

Corporate Sustainability Report

Reporting Objectives

This Corporate Sustainability (“CS”) report aims to provide an overview of the Group’s Environmental, Social and Governance (“ESG”) performance, its visions, strategies and implementation of sustainability initiatives that should continue to be of interest to its various stakeholders.

Reporting Scope and Boundary

This CS report covers the sustainability issues arising from the Group’s operations. As more than 95% of the Group’s income is derived from the Group’s operations in Hong Kong, this report mainly highlights the ESG performance of the head office and all 16 branches in Hong Kong during the reporting period of 1st March 2022 to 28th February 2023 (the “Reporting Year”). Apart from the opening of 1 new branch in 2022, there were no significant changes in the scope and boundaries of reporting compared to the period of 1st March 2021 to 28th February 2022 (the “Previous Year”).

Reporting Standard

This CS report is prepared in accordance with the requirements of ESG Reporting Guide (the “ESG Guide”) set out in Appendix 27 of the Listing Rules. It fulfils the mandatory disclosure requirements and “comply or explain” provisions of the ESG Guide.

Reporting Principles

Materiality	Quantitative	Balance	Consistency
<ul style="list-style-type: none">• Materiality assessment is conducted via survey and focus group to identify and prioritise material sustainability issues• The issues are reviewed and reported to the Executive Committee and the Board	<ul style="list-style-type: none">• Quantitative metrics are disclosed in this report for our stakeholders to keep track of and evaluate the Group’s ESG performance	<ul style="list-style-type: none">• This report provides an unbiased disclosure of the Group’s sustainability performance	<ul style="list-style-type: none">• This report has been prepared in accordance with the ESG Guide• Consistent methodologies have been adopted to allow for a fair comparison over time

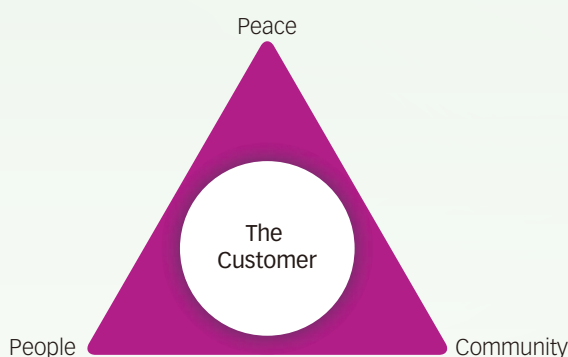
Major Achievements and ESG Highlights

Sustainability-linked Loan ("SLL")	Climate Actions	Local Community	Corporate Governance
Reached SLL agreements with 3 banks for an aggregate of HK\$320 million	Tree Planting <ul style="list-style-type: none"> Offset around 8.05 tonnes of CO₂e by planting approximately 350 trees 	Scholarship <ul style="list-style-type: none"> 70 beneficiaries in Hong Kong 	Trainings <ul style="list-style-type: none"> 21.3 training hours per employee in average
	Electricity Usage <ul style="list-style-type: none"> Approximately 377,000 kWh total electricity consumption 	Community Investment <ul style="list-style-type: none"> Supported 3 environmental/social programmes (excluding scholarship) 	Supplier Management <ul style="list-style-type: none"> Adding ESG assessment during new vendor registration procedure
	Paper Usage <ul style="list-style-type: none"> 31.0% increase in paper recycling weight year-on-year 81.7% electronic statement usage 	Recognition <ul style="list-style-type: none"> Awarded "Caring Company 15 year+" Logo Awarded "Happy Company" Logo 	Board Diversity <ul style="list-style-type: none"> Target to reach 40% female board members by 2026
			Internal Policy <ul style="list-style-type: none"> Amended internal policies to maintain stringent standards on ESG related matters, including Board Diversity Policy, Nomination Policy and Corporate Governance Policy

OUR SUSTAINABILITY APPROACHES

AEON Basic Principles

The Group adheres to the AEON Group's corporate philosophy of "Peace, People and Community" in managing its business. The principles illustrate the eternal mission to benefit our customers and our operations are thus customer centric to the highest degree. For further information on the AEON Basic Principles, please visit <https://www.aeon.info/en/company/concept/>.



Peace — AEON is a corporate group whose operations are dedicated to the pursuit of peace through prosperity.

People — AEON is a corporate group that respects human dignity and values personal relationships.

Community — AEON is a corporate group rooted in local community life and dedicated to making a continuing contribution to the community.

AEON Code of Conduct

"AEON Code of Conduct" guides and directs the future course of the Group for the benefits of our stakeholders. It helps us to interpret AEON Basic Principles to know what actions have to be taken and how they should be done. Determined to be a socially responsible entity, we endeavour to promote and apply "AEON Code of Conduct" into practice in daily operations. We hope all our stakeholders will join us in sharing this sense of purpose, thus strengthening the bonds of trust amongst us.

Management Approach to Sustainability

Our sustainability development is built on trust from stakeholders. We always seek to meet stakeholders’ needs and expectations. To provide clear guidance for our employees on developing and implementing sustainability initiatives aligned with the AEON Basic Principles and leadership ambitions, the Group establishes the Sustainability Development Policy during 2021. The Policy outlines the commitment to stakeholders and strategy on sustainability and its details can be found on the Group’s website (https://www.aeon.com.hk/en/corporate-info/sustainability_development_policy.html).

The Group integrates the management of ESG issues through our corporate governance structure – from board-level committees to operational-level departments and branches. The Board is accountable for the overall sustainability development framework setting, strategy formulation and implementation of sustainability initiatives. The Group’s Sustainability Committee was established in 2021 and is responsible for assisting and advising the Board on current and future sustainability development plan, fulfilling its responsibility on sustainability development activities, and contributing to the development of a sustainable society. Chaired by the Executive Director in charge of sustainability development, the Sustainability Committee is also responsible for establishing ESG targets for periodical reviews, as well as monitoring the Group’s sustainability performance and related issues. During the Reporting Year, the Sustainability Committee held four meetings and reported at Board meetings regularly, which includes review, report and discussion on the Group’s sustainability targets, Sustainability-Linked Loan and sustainability-related updates on business operations.

Besides, the Group’s Corporate Affairs and Sustainability Development Department is responsible for coordinating responses across departments and branches for the disclosure of sustainability-related performance, and closely monitoring the enforcement of sustainability-related targets and practices across the Group for regular reporting and reviewing policy updates.



