with the Environmental Protection Department and main chambers of commerce in Hong Kong. It is also a prestigious certification scheme with high credibility that encourages participants to strive for self-improvement in adopting environmental practises in different environmental aspects. The recognised green organisations will be granted the title of Hong Kong Green Organisation (HKGGO).

We are grateful to receive such honour that recognises Sa Sa's contributions to environmental protection and sustainable development in Hong Kong in addition to the winning of the 2019 Hong Kong Awards for Environmental Excellence (HKAEE) Gold Award in the Retailer Sector category in May 2020.



To further advance resource efficiency at Sa Sa, we plan to:

- Continue to look for opportunities to lessen our carbon footprint and resource wastage across the Company.
- Fasten up in implementing sustainable packaging.
- Conduct a climate change impact scenario analysis to better understand the nature of climate change and its potential implications for the retail sector.
- Develop Supplier Sustainability Risk Assessment.

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

Our People

Support Our TALENTS

To create beautiful experiences for our customers, we must first build beautiful experiences for our talents. Aiming to empower every talent to realise their full potential to grow and shine, Sa Sa has for years spared no effort in equipping our talents with relevant skills and opportunities to become the leading lights of the cosmetic retail sectors.



Key Challenges

- 1 Retail opportunity**
- Economy uncertainty brought by coronavirus continues to cloud the growth Hong Kong's retail industry

- 2 Staff engagement**
- Transforming staff to evolving needs and supporting employment with limited resources without compromise is challenging

- 3 Workplace wellness**
- Expectations on work-life balance and workplace health and safety are even higher after the pandemic

Beautiful Ambition: SASA 2025

Our Commitment

- Galvanize talents to reach their full potential
- Enhance staff engagement and communication
- Foster workplace wellness

Our Target

- Cultivate a high-performance culture
- Nurture a vibrant and diverse workforce with robust training and succession plan

Our Progress

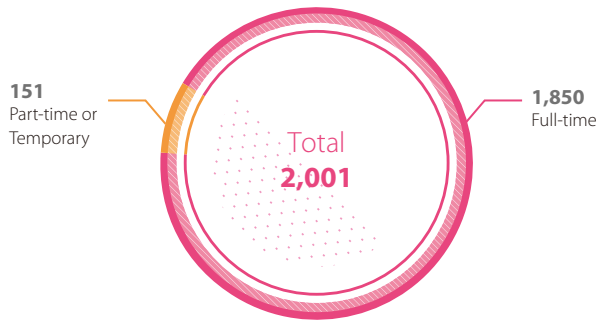
- In 2020/21, we had:
- 60 staff members graduated from the Junior Beautician Trainee Programme
 - first launched our KOL Training Programme

Our Key Development This Year

- Our effort in developing talents in this industry continued to be acknowledged
- Signed the Mental Health Workplace Charter to help build a mental health-friendly society

Employee Profile

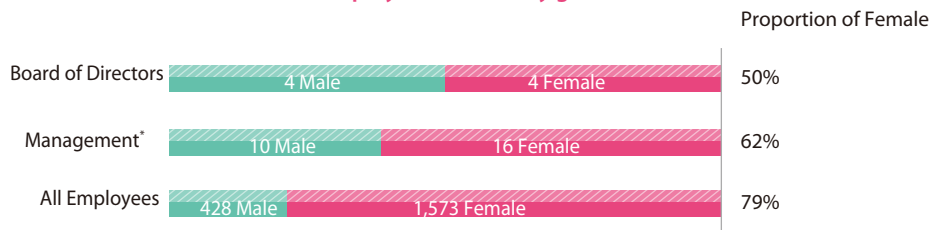
Employee numbers by employment type



Employee numbers by age group



Employee numbers by gender



Employment Policy



Training and People Development Policy



Health and Safety Policy

Galvanise Talents to Reach Their Full Potential

Our talents are the very heart of Sa Sa. Our business and future rely on these ambassadors of ours. For Sa Sa to flourish and shine, we are committed to making life beautiful for our talents, and so they feel connected to our vision and can actively contribute to our shared success. We thus offer diverse opportunities for them to learn and thrive, gain confidence and satisfaction, and take pride in carrying out their roles.