MATERIALITY ASSESSMENT

Understanding the expectations and needs of our stakeholders is fundamental to the development of our ESG strategy, as it plays a critical role in helping us identify and prioritise current and emerging risks and opportunities across our business and the communities in which we operate. Through identifying the material sustainability topics, the Group can lay down the directions for its sustainability roadmap. In 2021, we conducted a comprehensive materiality assessment to identify critical sustainability issues that impacted our business operations and stakeholders.

The follow steps were taken to determine the materiality:



As part of the process to identify ESG issues relevant for the Reporting Year, we reviewed the list of ESG issues relating to the latest market trend and the previous year’s materiality topics. Upon assessment, we confirmed that the materiality matrix remained as unchanged as stated below:

Materiality Matrix and Focus Area

Stakeholders' interest		<ul style="list-style-type: none"> Brand awareness 	<ul style="list-style-type: none"> Economics performance Customer satisfaction Business integrity Occupational health and safety Data responsibility Risk management Employee attraction and development Digital transformation and innovation Operational disruption under pandemics
	<ul style="list-style-type: none"> Diversity and inclusivity 	<ul style="list-style-type: none"> Product responsibility and intellectual properties Employment practices Complaint handling Supplier chain management 	<ul style="list-style-type: none"> Board and executive oversight
	<ul style="list-style-type: none"> Energy and greenhouse gas emission Environmental Management Community Investment Financial inclusion 	<ul style="list-style-type: none"> Responsible business practices 	
Importance to business			

Most important
 Important
 Less important

Based on the sustainability trends, business developments, stakeholders' interest and materiality results, eight sustainability focus areas were maintained and the performance in each of these areas was monitored throughout the Reporting Year:

- Customer focus
- Corporate governance
- Information technology security
- Occupational health and safety
- Talent attraction and development
- Workplace culture
- Environmental protection
- Community investment

STAKEHOLDER ENGAGEMENT

The Group understands that our stakeholders are key contributors to the Group's success and sustainable development. We have maintained ongoing and open communications, as well as regular engagement with our major stakeholders over the years through extensive channels, so as to better understand their opinions on the Group's performances. This helps us better meet or even exceed their expectations and concerns regarding governance, management and sustainability.

Stakeholders Concerns and Communication Channels

Stakeholders	Major Expectations and Concerns	Communication Channels
Government & Regulatory Authorities	<ul style="list-style-type: none"> • Law and Regulation • Compliance • Employee Protection • Business Ethics 	<ul style="list-style-type: none"> • Correspondence • On-site Inspection • Compliance Reporting • Enquiries and Clarifications
Investors	<ul style="list-style-type: none"> • Economic Performance • Information Transparency • Corporate Operations 	<ul style="list-style-type: none"> • Annual General Meetings and Investors Briefings • Regular Reporting • Announcements, Circulars and Other Corporate Communications
Customers	<ul style="list-style-type: none"> • Business Procedure • Information Security • Product and Service Quality Assurance 	<ul style="list-style-type: none"> • “AEON Net-member” Service • “AEON HK” Mobile App • Branch-level Operations and Interactions • Customer Service Hotline & Customer Surveys • Social Media Platforms • Newsletters and Marketing Materials • Monthly Statement Inserts • Company Website • Year-round Publicity and Donation Campaigns • Short Message Service and Multimedia Messaging Service
Employees	<ul style="list-style-type: none"> • Remuneration and Welfare • Training and Development • Occupational Health and Safety 	<ul style="list-style-type: none"> • Internal Newsletters and Intranet Communications • Meetings with Employees • Orientation and Exit Interviews • Employee Suggestion Box • Employee Surveys • Training and Workshops
Business Partners and Suppliers	<ul style="list-style-type: none"> • Brand Development • Integrity and Business Sustainability 	<ul style="list-style-type: none"> • Ongoing Performance Audits and Reviews • Best Practice Adoption • Mass Communications
Community Partners	<ul style="list-style-type: none"> • Resolving Social Issues • Philanthropy 	<ul style="list-style-type: none"> • Cultural Exchange, Education, Internship and Sponsorship Programmes • Yearly Environmental Protection Initiatives
Industry Associations	<ul style="list-style-type: none"> • Industry Development 	<ul style="list-style-type: none"> • Regular Meetings and Correspondence

COMPLIANCE AND INDUSTRY BEST PRACTICES

As a responsible provider of consumer finance and related services, the Group is devoted maintaining a high standard of corporate governance. We are committed to operate business with accountability and integrity. Every effort has been made to ensure that our operations are conducted in compliance with all applicable legal and regulatory requirements, including but not limited to anti-bribery and corruption, AML and CTF, and supply chain management.

In order to uphold high standards of ethical behaviour and business integrity, various employee-related policies, guidelines and other relevant procedures are in place to provide a clear set of principles and guidance for our employees to conduct business in an appropriate and ethical manner. The Group strives to ensure all employees are well-informed and vigilant regarding the detection and prevention of illicit and illegal activities through multiple means as below:

Internal Policies and Guidelines	<ul style="list-style-type: none"> • AEON Code of Conduct • Employee Handbook • Whistleblowing Policy • AML CTF Guidelines • Guide on Prevention of Money Laundering and Terrorist Financing
Measures and Procedures	<ul style="list-style-type: none"> • Reporting Channels: <ul style="list-style-type: none"> o Internal: Direct reporting in person, by letter or email to senior management, AEONHK999 Hotline and Code of Conduct Hotline o External: Legal Attorney Hotline • Supplier assessments such as due diligence with reference to AML and CTF rules, reputation check, financial check and conflict of interest check are conducted during new vendor registration process
Training and Development	<ul style="list-style-type: none"> • Anti-corruption training conducted by Independent Commission Against Corruption ("ICAC") to Directors and Management Staff • Employee orientation programme included Code of conduct and Compliance trainings regarding AML & CTF, Prevention of Bribery & conflict of Interest • Yearly refresher trainings on Code of Conduct and Compliance • Code of Conduct Survey

Whistleblowing Policy

To ensure a corruption-free workplace, the Whistleblowing Policy and related procedures are established for employees to report any suspected misconduct, malpractice, or irregularities concerning aspects such as financial reporting, internal control, fraud, corruption and discrimination, and others. Whistleblowers making genuine and appropriate reports are assured of protection against unfair dismissal, victimisation or unwarranted disciplinary action, even if their reported concerns do not establish any case of wrongdoing. Any employee who initiates or threatens retaliation will be subject to disciplinary actions, which may include dismissal. To ensure the effectiveness of our whistleblowing mechanism, the Board regularly reviews and improves the process of whistleblowing report handling.

Anti-Money Laundering and Counter-Terrorist Financing

To comply with the requirements stipulated by the Registrar of Money Lenders, the Group strictly abides by the relevant laws and regulations¹ and have developed clear guidelines and reviewed annually. A risk-based approach is adopted for the establishment of an effective AML and CTF system. To this end, we have developed and implemented policies, procedures and controls in our daily operations on:

- Risk Assessment
- Customer Due Diligence
- Ongoing Monitoring of Customers
- Suspicious Transactions Reporting
- Record Keeping
- Employee Training
- Independent Audit Function

A clear and comprehensive mechanism has been put in place to detect and report on the matters relating to money laundering and terrorist financing. All employees are required to report when coming across any suspicious transactions and the Head of Credit Control Department is designated as the Money Laundering Reporting Officer. Independent checks and evaluations are carried out by the Internal Audit Department of the Group at least on a yearly basis to ensure that the Group's approaches and procedures continue to be appropriate and adequate.

For the Reporting Year, the Group is not aware of any breach of laws or regulations concerning anti-money laundering and counter-terrorist financing.

Anti-bribery and Corruption

The Group has zero-tolerance for any form of deception, bribery, breach of trust or abuse of power. In addition to strictly complying with the Prevention of Bribery Ordinance, we have also formulated clear rules and procedures to handle matters concerning bribery and fraud, confidentiality and conflict of interest. It is the Group's policy to prohibit employees soliciting any advantage from customers, suppliers or any other persons. Our employees are required to attend yearly refresher trainings on Code of Conduct and Compliance covering related topics such as Prevention of Bribery and Conflict of Interest. In 2023, the total anti-corruption training delivered by the Company was approximately 329 hours.

For the Reporting Year, we are not aware of any non-compliance of laws and regulations concerning anti-bribery and corruption by the Group.

¹ Including but not limited to Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance, the Drug Trafficking (Recovery of Proceeds) Ordinance, the Organized and Serious Crimes Ordinance, the United Nations (Anti-Terrorism Measures) Ordinance ("UNATMO") and the United Nations Sanctions Ordinance.

COMMITMENT TO OUR CUSTOMERS AND BUSINESS PARTNERS

We endeavour to provide customers with assurance and trust. Being one of Hong Kong's leading credit card issuers and consumer finance service providers, the Group is committed to providing exceptional customer experience and consistently high standards of service. We believe the enhancement of customer satisfaction is the first priority for upholding our professional service quality. Not only do we always keep our promises to customers and act with integrity, we also offer quality services at a reasonable price.



(Source: The AEON Code of Conduct)

Customer Data Privacy

Protecting customer data confidentiality is fundamental in upholding our corporate reputation and ensuring our long-term business success. The Group strictly complies with the relevant laws and regulations including Personal Data (Privacy) Ordinance and have adequate measures in place for the protection of personal data throughout the operations. To ensure that the personal data and privacy of our customers are well protected, all departments and branches of the Group are guided and governed by internal policies such as Information Security Policy, Personal Data Protection Policy and Data Security Guidelines, which set out instructions to stipulate employees from protecting customers' privacy on storage and access of customers' personal information, etc.

As the Group continues to expand its customer base, we adhere to its business integrity by protecting customer privacy. Alongside with the system development, we have always put data security into our priority, the "AEON HK" Mobile App and "AEON Net-member" service have been constantly improving and upgrading for security and user experience. The Head of Operations Division and the Head of Risk Management Department are designated to serve as the Group's Data Protection Officer and Data Protection Manager respectively who have the responsibility to oversee the Group's fulfilment of data protection requirements. Our staff members participate relevant personal data protection training each year.

As an organisation that processes, stores and transmits payment card data, the Group is required to comply with PCI DSS. This standard is developed by the payment card industry to promote secure working practices for the protection of payment card data. Annual assessments are performed by third party assessors of PCI DSS. Continuous improvement with compensating controls is put in place for incremental enhancement.

The information security management of the Group is managed in accordance with internationally recognised principles. The information security management systems, including implementation and review of measures and monitoring of the system effectiveness, are overseen by IT Division and are subject to annual independent reviews by third parties every year. Since 2006, the Group has also obtained ISO 27001 Certification for Information Security Management System in recognition of our efforts on maintaining high standard of information security.

Physical and electronic controls are in place to protect the Group's information and assets. A two-factor authentication tool is adopted for computer login for additional security. The Group has also implemented further security measures including encryption of stored payment card data, secure configuration of protection mechanisms such as firewalls, antivirus and intrusion prevention devices and secured procedures for physical controls such as access to office area.

To further increase the vigilance to cybersecurity risks of our employees, all new joiners are required to complete compulsory PCI DSS awareness training, basic training on information security and compliance training regarding personal data privacy. Refresher training will also be conducted once a year.

Quality Service and Responsible Business Practices

We are committed to providing our customers with accountable and transparent products and services. Internal guidelines including Customer Service Operation Manual and standard approval procedures are developed to provide guidance for our operations. Our employees are trained to provide customers with accurate and clear product information. The Customer Service Operation Manual is also in place to ensure our customer service representatives communicate properly with customers for the best suitable solution. Marketing materials and product factsheets are developed based on factual information and with language that can be easily understood.

To safeguard intellectual properties, our Guidelines on Compliance with Copyright Ordinance instructed employees to abide by the copyright law. As part of the IT management policy, the Group only uses licensed software at all times and no computer is allowed to install any unlicensed or unauthorised software. Our marketing collaterals are all licensed materials and we are highly concerned with the right of use. We also communicate with our suppliers on such matters to ensure that they are fully aware of the intellectual property rights.

To enhance the knowledge and awareness of our employees on relevant matters, Product Knowledge Training and compliance trainings regarding Trade Descriptions Ordinance and Copyright Ordinance are included in orientation programme, and refresher training is held every year. No case of non-compliance with regulations and voluntary codes concerning marketing communications were reported in the Reporting Year.

Due to the business nature of the Group, our products and services principally involve credit card issuance, personal loan and related credit and financial services. Product recalls due to health and safety reasons, product quality assurance process and recalls are not considered to be material issues, therefore no disclosure will be made.

Customer Complaints and Handling

We serve our customers with our heart by offering wide range of premium products and services. It is vital for us to manage and respond to customers' feedback professionally and in a timely manner. Our customers are mainly served through our branch offices, customer service hotline, mobile app and Company's website, and can express their opinions through various communication channels such as complaint hotline and online forms.