Transform from Dreamer to Beauty Expert

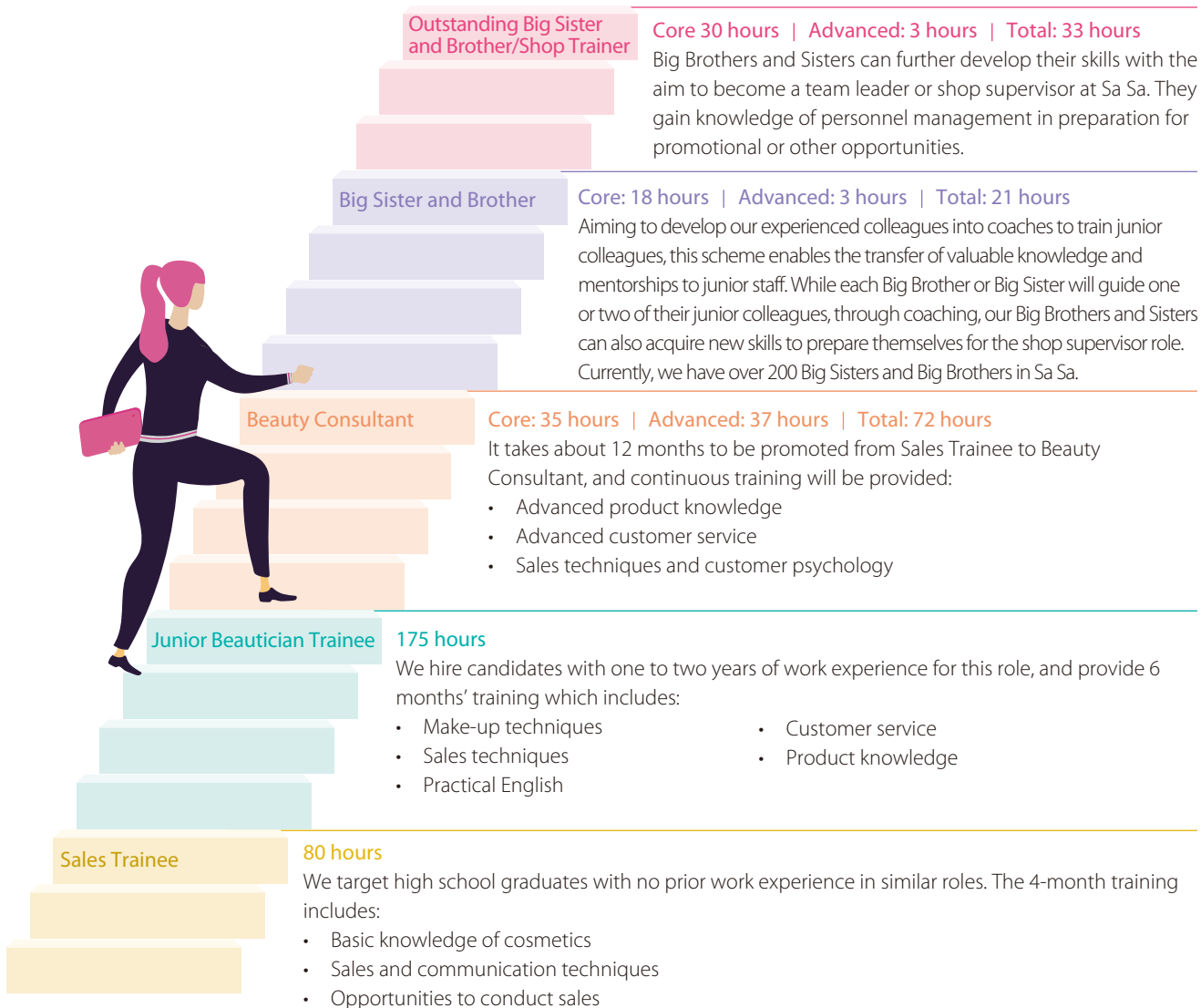
Growing Sa Sa's professional beauty consultants is one of our key missions. We take it seriously to train those who aim to devote to the cosmetic and retailing industry, providing our customers with excellent service and realising our "Making Life Beautiful" vision as well as long-term business goals.

We have well-established learning and development plans and programmes to ensure our staff to embrace the knowledge and skills to fulfil their potential and serve with heart. We provide a clear career development path for our frontline talents. On average, it takes six years for a Sales Trainee to become Assistant Shop Supervisor, Shop Supervisor or Sales Supervisor.

* For the purpose of this ESG report, the "management" refers to executive directors and senior management on page 49-51 and 55 of this annual report, and all department heads, department directors and associate director.

Our People

Frontline Development Path



This year, 60 staff members completed the curriculum of Junior Beautician Trainee during the year and are ready to spread their wings in their beautiful career.



Incubate Sa Sa's Future Leaders

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

Management Trainee (MT) Programme

Established in 2004, Sa Sa Management Trainee Programme is a 24-month fast-track programme designed to develop our future retail operation leaders. It is designed for fresh graduates who are to unleash the potential in a dynamic and team-oriented environment.

To ensure they are equipped with both technical and business acumen exposure to contribute further responsibilities, they are not only involved in frontline operation but also in headquarter. Depending on their interests, they will be assigned to cross-functional projects to develop problem solving, communication and leadership skill. While we offer mentoring and coaching to each MTs throughout the programme, they also have frequent opportunities to meet with our senior management team.

MT Programme Caters to Different Aspirations of Future Talents



Sales & Operations

- Retail shop operation focus
- Deep insight on products and customer relations management



Marketing, Category Management and Product Development

- Product sourcing and management focus
- Opportunity to gain insight in operation and product buying



Logistics

- Business and process optimization focus
- Chance to engage in projects aiming at best in class fulfilment solution



Finance and Accounting

- Principally finance and accounting focus
- Exposure to all aspects of transaction and financial reporting

Placement Opportunity outside Hong Kong

Staff with proven skills that we think could be replicated overseas would have an opportunity to be placed overseas to assist with the business development in other markets to broaden their horizons. In the past, staff have been placed in China, Macau and Malaysia.

Corporate Successor Programme

Sa Sa values staff as our major asset, to nurture them, we have recently launched a Corporate Successor Programme. Department heads select appropriate middle management staff to attend structural programme developed by our Training and People Development team, this is to boost their performance to climax and equip them to become the company's future leaders.

Continued Education and Professional Development

Sa Sa provides upskill training to help our talents acquire professional qualification and become the most all-rounded talents in the beauty industry. In this way, we raise the bar for the wider cosmetic retail sector and have others to follow us. We also partner up with post-secondary institution to attract and nurture talents for our industry.

Our People

Recognition of Professional Qualifications under Qualification Framework

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 (RPL*) programme, a mechanism under Qualification Framework (QF). 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 has successfully applied for the QF accreditation recognised by the Hong Kong Council for Accreditation of Academic and Vocational Qualification (HKCAAVQ) in July 2019.