The standard complaint management and corresponding complaint handling flows have been included in our Customer Service Operation Manual to guide employees to handle customers' complaints properly, and all employees are well trained on how to appropriately reply and deal with customers' enquiries. Complaints or feedback were handled according to the internal procedures via the branch representatives or customer service. All complaints are investigated, recorded and reported to Customer Relationship Management Department every week in order to promptly understand and provide appropriate response to customers. With our uninterrupted improvement in customer service, we noticed that there was a decreasing trend relating to service complaint. For the Reporting Year, we have received 50 customers' complaints, a decrease of 32.4% as compared with 74 complaints in the Previous Year, and they are primarily related to our customer service, promotion as well as other general issues. Besides, a total of 135 customers' compliments are received in 2023, mainly attributed to the delivery of satisfactory branch service.

During the Reporting Year, the Group has established the Customer Service Sub-committee to report, discuss and review customer related issues regularly. Senior management regularly reviews customer suggestions, compliments, and complaints. Customer comments are communicated to employees with a view to improve customer service and encourage best practices. The Group will continue to identify opportunities to enhance our service quality.

During the Reporting Year, the Group is not aware of any breach of laws or regulations relating to its products, services, operations, sales and promotions or other business practices that resulted in sanctions or liabilities of material adverse effect to the Group.

Customer Experience and Financial Inclusion

The Group understands that convenient and quality-assured financial service is one of our customers' expectations and is committed to providing inclusive financial services to the community. In the fast-growing market, we provide comprehensive financial services that meet our customer needs. "AEON Net-member" service and "AEON HK" Mobile App have been launched to serve this purpose. Since digitalisation of financial service is one of our long-term targets, the Company has deployed the new card and loan system preparing for further digital payment solutions such as e-wallet, and several major systems are also upgraded to enhance user experience and streamline operation processes. All these enhancements will enable the Group to provide more extensive services in high security and convenience to customers.

Other than online services, we also provide convenient physical services to our customers. At 28th February 2023, we have 16 branches, all located in busy districts of Hong Kong. We strive to improve our facilities and accessibilities at branches and our branch customers service representatives will take special care of customers in need.

Supply Chain Management

Suppliers and business partners play an important role in our business operation, as they enable the Group to provide quality product and service to our customers. Effective supply chain management is therefore vital to safeguard our brand and business. According to the Group's Guideline for Vendor Management, suppliers are selected based on various objectives, predetermined quantitative and qualitative criteria such as costs, specific features, the relative advantages and disadvantages.

During the Reporting Year, we are working with 511 suppliers and business partners, in which 474 suppliers and business partners are located in Hong Kong, 10 in Mainland China, 6 in Japan, and 21 in other regions.

The Group engaged with suppliers through different communication channels, such as annual evaluations, assessments, etc. We also proactively communicate with suppliers to enhance their understanding and recognition of the Group's value on regulatory requirements, our own standards, as well as their recognition of the Group's value. For certain business consultants and advisors, they are required to complete compulsory trainings about Information Security, PCI DSS Awareness, Code of Conduct and Compliance. These are important for developing a cooperative relationship of mutual trust and assistance.

To identify and minimise any risks along our supply chain, we conduct several assessments on new suppliers during the prequalification stage and selection procedure, namely the due diligence with reference to AML and CTF rules, reputation check, financial check and conflict of interest check. To further promote responsible business practices among suppliers and ensure ESG considerations are incorporated in our purchasing process, an ESG assessment is introduced for vendor registration during the Reporting Year. The assessment aims to evaluate suppliers' performance in various environmental and social aspects including, data security, legal & authenticity, health and safety and environmental management. Moreover, continuous and regular reviews are conducted to assess suppliers' performances. For specific suppliers such as certain contractors and recurring suppliers, annual vendor performance review is carried out specially to evaluate their performance on service delivery, completeness and quality.

We also attach great importance to fulfil our environmental and social responsibilities in relation to our operation. For consumables items, we take a balance between environmentally friendly products, user friendliness and price whenever possible. We actively communicate with our suppliers for alternative environmentally friendly plastic for card production.

COMMITMENT TO OUR PEOPLE

As a responsible employer, the Group strictly abide by relevant laws and regulations of Hong Kong² to establish a robust employees' management system. Any instance of irregularity or failure to comply with such rules and regulations will be forthwith rectified by the Group upon identifying such deficiencies.

People-Oriented Workplace Culture

The Group is committed to foster a positive, safe, comfortable and rewarding workplace culture in which employees are treated fairly, equitably and respectfully. The Group strives to maintain an equal and fair working environment as regulated by stated policies including the Group's Sustainability Development Policy, Employee Handbook, Employee Training & Development Policy and Occupational Safety & Health Guidelines, etc., on employment practices, employees' health and safety, training and development and labour standards. Working hours, holidays, anti-discrimination, benefits, welfare and termination are well documented in the Employee Handbook. We understand the importance of achieving work-life balance. Overtime work is not encouraged and additional wages are paid to employees at certain grades for working overtime. Workload is evaluated when excessive overtime work persistently occurs. During the Reporting Year, the Group has implemented regular work from home scheme for employees, where they can work from home once per week as appropriate. Employees are encouraged to wear casual clothes for work and a monthly team building lunch programme was also introduced so as to further create an energetic working environment. To attract and retain talents, the New Joiner Bonus and Staff Referral Bonus Schemes were introduced, while long-service and outstanding staff were recognised with Long-Service, Staff Recognition and Branch Staff Appreciation Awards.

² Including but not limited to the Employment Ordinance, Employees' Compensation Ordinance, Mandatory Provident Fund Schemes Ordinance, Sex Discrimination Ordinance, Disability Discrimination Ordinance, Family Status Discrimination Ordinance and Race Discrimination Ordinance.

In recognition of its efforts to create an energetic and harmonious working environment, the Group was awarded the “Happy Company” label in 2022, a scheme jointly organised by the Promoting Happiness Index Foundation and The Chinese Manufacturers’ Association of Hong Kong.

Employee Engagement

In order to build a harmonic workplace, we communicate with employees at all levels regularly. Managerial staff participates in the Division Policy Announcement hosted by the Corporate Planning Department annually for the Group plan and long-term strategy. Internal newsletter and AFS Group internal magazine ‘As One’ are regularly distributed to all employees to update on the development of the Company and at the Group level to boost staff morale. Meanwhile, employee surveys on randomly selected employees are conducted regularly to collect their opinions, and an online suggestion box is also available on intranet for employees to share their feedback and suggestions. To engage our employees, we include company information and employee stories on public channels such as our social media platforms, company website and mobile app.

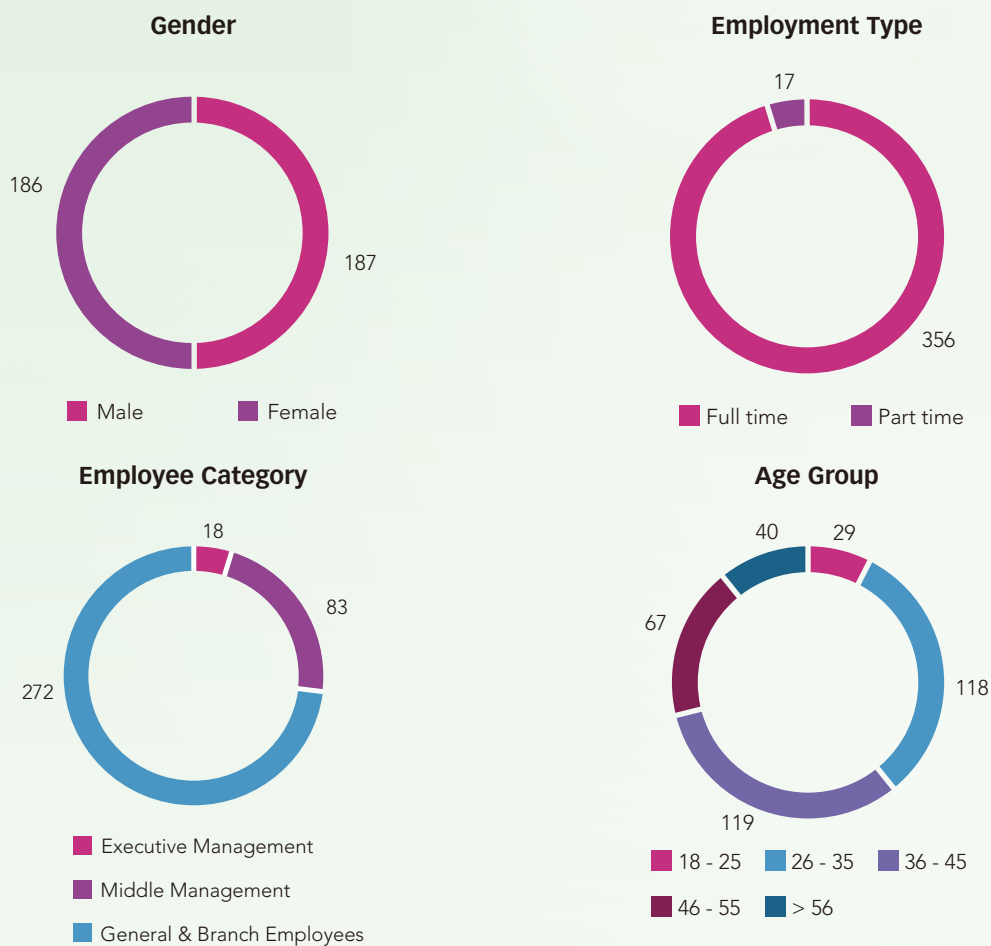
Labour Standards

The Group’s Human Resources Department adopts robust measures to confirm the identity credential, and integrity of candidates during the selection process to ensure staff members are not less than 18 years old and are suitable to be engaged for the positions concerned. With our current measures verifying candidates’ identities, there is no risk of engaging child labour or forced labour in our operation, and therefore no contingency plan is set.

Fair and Inclusive Workplace

We are committed to build a diverse and inclusive workplace, as well as a fair and non-discriminatory working environment where employees can reach their full potential. We strive to improve ourselves based on best practice and lessons learnt from labour and related disputes to eliminate discrimination, harassment and vilification on unlawful grounds. Relevant laws and regulations and aspects concerning legal rights of employees are clearly communicated to all employees at orientation and refresher compliance trainings are conducted every year. Comprehensive and highly confidential complaint channels are set up to handle relevant complaints. For the Reporting Year, there was one case of legal dispute concerning performance bonus that was dismissed by the Labour Tribunal with no order as to legal costs.

At 28th February 2023, the total number of employees in Hong Kong was 373³.



Full time employee turnover for the Reporting Year was 36.8%, with gender being 20.3% (male) and 16.5% (female), and age distribution being 4.6% (aged 18-25), 14.5% (aged 26-35), 9.7% (aged 36-45), 5.7% (aged 46-55) and 2.3% (aged >56). Since this CS report only covers operation in Hong Kong, the full time employee turnover are all from Hong Kong. Exit interviews are conducted with leavers to understand their decisions and follow up with internal evaluation to improve our internal employee management system and future planning.

³ Independent Non-executive Directors are not included in total number of employees.

Training and Development

The Group's training and development strategy aims to nurture a talented and motivated workforce. Its Employee Training and Development Policy sets the framework and procedures for training and developing employees of the Group. We invest time and resources to ensure employees will have the breadth and depth of skills and knowledge to achieve the business goals and to keep up with the competitive markets.

Continuous Learning

The Group promotes continuous learning opportunities for employees to achieve a sense of fulfilment by improving their skills and knowledge. To equip employees with the suitable knowledge and skills, Training Needs Analysis (TNA) is conducted annually to identify training and development needs of our employees, and a focus group was held for the training gap and the training plan. As part of our succession planning process, we are providing an increasing number of training activities every year.

During the Reporting Year, an online Learning Management System with mobile app is launched in early 2023. The platform contains a wider range of assigned and voluntary training courses, allowing employees to learn at a time and location at their convenience.

Building a Culture of Compliance

For new joiners to understand the Group's high standard of corporate values and to build a sustainable, professional and ethical workforce, a comprehensive orientation programme is provided to all new joiners to align their understanding on our code of conduct, mission and value, business structure and relevant laws and regulations. As stated in our Employee Training and Development Policy, all employees and directors are required to attend annual refresher training on AEON Code of Conduct, compliance, information security and PCI DSS. We regularly review the changing training needs across frontline and backend departments and devise the approach to provide vital support to our management along their career path.

Nourishing Future Management

To take into account the Group's future business development and cherish talented staff, employees who meet the criteria and are expected to take on a higher management level will be nominated to attend management training jointly organised with AEON Malaysia and AFS. The expected learning outcome of the one-year course is to enhance and develop strong leadership in improving business profitability in a rapidly changing management environment and in transforming business structure.

Cultivating Young Talents

Graduate trainee

To provide tertiary students and recent graduates opportunities to become leaders equipped with competent, excellence work and entrepreneurship skills, a two-years structured Graduate Trainee Programme is launched with the support from senior management and mentors. Trainees were arranged to work in various departments with detailed targets set, allowing them to develop a wide range of practical work experiences. A briefing session will be carried out by mentors of the programme to clarify roles and responsibilities and they are also encouraged to share their personal experience. After each department rotation, evaluation will be carried out for performance appraisal.