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

The Four Subjects that Are Recognised under QF:



E-Learning Platform

Sa Sa Beautiversity is an internal multimedia training e-platform to ensure our talents are attuned to our customers' ever-changing needs and expectations and are continually equipped to serve them with heart.

Continued Education Subsidy

In addition to the structured training programmes offered by our Training and People Development and Human Resources department, a subsidy of HKD10,000 or 30% of their salary is offered to each employee for pursuing courses of their choice**.

Incubate the Next Top KOLs

At the core of Sa Sa's people strategy, we place top priority on equipping our staff for the ever-changing consumption environment with tailor-made training programmes. To cope with the rapid growth of social commerce, our Training and People Development Department has developed KOL Training Programme to transform our beauty consultants to Sa Sa KOLs.

With an ultimate goal of providing better personalised service for our customers, the KOL Training Programme puts a strong emphasis on personal style establishment, increasing interactivity with online audience and building a steady pool of loyal fans on social media. The future KOLs cultivate presentation skills that ignite their creativity in introducing products online in this programme too.



* Assessment under the RPLK in Retail and Beauty Industry are conducted by the Vocational Training Council.

** The conditions supplied are that:

- The course should be deemed relevant to their duties by their supervisors.
- If an individual's employment with Sa Sa is voluntarily terminated within 12 months after reimbursement, it becomes the individual's obligation to pay back Sa Sa any monies received through the subsidy during the 12 months' period preceding the termination date.

Make Sa Sa a Beautiful Place to Work through Engagement, Remuneration and Wellbeing

At Sa Sa, we acknowledge that our business grows stronger when we invest in our talents. We actively seek to infuse the pursuit of beauty into different aspects of our employees' experience, from their compensation and benefits to our workplace and internal communications. Our ultimate goal is to make Sa Sa the perfect workplace where everyone in this big corporate family feels valued and supported to deliver their best to make every day beautiful for Sa Sa including themselves and our customers.

Staff Engagement

Listening and learning from first-hand experience is precious; our management take their insight into the account of developing new business strategies. Two-way internal communications via different channels to engage our staff. With this, we understand their needs and expectation in order to provide adequate and immediate responses.

Channel	Participants	Details
Board meetings	Board of directors	We held five board and 20 board committee meetings this year to ensure that the interests of major stakeholders were addressed and key strategic priorities were clearly defined.
Management meetings	Management team	Monthly management meetings ensure continuous alignment of operations to the Company's strategic priorities and weekly meetings involving core business units ensure continuous alignment of efforts between business units.
Objective communications meeting	All frontline staff, and senior and middle management from the office	An annual meeting where all frontline staff from over 100 shops of Hong Kong and Macau led by different line managers gathered to interact with senior and middle management from the office, to share major strategic directions for the year and reinforce the support provided by the backend office to the customer-facing frontline.
Supervisor meetings	All shop supervisors and representatives from key business units	All shop supervisors and the management team met monthly so that regular realignment of priorities could be discussed and followed.
Line meetings of each Operation Managers	Frontline staff, heads or representatives from core business units in the office	Led by operation managers, we held line meetings for three times this year to enable shop staffs to meet and exchange ideas and share experiences.
Internal Newsletters	All staff members	We send an internal e-newsletter to share ESG updates to all staff members every quarter and all frontline staff every month.
Staff Recreation Club	All staff members	All staff members are invited to join a broad range of recreational activities each year, such as movie night, barbecues, and cooking workshops.
ESG workshop and activities	All staff members	We organise various green-themed activities every year to inspire our staff members to care for our environment.

Our People

Remuneration and Benefits

We review Sa Sa's remuneration package annually. We offer discretionary bonuses as well as sales bonuses, commissions, share options, and share awards to reward superb performance. Relevant details are set out in the Employment Policy and Employee Handbook.* In the financial year 2020/21, the Group invested around HK\$6.46 million in employees compensation and benefits, representing about 21% of annual sales turnover of the entire Group.

To evaluate staff welfare policies effectively, our human resources department regularly meets with frontline staff from time to time to gather their feedback and report their views to the management team.

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

Foster Employee Wellness

Work-Life Balance

To minimise the risk of COVID-19, we had not hold any recreational activities outside of work to help our people to relax and unwind this financial year. However, recognising the importance of nurturing a mental health-friendly work environment, Sa Sa has recently signed the Mental Health Workplace Charter to join hands with the Government and other organisations to make concerted efforts to build a mental health-friendly society in the long run. We are introducing measures and organise activities to further promote work-life balance, inclusiveness and positivity at Sa Sa starting next financial year.

Sense of Sa Sa Family

Sa Sa hopes that each colleague can work happily, feeling that working at Sa Sa is as warm as 'home' to achieve the goal of 'Joy at Sa Sa' and 'Flying High'.

Monthly Birthday Lunch Party

Sa Sa believes creating a harmonic work environment for our staff is a way to enhance a sense of belonging. It is our tradition to hold a monthly birthday lunch in which a lot of us look forward to joining because of the delicious meal and cake prepared by our in-house chef.

During this pandemic, for the safety of our staff members, the Company pampers every birthday star with a slice of cake selected by the birthday star and a gift bag with complimentary beauty products instead.



Mooncakes for Mid-Autumn Festival

Like family, Sa Sa celebrates festive seasons too. Our Chairman and Vice-Chairman sent their warmest greetings to each department, including frontline and back-office staff, with boxes of mooncakes to share the festival joy.



Team Building Fund

As a token of appreciation for their hard work, Sa Sa sponsors every department to organise their own annual activity for team building purpose.