Summer Internship

The Group has provided an internship programme during summer. Students are given opportunities to gain experience in financial service industry. Interns are assigned to various departments and provided with specific tasks during the programme period.

Employee Training and Development	2023	2022
Total No. of Employees Trained ⁴	373	358
Total Training Hours	7,948	8,034
Average Training Hours per Employee	21.3	22.4

Number of Employees ⁵		Number of Employees Trained	Percentage of Employee Trained	Number of Employees Trained	Percentage of Employee Trained
By Gender	Male	187	100%	173	100%
	Female	186	100%	185	100%
By Employee Categories ⁶	Executive Management	18	100%	23	100%
	Middle Management	83	100%	128	100%
	General & Branch Employees	272	100%	207	100%

Training Hours		Number of Training Hours	Average Training Hours	Number of Training Hours	Average Training Hours
By Gender	Male	3,995	21.4	4,720	27.3
	Female	3,953	21.3	3,314	17.9
By Employee Categories ⁶	Executive Management	427	23.7	930	23.6
	Middle Management	2,012	24.2	3,569	27.9
	General & Branch Employees	4,852	17.8	2,971	14.4

Besides the employee training disclosed above, the Group also required other specific target groups such as business consultants, advisors, summer interns, IT interns, etc. to complete certain compulsory trainings including Information Security, PCI DSS Awareness, Code of Conduct and Compliance by the Group. Below are their training details:

	2023		2022	
Other Specific Target Group	Number of Attendance	Number of Training Hours	Number of Attendance	Number of Training Hours
	184	657	195	564

⁴ Independent Non-executive Directors are not included in total number of employees trained.

⁵ To reflect actual situation, the Percentage of Employees Trained and Average Training Hours of 2022 has been adjusted to using the number of employees instead of number of attendees for calculation.

⁶ For meaningful comparison, the employee categories have been adjusted to 3 levels – Executive Management, Middle Management and General & Branch Employees, aligning with the disclosure in total workforce.

Occupational Health and Safety

Ensuring employees' health and safety in the workplace is our responsibility. The Group strictly complies with relevant laws and regulations in this regard⁷, and continuously improves through the establishment and management of health and safety systems. We endeavour to create a safe, healthy, and comfortable working environment, one which protects the physical and mental health of employees, and minimises the probability of occupational diseases. The Group's Occupational Safety & Health Guidelines are designed for clerical and non-clerical employees. The Guidelines are also communicated through the Employee Handbook, orientation training and refresher training.

During the Reporting Year, we engaged with a third-party safety consultant for full spectrum safety inspection in head office and branches to reduce health and safety risk. Improvement works from the inspection are continuously ongoing throughout the year. Safety in office environment can be easily neglected. Employees are invited to complete work station safety survey every year, so as to improve the office environment and reduce health and safety risks. Refreshers trainings were arranged to remind employees of potential health and safety issues in office area and at branches. In the past three years including the Reporting Year, there were zero work-related fatalities in the Group.

Occupational Health and Safety	2023	2022	2021
No. of work-related fatalities	0	0	0
Rate of work-related fatalities	0	0	0
Work-related injury	2	1	3
Lost days due to work-related injury	14	0	149.5

For the Reporting Year ended 28th February 2023, apart from the 2 incidents of employees injured in the course of work, the Group is not aware of any claims against the Group itself or instances of breach of laws or regulations relating to occupational health and safety standards.

Employee Well-being

As part of our commitment to support our employees' health and wellness, we provide an extended medical insurance for employees including hospitalisation and surgical benefits, outpatient treatments, dental services and other wellness supports. During Pandemic, necessary disinfection products such as surgical masks and rapid antigen test kits are supplied to employees in the office and branches for free. Moreover, meeting rooms are fitted with partitions to reduce viral infections, and air purifiers were installed to improve air quality. During the Reporting Year, a nursing room was established in head office to create a breastfeeding-friendly environment for working mother; and new joiner bonus and staff referral bonus were introduced to attract and retain talents. The Group also provided other benefits like setting up vending machines to offer drinks and snacks to staff at discount price.

Looking ahead, the Group plans to continue improve its people management by providing all rounded employee benefits. To attract and retain talent, we will continue to review its remuneration package to ensure that it is competitive in the market.

⁷ Including but not limited to Occupational Safety and Health Ordinance and Fire Safety (Commercial Premises) Ordinance of Hong Kong.

COMMITMENT TO OUR ENVIRONMENT

The Group is putting effort to minimise the environmental impact arising from the Group's operations, in terms of greenhouse gas ("GHG") emissions from transportation, waste management, and energy and resources consumption, as well as from the purchase of goods and/or services. We strictly comply with relevant laws and regulations regarding environment protection⁸. The ease of such compliance is largely attributable to the nature of our business. The Group has obtained the ISO 14001 Environmental Management System certification for head office and branches since 2009, proving that our efforts in environmental management is up to internationally recognised standard. Measures and procedures including Sustainability Development Policy and Climate Risk Management Regulation are incorporated into the internal rules for green development. For the Reporting Year ended 28th February 2023, the Group is not aware of any significant impact of its activities on the environment and natural resources. Looking ahead, the Sustainability Committee will continue with its studies internally to identify the resources used in order to further minimise wastes, and further extend sustainability practices to our suppliers for a win-win situation for the environment.

Energy Saving and Emissions Reduction

Energy saving and emissions reductions are important aspects in fulfilling our environmental responsibility. Electricity use on our premises is the largest contributor to our carbon footprint. We encourage our employees to join us in reducing energy use in office by turning off the electrical appliances after office hours or when not in use, or setting them to energy-saving mode. Office areas are set at a comfortable temperature. Reminders and notices on the usage of lighting, air conditioning and office equipment are posted in noticeable areas or included in internal newsletters to remind employees to be environmentally responsible. For our branches, LED lighting was fully installed during renovation to further reduce electricity consumption. The Group targets to reduce the electricity consumption for head office by 5% compared with the baseline of 2021 by 2026. The Sustainability Committee will continuously review the target and develop relevant action plan for head office and branches. Air and direct GHG emissions of the Group are mainly from company vehicle and it is not significant within the Group's operations. Since September 2022, the company vehicle was replaced by a hybrid car to further reduce related emissions. Although no target was set for petrol, studies will be carried out to improve the fuel and energy efficiency.

⁸ Including but not limited to Air Pollution Control Ordinance, Ozone Layer Protection Ordinance, Road Traffic Ordinance, Noise Control Ordinance, Waste Disposal Ordinance, Water Pollution Control Ordinance and Sewage Services Ordinance.

Our emission and energy consumption for Hong Kong operations have been summarised in the following table:

Air Emissions	Unit	2023	2022
Nitrogen oxides (NO _x)	kg	1.34	1.00
Sulphur oxides (SO _x)	kg	0.04	0.03
Particulate Matter (PM)	kg	0.10	0.07
GHG Emissions ⁹	Unit	2023	2022
Scope 1 (Direct Emissions) ¹⁰	tonnes CO ₂ e	6.77	5.68 ¹³
Scope 2 (Energy Indirect Emissions) ¹¹	tonnes CO ₂ e	155.08	163.08 ¹³
Scope 3 (Other Indirect Emissions) ¹²	tonnes CO ₂ e	0.42	0
Total GHG Emissions	tonnes CO ₂ e	162.27	168.76 ¹³
Total GHG Emissions intensity	tonnes CO ₂ e/sq ft	0.0033	0.0035 ¹³
Energy Consumption	Unit	2023	2022
Direct Energy			
Petrol	kWh	24,679.59 (2,546.55 Litres)	20,319.03 ¹³ (2,096.61 Litres)
Indirect Energy			
Electricity	kWh	376,628.18	373,311.98 ¹³
Total energy consumption	kWh	401,307.77	393,631.01 ¹³
Energy consumption intensity	kWh/sq ft	8.05	8.13

⁹ Calculated in accordance with "Carbon Audit Toolkit for Small and Medium Enterprises in Hong Kong" issued by The University of Hong Kong and City University of Hong Kong and "Guidance to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purpose) in Hong Kong" by the Environmental Protection Department ("EPD") and the Electrical and Mechanical Services Department ("EMSD") of the Government of the HKSAR.

¹⁰ Scope 1 refers to direct GHG emissions. Its disclosures mainly include emissions from the consumption of liquid and gaseous fuels in motor vehicles.

¹¹ Scope 2 refers to indirect GHG emissions from the consumption of purchased electricity and Towngas of our head office and all branches in Hong Kong. Emission factors are obtained from local utility companies and updated yearly according to the annual report of CLP Power Hong Kong Limited ("CLP") and Hongkong Electric Company ("HKE").

¹² Scope 3 disclosure includes air freight business travel. There was no air freight business travel in 2022 due to the Pandemic induced travelling restrictions.

¹³ Restated figure.

Use of Resources

The Group recognises the potential impacts of its operation on the environment, including paper usage during business operation. Profoundly acknowledging the scarcity of the earth's resources, the Group persists in its efforts to achieve paperless operation to reduce unnecessary paper use in head office and branches. Digitalisation is our long-term goal. Employees are encouraged to prioritise the use of email, intranet and other electronic ways to communicate and disseminate information. The Group's Employee self-service and iLeave portal allows employees to conduct administrative works including leave application, payslips and tax return review online, reducing unnecessary paper usage. During the Reporting Year, the new online Workflow System on payment process and online Learning Management System were launched, and electronic signatures are also adopted in our internal approval process to help reducing paper consumption and lead times. Computers are in default duplex printing and ink-saving mode and printing with NFC activation on printer was fully adopted to prevent mis-printing.

We also opt to go paperless with our customers. For credit card applications, we have streamlined the application process through a secure online application that enables a direct and speedy process. The "AEON Net-member" service and "AEON HK" Mobile App are also available to provide extensive online services for customers. From June 2021, to encourage customers to switch to electronic statements, an extra fee is charged for statements in paper form. During the Reporting Year, 82% of our customer statements were sent via electronic channels, representing a year-on-year increase of over 15% in electronic statement.

Alongside with the major technology improvement shortly after the Reporting Year, a new card and loan system has been deployed in early March 2023 to streamline our operation workflow. This allows the Group to move further towards paperless operation. In the future, the Group will continue to work closely with our suppliers to understand our environmental impact outside of offices.

Water Efficiency

Water usage is not significant within the Group's operations. Currently, the main source of water consumption is our head office and we rely on the use of local municipal water from Water Supplies Department. Hong Kong is of low water stress, and there is no issue in sourcing water. Nonetheless, the Group makes great effort in reducing the use of water and improving water efficiency. The Group actively encourages employees to save water. Water used at our head office during the Reporting Year was 285 m³ and the water intensity per head office employee is 1.11 m³. To avoid water leakage, employees are required to ensure that equipment has been turned off properly after use. Since water resources are not material resources in our operation, therefore no reduction is set.

Waste Reduction

Steered by the spirit of environmental stewardship, the Group has implemented a number of measures in head office and branches to promote reuse and recycling. To further enhance staff behaviour on waste reduction, the Group provides no personal rubbish bins in the office. General waste is only collected centrally in the common area, and recycling bins of plastics and paper are provided to encourage recycling. We try to recycle as many furniture and equipment by making alternative use of them at other branches and office when a branch is closed down.

For hazardous waste, as the Group's business does not involve any industrial manufacturing activities, there is no significant generation of hazardous wastes. General office hazardous wastes such as ink cartridge, fluorescent tubes and outdated equipment from our business operation are collected and handled by suppliers and the management office of the office building for handling. Electronic wastes such as computers and servers are handled by the IT Division to ensure the information stored is deleted and handled properly before disposal in accordance with internal regulations. The existing hazards wastes discharged are inevitable and purchase of these items were made only when necessary. Therefore, no reduction target is set for hazards waste.

The Group will continue to study and analyse our internal waste and to increase the recycle rate. Our aim is to reduce paper intensity by 10% and increase paper recycling intensity by 5% compared with baseline of 2021 respectively by 2026.

Due to the business nature of the Group, packaging materials used for finished products are also not considered to be material issues, therefore no disclosure will be made.

Waste	Unit	2023	2022
Hazard Waste			
Miscellaneous Electronic Equipment (including computers and monitors)	pcs	124	1,257
Fluorescent Tubes/Light Bulb	pcs	242	229
Total Hazardous Waste	pcs	366	1,486
Hazardous Waste Intensity	pcs/employee	0.98	4.15
Non-Hazard Waste			
General Waste	tonnes	144.14	218.87
Non-Hazardous Waste Intensity	tonnes/employee	0.39	0.61
Waste Recycling			
Plastic Recycling	tonnes	0.12	0.05
Paper Recycling	tonnes	1.10	0.84

For the Reporting Year, the Group is not aware of any breach of laws or regulations relating to environmental protection.