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

Safe, Healthy and Inclusive Work Environment

Led by the head of human resources together with members from various departments, the Health and Safety Committee is responsible for monitoring the implementation of Sa Sa's Health and Safety Policy. The policy sets out the roles of employer and employees in maintaining a safe and healthy work environment and is reviewed periodically to ensure regular updates and improvements. To minimise workplace injury, we also include a module on workplace safety in our staff induction. In 2020/21, there was zero non-compliance with health and safety regulation.

Protect Our Talents from the COVID-19

The safety of our talents matters. During this unprecedented time, we have implemented many measures to keep them safe, healthy and supported, including:

- Offer all our staff with high quality, disposable face masks to wear and hand sanitisers to use at work.
- Supplied daily necessities, such as rice, tissue rolls and hand sanitisers, to ensure our people are fully geared to fight against this coronavirus.
- Reserve quota for our staff members to buy face masks to cater the needs of their family members.
- Clean and sanitise common areas frequently.
- Developed a series of anti-pandemic training booklets to better equip everyone with practical tips to fight against the virus.
- In-house chef prepared lunch for on-duty staff in the office when the 3rd wave of COVID-19 hit us.
- Follow the Government's mandatory quarantine measures for those who travelled outside Hong Kong and encourage healthy hygiene habits as guided by Centre for Health Protection.
- Mandatory taking of body temperature for twice every day.
- Remote office arrangement and shift duty policy are applied to the vulnerable groups at work.
- Special seat arrangements are applied to our offices while monitoring and metering is applied to our stores.
- All stores are closed by 9 p.m.
- Provide incentives to encourage staff to take COVID-19 testings regularly and get vaccinated.









For any suspect or confirmed cases of COVID-19, the affected premise will be immediately disinfected and closed down for two weeks. Sa Sa also sends care packs to staff and family who are sent to quarantine centres.

Our People

Pursue Respect and Fairness

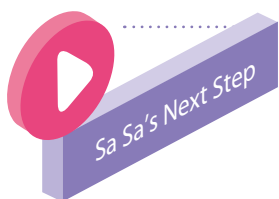
We believe the different experiences and skillsets of our staff innovate us better serve and engage our diverse customers and communities. Thus, Sa Sa is also committed to creating and maintaining a fair and inclusive workplace. The Employment Policy* clearly states the importance of maintaining an inclusive and harmonious workplace that is free of discrimination, physical or verbal harassment against any individuals with regards to race, religion, colour, gender, physical or mental disability, age, birthplace, marital status, sexual orientation or any other status protected by applicable law.

While Sa Sa's anti-bribery policy and practices** help to ensure a fair and upright work environment, our staff members are required to have related training*** regularly. We recorded zero noncompliance incidents relating to anti-corruption and bribery during the year. Our Internal Audit and Management Services department is responsible for the implementation of the policy. More details can be found in the Enterprise Risk Management Report.

Key Achievements in 2020/21

Honoured with Education Bureau's "QF Gold Star Employer"

Sa Sa garnered the "QF Gold Star Employer" under the "Qualifications Framework (QF)" Scheme launched by the Education Bureau of HKSAR, in appreciation of our contribution to the Scheme and the active application of QF tools and supporting mechanisms in different aspects to enhance our quality of human resources, leading to the sustainable talent development.



To continue to have our talents feel respected and empowered at Sa Sa, we plan to:

- Revamp Sa Sa's e-platform Beautiversity to make internal training more accessible to every level of our staff members.
- Continue to collectively and systematically review and formulate initiatives to improve employee retention and wellness through the talent development working group and health and safety committee.

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

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

*** The Human Resources Department co-organized an integrity management seminar with the ICAC for our staff members to join virtually this year.

Our Community

Achieve Sustainable GROWTH

A thriving community is a prerequisite to the success of our business as it provides the markets, resources and infrastructure that support our business to flourish. As a socially responsible corporate citizen, we must strive for sustainable growth to help bridge economic, social and environmental gaps.



Key Challenges

1 Community stress and resilience

- The rapid proliferation of COVID-19 has stressed everyone out, especially the vulnerable groups who are with less physical and financial support

2 Gender equality

- Support equal opportunities and rights for female is part of the UN's sustainable Development Goals (SDGs)

3 Millennials call for responsible companies

- Ignoring the rising expectations of the millennials on social responsibility when we conduct business means we are at risk of losing our appeal to them as their potential employer, beauty expert or community partner

Beautiful Ambition: SASA 2025

Our Commitment

- Bloom with community
- Capture the sustainability trends and opportunities
- Strive to be a responsible business

Our Target

- A 10% increase in volunteering hours each year
- Partner up with different stakeholders to unleash innovation for sustainability

Our Progress

- In 2020/21, we had:
- corporate donation and sponsorship of HK\$3.07M
 - three new ESG strategic partnerships

Our Key Development This Year

- Sa Sa Making Life Beautiful Charity Fund donated HK\$1.81 million in 2020/21 to foster social harmony by empowering the people in needs
- Partnered with three new ESG stakeholders such as iRecycling for sustainable development
- Sasatinnie launched clean beauty products

Our Community

Join Hands to Inspire Beauty in Our Community

Empowering our community to make life beautiful is our responsibility and a tradition long embraced by Sa Sa. We support the development of communities throughout our business operations, tapping into the resources we have, as well as engaging the talents of our people and the expertise of our community partners.

Empower Women to Make Life Beautiful for Themselves

About 80% of Sa Sa's employees are women, and most of our sales trainees are secondary school graduates without any prior work experience. Their career choices might be limited by not having a formal qualification from a tertiary education institute. We offer them comprehensive on-the-job training, and a clear development path, with the potential to progress from a sales trainee to a junior Beautician Trainee, then become a beauty consultant, senior beauty consultant, big sisters or big brothers, assistant shop supervisor, shop supervisor, and finally operation manager. For our talents whose education level is not high, what we provide is not just a job. At Sa Sa, our talents not only gain confidence to shine for life but also a profession with prospect and a life-long career path.