Addressing Climate Change

Climate change is one of the greatest challenges that we are facing in Hong Kong and the world today. Internal policies including Sustainability Development Policy and Climate Risk Management Regulation are in place to identify and mitigate significant climate-related issues. We have identified several significant climate-related issues including extreme weather events, chronic weather patterns, policies and regulations and market sentiment. The following table summarises the risks faced by the Group and the Group's strategy in combating with climate change.

Risk	Description of Risk	Potential Impact and the Group's Strategy in Response to the Risk
Physical Risk	Actual Physical Risk: Increase in frequency of extreme weather events, such as typhoons, rainstorms and floods	<ul style="list-style-type: none"> – Temporary closure of head office, branches and service centers due to extreme weather events may induce lower revenue – The Group's properties could be damaged by extreme weather events thus threatening staff members' safety – Continued digitalisation process in offering the financial services through "AEON Net-member" service and "AEON HK" Mobile App and hybrid working mode to minimise the impact
	Chronic Physical Risk: Rises in temperature	<ul style="list-style-type: none"> – Rise in global temperature may cause temporary suspension of electricity supply, thereby affecting the system and service availability – Back-up data center and service centers located in different areas to mitigate the risk
Transition Risk	Reputation Risks	<ul style="list-style-type: none"> – With general public paying more attention to climate-related actions of enterprises, the Group may need to invest more in these areas so as to enhance company reputation
	Tightening Environmental Rules and Guidelines	<ul style="list-style-type: none"> – The Group's operations will need to respond and adapt to new and emerging regulatory requirements, including the enhanced obligations on formalising climate risk management and scenario analysis – Acquiring merchants and business partners will need to adapt to the new environmental rules and their operations and financial positions will be affected accordingly

Below are various strategies and approaches to control our impact on climate change:

Strategy	Our Approach
Governance	<ul style="list-style-type: none"> Board provides oversight of climate-related risk and opportunities The Sustainability Committee is responsible for assessing and managing sustainability issues Sustainability Development Policy is established to set out the principles on sustainability development
Mitigation	<ul style="list-style-type: none"> Continuous monitoring of the Group's internal emission and environmental aspects through the ISO 14001 certification since 2009 Set short-, mid- and long-term sustainability targets to reduce carbon footprint Encourage employees and suppliers to reduce carbon emissions in their daily activities
Adaptation	<ul style="list-style-type: none"> Regularly assess climate-related risks and opportunities through regular meeting and reporting, so as to adapt to climate change in a timely manner Incorporate climate-related risks into the Group's risk management and established Climate Risk Management Regulation
Disclosure	<ul style="list-style-type: none"> Report in the Group's Corporate Sustainability Report on the approach, measures and progress
Future Plan	<ul style="list-style-type: none"> To establish the Group's Climate Change Policy to better respond to this global issue To further study on the climate risks that are related to our financial impact

Looking into the future, the Group will continue reviewing its existing environmental measures to better monitor their effectiveness, as well as set targets for the environmental aspects that are critical to its operations and long-term sustainability.

COMMITMENT TO OUR COMMUNITY

The Group always strives to act as a good corporate citizen by working together with the community for its growth and improvement of quality of life. Guided by AEON Group's corporate philosophy of "Peace, People and Community", the Group's Sustainability Development Policy and Guideline on Corporate Social Responsibility Activities, we continue to support community projects and activities focusing on environmental protection, education and cultural exchange in both Hong Kong and the Mainland China. During the Reporting Year, the Group's total donation is approximately HK\$1,789,000.

Focus Areas of Contribution



Environmental Protection

Tree Planting

In order to align with the mission of AEON Group, the Group has been supporting local tree planting activities since 2006. During the Reporting Year, the Group cooperated with Friends of the Earth (HK) in organising the "Tree Planting Challenge 2022". A total of 350 tree seedling were planted at Tai Lam Country Park, offsetting approximately 8.05 tonnes of CO₂ equivalent.

Bonus Point Donation

The Group also encourages customers to support community development through "Bonus Point Donation Scheme". Under the scheme, our credit card holders can channel their donation to support the environmental conservation works of the World-Wide Fund for Nature Hong Kong ("WWF-Hong Kong").

Education

University Scholarships

We believe talented students should not be hindered by financial burden. Through AEON Scholarship, we continue to provide support to students undergoing university education. During the Reporting Year, we have supported over 100 students from universities in both Hong Kong and the Mainland China as below:



University in Hong Kong

- University of Hong Kong
- University of Science and Technology
- City University of Hong Kong
- The Hong Kong Polytechnic University
- The Baptist University of Hong Kong

University in Mainland China

- Shenzhen University
- Sun Yat-Sen University

Financial Education

As a responsible financial service provider, the Group believes financial literacy and proper financial attitude are important to children especially at their early stage of development. During the Reporting Year, the Group cooperated with Financial Education Centre under Hong Kong Family and Welfare Society for the first time and launched a programme called “FE-On! – Financial Education On!” in 2022, aiming at instilling financial attitude to young students and parents via workshops, street interviews, social media promotion and counselling services.



Community Partnership

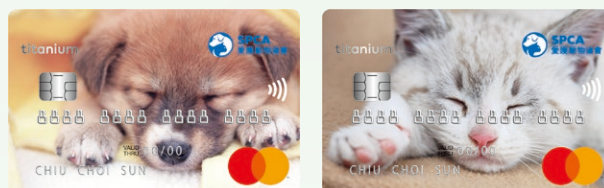
Cultural Exchange

Other than the scholarship for tertiary education, we believe resources given at a young age can allow long term development. By partnership with community organisations can create positive knock-on effects in creating a more caring community. Besides being the sole sponsor of the “Young Envoys Programme” organised by the Hong Kong Committee of UNICEF (“UNICEF HK”) for 16 consecutive years, the Group also expanded our cooperation with UNICEF HK on “SDG Actioner Challenge for Ethnic Minority Youth” to provide a valuable opportunity for local youngsters and ethnic minority youth in Hong Kong to explore global and local social and environmental issues.



Charity Credit Card

We utilise our capacity as a financial service provider to build a more charitable corporate culture by issuing credit cards with Society for the Prevention of Cruelty to Animals (“SPCA”). Cardholders of these cards not only can benefit from the consumption rewards, but also having 0.1% of all credit purchase amount transacted with the cards will be donated by the Group to SPCA.



During the Reporting Year, the Group’s contribution to the community and the environment is recognised by The Hong Kong Council of Social Service and is awarded “15 Years+ Caring Company Logo” in 2022. Looking ahead, the Group will continue its efforts to consider the community’s needs and interests, and further integrate its vision in serving the community within its business value by cooperating with more organisations and local businesses.

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