Forbes Asia's Hero of Philanthropy

Forbes Asia has named our Co-founder and Vice-Chairman Dr Eleanor Kwok as one of the Heroes of Philanthropy List 2020 in the Asia-Pacific region, recognising her tremendous contribution to society and philanthropy, in a wide range of areas including elderly care, social services, healthcare, education, women empowerment and nature conservancy.

Over the years, Dr Kwok has given away more than HK\$70 million (US\$9 million) to support numerous charitable causes. This includes HK\$47 million to Po Leung Kuk, which was founded during the 19th century as the Society for the Protection of Women and Children. She has been also a Vice-President of the Hong Kong Girl Guides Association (since 2012), the Honorary President of the Hong Kong Federation of Women (since 2005) and the Committee Member of Hong Kong Federation of Women Entrepreneurs Committee (since 2004).

During this pandemic, Dr Kwok has made personal donation to various non-profit organizations to bring hopes and encouragement to the people in needs too.

The Annual Heroes of Philanthropy List of Forbes Asia encompassing entrepreneurs as well as altruists recognises their personal fortunes to charitable causes in the Asia-Pacific region. This year, 15 philanthropists, are selected.



Create Social Impact Through Employee Involvement and Charitable Giving

Every Sa Sa store is a part of a community. To return the tremendous love and care we receive from our supporters sincerely, Sa Sa has a long-standing commitment to support, uplift and add value to our community. We actively collaborate with community organisations to aid people and families in need to rise above the challenges and difficulties they face in life. Our community involvement and investment cover a wide range of social needs with a main focus on women empowerment, youth development, elderly care and public health.

Although we did not arrange any volunteering events for employees to contribute during this pandemic year, Sa Sa did not stop giving back to the community. Aside from making corporation donation of HK\$1.81 million, we contributed over HK\$1.27 million to sponsor 28 worthwhile causes. While half of them were about anti-epidemic products we donated to health care professionals and non-profit organisations, the rest of them were about virtual charitable events in which we had a total of 226 employees to join as well.



Pink Run.HK 2020



Po Leung Kuk CNY Year of Ox Charity TV Show



Hong Kong Girl Guides Raffle 2021



Love Teeth Day by 2020/21 The Community Chest



Our Community

Bridge the Generation Gap

Sa Sa has been working with its long-time partner, Po Leung Kuk, to give back to the community through its STEAM (Science, Technology, Engineering, Arts and Mathematics) programme platform, which promotes inter-generational interaction and a positive message of inter-generational inclusion. The programme is designed to promote inter-generational interactions and positive messages.

As a result of the coronavirus outbreak, our company ambassadors worked with social workers to guide the young people of the project to organise online activities, produce short videos on mobile phone usage and teach them to share their lives with friends and relatives using their mobile phones, so that the elderly could continue to learn and enrich their lives while staying at home to fight the pandemic. Our ambassadors also helped to organise the Evergreen Drama Club, which helped the youth and elderly to brighten up their lives on stage through drama and make-up.

After being introduced to the project, participants got a taste of VR technology and they tried to combine technology and drama to create an interactive video. For the audiences, they were able to choose the plays with different endings to reflect on their relationship with their family members and cherish their love.



Honour the Elders and Medical Workers in Our Community

Sa Sa cares about our community as always. During the 4th wave of the pandemic recently, we, together with PandaMed and KPM Health Limited, have donated 500 sets of COVID-19 rapid test to The Elderly Services Association of Hong Kong, distributing to 18 elderly centres for elders and medical workers.





Bring Hope to Students in Need

Last Christmas, Hong Kong’s artist Pakho Chow launched a colour anti-epidemic charity campaign “Coronavirus cannot push kindness away” together with Medeis™ to help students with physical disabilities survive this tough time. For each box of masks sold, Sa Sa immediately donated one pack of Medeis™ masks to Po Leung Kuk, Hong Kong School for Special Disabilities, and other voluntary organizations. At the end, we donated over HK\$1 million in retail value of Medeis™ masks.



Environmental, Social and Corporate Governance Policy

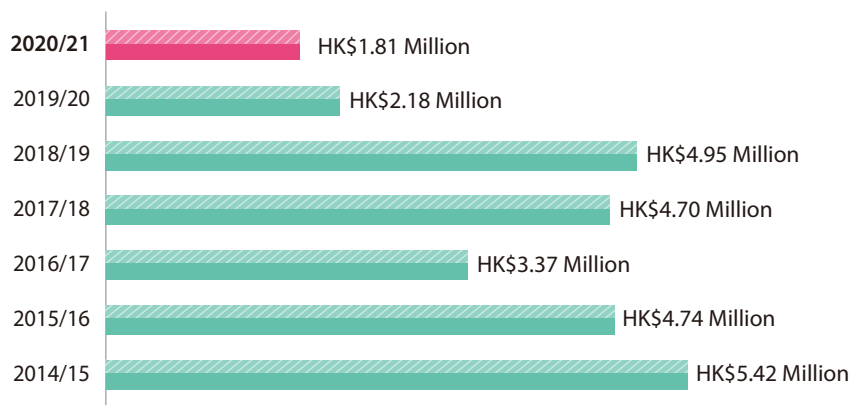
Sa Sa Sincere

Sa Sa Sincere is the corporate volunteer team aims to bring colleagues who share the passion of caring for the community together to make a difference in our society. To encourage staff to join us, our colleagues and their family and friends are awarded certificates of attendance and supermarket coupons as our token of appreciation for their support.

Consisting of representatives from different departments, our Charity Committee acts as a platform for exchange of ideas on how we may work together to create more positive impacts in the community.

Sa Sa Making Life Beautiful Charity Fund

Sa Sa recognises our community contributes to our success. Since its establishment in 2013, Sa Sa Making Life Beautiful Charity Fund has been relentlessly providing financial assistance to empower the people in need and foster social harmony in our society. Under the leadership of our Chairman Dr KWOK Siu Ming Simon and Vice-chairman Dr KWOK LAW Kwai Chun Eleanor, the fund donated HK\$1.81 million in 2020/21 to worthy causes promoting the wellbeing of the community.



Stay ahead of Trends and Opportunities for Sustainability

As a leading cosmetic retailer, Sa Sa has been staying on top of the market. Not only do we provide our customers with the latest cosmetic and beauty products, before the rise of ESG trend, we have also been developing ourselves as a forerunner in Hong Kong’s cosmetic retail sector. Our efforts have brought us prestigious awards and ratings and set an example for other business to follow us. Reflecting from the below two bold moves of ours, as the society’s expectations of business increases, to shine and glow for the next decade, Sa Sa must continue to keep ahead of the curve and capture opportunities for sustainability to create lasting impacts for our community in which we operate.

Our Community

Sa Sa Overcomes the Difficulties with the Entire Industry

Being the leader of the cosmetic industry in Hong Kong, Sa Sa is dedicated to contribute to the growth and development of the entire sector. Recently, our executive director, Ms Kwok Sze Wai Melody, was re-appointed as the President of The Cosmetic and Perfumery Association of Hong Kong (CPAHK) for the second consecutive term at the 20th inauguration ceremony of CPAHK. She is also the first chairlady of the association.



Under Kwok's leadership, CPAHK has intensified its role as a bridge between the industry practitioners and the government to express the needs and views of the members, especially during the difficult times of COVID-19. Another key development is to assist the industry practitioners to drive digital transformation of their businesses to cater to the changing consumer behaviours in the digital era.

Microbeads: We Banned, Others Followed

2014: Discussed with Plastic Free Seas (ENGO) about the issue of microbeads
2016: Hong Kong's 1st cosmetic retail chain to introduce a policy to ban the use of microbeads by 2018
2018: Completed phase-out* of microbeads and others joined our movement
2019 and onward: Government is looking into ways to lessen the impacts of microbeads



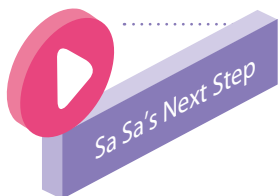
Carry a Variety of Green Beauty Products

Back in 2016, we started featuring green beauty products at Sa Sa. Each year, we provide more and more green beauty products for our customers. This year, we have been internally looking into ways to empower our customers to know more about green beauty at a deeper level, and so they can have the beauty they want with the ingredients they choose.

Strive to Be a More Responsible Business

From environmental footprints to social impacts, investor demands and other aspects in between, businesses are anticipated to display responsible and responsible behaviour in these areas and be accountable to an ever-broader group of stakeholders. If we are behind in any aspect, we will lose two costly commodities: reputation and trust. To remain competitive in our sector, Sa Sa strives to be a more responsible and responsive business.

Our Sustainability Steering Committee works closely together with the Board to regularly review the progress of "Beautiful Ambition: SASA 2025" aiming to build a more sustainable, responsible and responsive business. Besides, to enable us to quickly respond to the needs and expectations of different stakeholders, we have implemented to incorporate ESG in Sa Sa's Risk Management Framework.



To achieve sustainable growth for our business and community, we plan to:

- Require annual ESG training taken at every level to further raise ESG awareness at Sa Sa and so our talents will incorporate sustainability in their work routine too
- Engage different stakeholders to unleash innovation for sustainability
- Inspire lasting beauty and harmony in our community with a focus on employee volunteering

* As there is currently no substitute for microbeads in cosmetic products like sunscreen, eyeshadows, eyeliners, lipsticks and foundation, the ban of microbeads applies to all cleansing and exfoliating products at present.

About this Report

The Scope of the Report

This is the eighth ESG Report of Sa Sa International Holdings Limited, covering Sa Sa’s progress and highlights in sustainable development from 1 April 2020 to 31 March 2021.

Unless otherwise stated, this ESG Report covers Sa Sa’s entities established in Hong Kong and Macau, including our online operations in Hong Kong. These markets represent the core of all our operations, contributing to more than 80% of the Group’s turnover in the year that ended on 31 March 2021.

The Standards and Assessment of the Report

This Report is prepared in accordance with the ‘Comply or Explain’ and ‘General Disclosure’ provisions in the ESG Reporting Guide, which can be found under Appendix 27 to the Listing Rules of HKEx. We confirm that this Report has adopted, and is in full compliance with, the ‘Comply or Explain’ and ‘General Disclosure’ provisions. Reference to the relevant KPIs can be found in the HKEx ESG Reporting Guide Content Index (pages 122 to 123).

Feedback

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





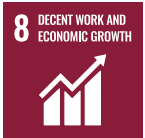


Beautiful Ambition: SASA 2025

This sustainability framework demonstrates our commitment to the United Nations Sustainable Development Goals and the action needed to tackle the problems facing our society today. We may have no perfect solution to every challenge identified and cannot succeed on our own, but we are committed to collaborating with different stakeholders to achieve continuous improvement and to be transparent about what we learn on this journey to sustainable beauty.

Our Focus

<p>Serve with Heart</p> 	<p>Advance Resource Efficiency</p> 	<p>Support Our Talent</p> 	<p>Achieve Sustainable Growth</p> 
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Our Commitment to the United Nations Sustainable Development Goals

	 	 	 
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Our Vision

Making Life Beautiful

Sustainability Data Statement – Social¹

	2018/19	2019/20	2020/21
Total Headcount	3,049	2,423	2,001
By gender			
Male	640	519	428
Female	2,409	1,904	1,573
By age group			
Under 35	1,635	887	831
36-55	1,282	1,184	1,109
Over 55	132	64	61
By employee type			
Full-time	2,653	2,262	1,850¹
Part-time/Temporary	396	161	151
Average hours of training per employee and percentage (%) of employees who received training²	13.6 (59%)	19.7 (67%)	13.5 (71.1%)
By gender			
Male	12 (58.9%)	14.6 (51.4%)	10.1 (51.2%)
Female	14.1 (58.4%)	20.8 (70.9%)	14.7 (69.8%)
By employee category			
Management ³	4.4 (33.3%)	4.3 (38.3%)	5.1 (50%)
Managers	2.5 (57.2%)	3.7 (52.6%)	2.1 (50.3%)
All other employees	15.7 (59.2%)	22.2 (68.4%)	23.7 (74.4%)
Fatality cases	0	0	0
Work-related injuries cases	35	30	19
Lost day due to work injury days	1,133.5	1,588	903
Average days of sick leave taken by employee per month days	0.25	0.27	0.29

	2018/19		2019/20		2020/21	
	Overall	Excluding employees who left during probation period	Overall	Excluding employees who left during probation period	Overall	Excluding employees who left during probation period
Total turnover rate⁴	36.5%	21.5%	35.6%	28.1%	20.2%	19.8%
By gender						
Male	16.5%	10.0%	34.9%	27.3%	22.1%	21.0%
Female	54.3%	31.8%	36.1%	28.4%	19.6%	18.4%
By age group						
Under 35	45.8%	29.0%	45.0%	32.4%	20.0%	17.8%
36-55	27.6%	13.4%	23.1%	15.4%	15.2%	14.8%
Over 55	11.7%	11.7%	124.4%	137.8%	15.1%	15.1%

Data footnotes:

¹ In line with our ESG reporting scope, the scope of social data only covers employees from Hong Kong and Macau operations.

² "Training" refers to all types of internal and/or external vocational training; currently only full-time employees are covered; the average number of training hours is based on the number of employees as of 31 March 2021.

³ "Management" refers to executive directors and senior management on page 49-51 and 55 of this annual report, and all vice-presidents, department directors and associate directors.

⁴ Turnover rate refers to full-time employees only.

Sustainability Data Statement – Environment

		Unit	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	Baseline 2014/15
GHG emissions¹		tCO ₂ e	10,022	12,074	14,897	15,867	17,216	17,916	19,498
Scope 1	Company-owned transport fleet and employee-owned vehicles used for business purposes	tCO ₂ e	122	170	156	151	159	148	137
Scope 2	Purchased electricity used in our offices, logistics centres and stores ²	tCO ₂ e	9,770	11,675	14,364	15,303	16,619	17,511	19,063
Scope 3	Business air travel	tCO ₂ e	0	61	66	85	92	125	143
	Fresh water supply and sewage treatment	tCO ₂ e	3	12	10	16	17	19	18
	Paper disposal at landfills ^{3,4}	tCO ₂ e	89	86	88	99	72	112	137
	Transport fleet owned by the external logistics operators	tCO ₂ e	38	70	213	204	–	–	–
Carbon Intensity		kg CO ₂ e/sqm GFA	191	209	255	225	300	311	363
		kg CO ₂ e/HKD1m revenue	5,012	2,547	2,097	2,347	2,747	2,858	2,663
Electricity consumption		MWh	16,419	19,162	23,534	24,329	24,941	26,406	26,392
Stores		MWh	12,576	15,082	18,876	19,996	20,919	22,504	23,105
Offices		MWh	1,304	1,424	1,564	1,584	1,623	1,629	1,407
Logistics centres		MWh	2,539	2,656	3,094	2,750	2,399	2,273	1,880
Electricity intensity		kWh/sqm GFA	313	332	403	345	434	458	491
		kg CO ₂ e/HKD1m revenue	4,885	4,044	2,025	2,263	2,652	2,793	2,604
Water consumption		cu.m	11,251	19,517	16,198	26,495	28,495	33,515	30,691
Water intensity		cu.m/sqm GFA	0.21	0.34	0.28	0.38	0.50	0.58	0.57
		kg CO ₂ e/HKD1m revenue	3.09	4.12	1.34	2.30	2.67	3.03	2.44
Vehicle Fuel Consumption		'000L	59,926	84,628	130,697	127,364	140,458	54,323	50,119
	Company-owned transport fleet and employee-owned vehicles used for business purposes	'000L	44,556	61,108	61,683	55,224	58,658	54,323	50,119
	Transport fleet owned by the external logistics operators	'000L	14,400	23,520	69,014	72,140	81,800	–	–
Vehicle fuel efficiency		L/sqm GFA	0.86	1.47	2.24	1.81	2.44	0.94	0.93
		kg CO ₂ e/HKD1m revenue	18.8	50	51	54	64	24	19
Vehicle Sulphur Oxides (SOx) emissions		g	696	1,272	1,972	1,915	2,115	–	–
Paper consumption		kg	19,958	31,020	37,510	41,544	43,176	47,771	47,056
		'000 pcs	4,000	6,265	7,508	8,304	8,631	9,547	9,316
Paper use intensity		pcs/headcount	1,999	2,586	2,462	2,713	2,757	3,028	2,872
		kg CO ₂ e/HKD1m revenue	10	12	10	15	14	18	19
Business air travel		'000 km travelled	0	435	447	578	595	804	929
Business air travel intensity		km travelled/headcount	0	174	147	189	190	255	286
		kg CO ₂ e/HKD1m revenue	0	13	9	13	15	20	20
Carton box consumed		'000 pcs	874⁶	436	376	405	411	305	–
Shopping bag consumption⁵		'000 pcs	1,045	2,373	2,805	2,529	2,646	2,866	3,010
Shopping bag consumption intensity⁵		Pcs/transaction	0.15	0.178	0.180	0.178	–	–	–
Natural resources recycled									
Paper	Office	kg	14,366	19,514	22,412	20,816	24,894	24,369	18,602
	Logistics Centre	kg	95,600	148,000	232,600	–	–	–	–
Plastic	Office	kg	251	241	294	161	102	38	–
	Logistics Centre	kg	4,400	3,200	20,702	–	–	–	–
Aluminium		kg	138	114	91	102	87	65	–
General waste	Office	kg	19,516	21,971	22,308	25,143	26,043	23,907	–
	Stores	kg	395,151	494,684	581,660	–	–	–	–
Hazardous waste		kg	3,520	–	–	–	1,696	3,874	–

Data Footnotes:

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.

² Emissions associated with electricity purchased are calculated based on the latest available emissions factors provided by the power companies.

³ Cover the printing paper used in office, logistics centres and stores only. Emissions avoided by recycling paper have been incorporated.

⁴ Carton box used for logistics purpose and the other printing materials (e.g. promotion leaflet) are not included.

⁵ The quantity of shopping bags consumed at stores in Hong Kong and Macau only with respect to the levy on plastic shopping bags under the Product Eco-responsibility Ordinance (Cap. 602) of Hong Kong and the Restrictions on the Supply of Plastic Bags (Law No. 16/2019) of Macau.

⁶ Include carton boxes consumed by Sa Sa Dotcom beginning this financial year.

HKEx ESG Reporting Guide Content Index

Subject Areas, Aspects, General Disclosure and KPIs	Description	Reference/Explanation
A. Environmental Aspect		
A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	P. 98 Environmental Policy
KPIA1.1	The types of emissions and respective emissions data	P. 98 and 121
KPIA1.2	Greenhouse gas emissions in total and, where appropriate, intensity	P. 98 and 121
KPIA1.3	Total hazardous waste produced and, where appropriate, intensity	P. 121
KPIA1.4	Total non-hazardous waste produced and, where appropriate, intensity	P. 121
KPIA1.5	Description of measures to mitigate emissions and results achieved	P. 89, 98-103
KPIA1.6	Description of how hazardous and non-hazardous waste is handled, reduction initiatives and results achieved	P. 89, 99-103
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources including energy, water and other raw materials	P. 105 Environmental Policy
KPIA2.1	Direct and/or indirect energy consumption by type in total and intensity	P. 89, 98 and 121
KPIA2.2	Water consumption in total and intensity	P. 89, 99 and 121
KPIA2.3	Description of energy use efficiency initiatives and results achieved	P. 89, 98-103
KPIA2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	There is no issue in sourcing water that is fit for purpose.
KPIA2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	P. 99, 100 and 121
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies to minimise the issuer's significant impact on the environment and natural resources	P. 98 Environmental Policy
KPIA3.1	Description of significant impacts of activities on the environment and natural resources and the actions taken to manage them	P. 102-103
B. Social Employment and Labour Practises Aspect		
B1: Employment		
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 compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	P. 105 Employment Policy
KPIB1.1	Total workforce by gender, employment type, age group and geographical region	P. 105
KPIB1.2	Employee turnover rate by gender, age group and geographical region	P. 120
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	P. 105 Health & Safety Policy
KPIB2.1	Number and rate of work-related fatalities	P. 120
KPIB2.2	Lost days due to work injury	P. 120
KPIB2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	P. 111
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	P. 105 Employment Policy, Training and Development Policy
KPIB3.1	The percentage of employees trained by gender and employee category	P. 120
KPIB3.2	The average training hours completed per employee by gender and employee category	P. 120

Subject Areas, Aspects, General Disclosure and KPIs	Description	Reference/Explanation
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	P. 105 Employment Policy
KPIB4.1	Description of measures to review employment practises to avoid child and forced labour	P. 105 Employment Policy
KPIB4.2	Description of steps taken to eliminate child and forced labour practises when discovered	P. 111
Operating Practises		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	P. 102 Responsible Product and Supply Chain Policy
KPIB5.1	Number of suppliers by geographical region	P. 93
KPIB5.2	Description of practises relating to engaging suppliers, number of suppliers where the practises are being implemented, how they are implemented and monitored	P. 93, 102 and 103
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	P. 102 Responsible Product and Supply Chain Policy
KPIB6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	P. 93
KPIB6.2	Number of products and service related complaints received and how they are dealt with	P. 93
KPIB6.3	Description of practises relating to observing and protecting intellectual property rights	P. 93
KPIB6.4	Description of quality assurance process and recall procedures	P. 93
KPIB6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	P. 93
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	P. 112
KPIB7.1	Number of concluded legal cases regarding corrupt practises brought against the issuer or its employees during the reporting period and the outcomes of the cases	P. 112
KPIB7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	P. 112
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. 117 Environmental, Social and Corporate Governance Policy
KPIB8.1	Focus areas of contribution	P. 114-118
KPIB8.2	Resources contributed to the focus areas	P. 115-117