

# Environmental, Social and Governance Report

## ABOUT THIS REPORT

### Reporting Objectives

The Company is a subsidiary of AFS and a member of the AEON Group and recognizes the importance of transparency and integrity as a key factor of corporate sustainability. This third Environmental, Social and Governance (“ESG”) report intends to give an updated insight into the approach adopted and actions taken by the Company with regard to its operations and sustainability that have implications for the Group that should be of interest to stakeholders.

### Reporting Scope, Period and Approach

The content of this report was defined after taking into account the materiality of sustainability issues arising from the Group’s operations. As a substantial part of the income of the Group comes from the Company’s operations in Hong Kong, this report mainly highlights the ESG performance of the Hong Kong head office and branches for the period from 1st March 2018 to 28th February 2019. This reporting timeframe is consistent with the Company’s financial year ended 28th February 2019.

Consistent methodologies have been adopted to allow for a fair comparison over time and to provide a balanced picture of our ESG performance.

### Reporting Principles

The Company expects to disclose its progress with regard to ESG issues annually, and this report has been prepared in accordance with the requirements as set out in the ESG Reporting Guide in Appendix 27 of the Listing Rules.

## MANAGEMENT APPROACH TO CORPORATE SUSTAINABILITY

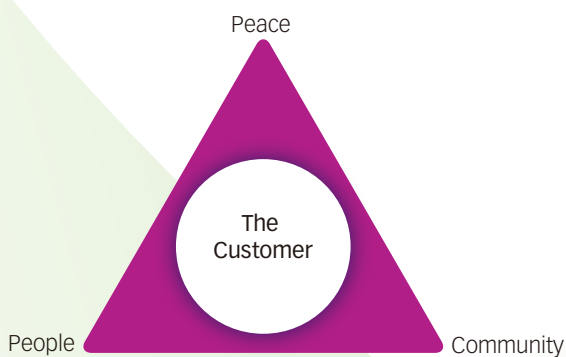
### *Everything we do, we do for our customers!*

As a member of the AEON Group, the Company has inherited the AEON DNA as manifested in management philosophy. Together with our Board and other staff members of all departments and functions, we strive to provide the best support to customers’ lifestyles and enable them to maximize future opportunities primarily through effective use of credit.

### Corporate Governance from ESG Perspective

AEON Code of Conduct of AEON Japan reflects our commitment to guide and direct the future course of the Group. Every member of the AEON family of companies has taken on the challenge of promoting business innovation under the guiding principle that “everything we do, we do for our customers”.

### **AEON’s Basic Principles**



The word “AEON” means “Eternity” in Latin and our basic principles have illustrated our eternal mission to benefit our customers, and our operations are thus CUSTOMER-focused to the highest degree:

**Peace** — Our operations are dedicated to the pursuit of peace through prosperity.

**People** — We respect human dignity and value personal relationships.

**Community** — We are rooted in local community life and dedicated to making a continuing contribution to the community.

AEON Code of Conduct charts the course for our future and helps us interpret our basic principles to know what actions we may need to take for the benefit of our “customers of the era ahead.”

## Environmental, Social and Governance Report

Determined to be a socially responsible entity which actively promotes environmental protection and makes social contribution, the Company is committed to both providing quality service and preserving the environment for the benefit and further development of our community. We aim to do everything within our power to promote and apply our AEON Code of Conduct into practice in our daily operations. It is our hope that all our stakeholders will join us in sharing this sense of purpose, thereby developing stronger bonds of trust amongst all of us.

### Stakeholder Engagement

We value the importance of engaging with stakeholders in identifying material sustainability issues of relevance and importance, formulating business decisions, managing business operations, enhancing efficiency and identifying new business opportunities and the needs for community investment. We seek to develop long-term constructive relationships with our key stakeholders and engage with them through various formal and informal communication channels as well as independent and internal stakeholder exercises.

We keep stakeholders informed of our business activities through our annual and interim reports, press releases, announcements and circulars and utilize e-communications that are easily accessible through the Internet. We regularly review and relay stakeholder feedback to relevant departments for corresponding follow-up actions.

### OUR KEY STAKEHOLDERS AND COMMUNICATION CHANNELS

Stakeholder	Major Concerns	Primary Communications Channels
Customers	<ul style="list-style-type: none"> <li>• Business Procedures</li> <li>• Information Security</li> <li>• Product/Service Quality</li> </ul>	<ul style="list-style-type: none"> <li>• Surveys</li> <li>• Loyalty events</li> <li>• Interaction at branch level</li> <li>• Newsletters and leaflets</li> <li>• Monthly statement inserts</li> <li>• Company website</li> <li>• Year-round publicity &amp; donation campaigns</li> <li>• Customer service hotline</li> <li>• Social media: Facebook fan page</li> <li>• AEON HK Mobile App</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Salary and Welfare</li> <li>• Training and Development</li> <li>• Health and Safety</li> </ul>	<ul style="list-style-type: none"> <li>• Employee surveys</li> <li>• Newsletters and intranet communications</li> <li>• Meetings with employees</li> <li>• Orientation and exit interviews</li> <li>• Performance appraisal</li> </ul>
Investors	<ul style="list-style-type: none"> <li>• Corporate Operations</li> <li>• Economic Performance</li> <li>• Information Disclosure</li> </ul>	<ul style="list-style-type: none"> <li>• Annual general meetings and investors' briefings</li> <li>• Interim and annual reports</li> <li>• Announcements, circulars and other corporate communications</li> </ul>
Suppliers and other Business Partners	<ul style="list-style-type: none"> <li>• Brand Development</li> <li>• Integrity and Sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing audits</li> <li>• Best practice adoption</li> <li>• Corporate events</li> <li>• Mass communications</li> </ul>
Community Partners	<ul style="list-style-type: none"> <li>• Resolving Social Issues</li> <li>• Philanthropy</li> </ul>	<ul style="list-style-type: none"> <li>• Community programmes</li> <li>• Volunteer service programmes</li> <li>• Year-round green partnership programmes</li> </ul>
Government & Regulators	<ul style="list-style-type: none"> <li>• Legal and Regulatory Compliance</li> <li>• Employment Protection</li> <li>• Business Ethics</li> </ul>	<ul style="list-style-type: none"> <li>• Correspondence</li> <li>• On-site inspection</li> <li>• Compliance reporting</li> <li>• Enquiries and clarifications</li> </ul>
Industry Associations	<ul style="list-style-type: none"> <li>• Industry Development</li> </ul>	<ul style="list-style-type: none"> <li>• Regular meetings and correspondence</li> </ul>

Environmental, Social and Governance Report

AEON recognizes that our people, business partners, community partners and other stakeholders are keys to our sustainability. We strive to achieve corporate sustainability through providing quality products and services to our customers, engaging with our people, collaborating with business partners and supporting our community.

For this report, we have conducted an engagement exercise with selected employees through interview and sharing sessions. Essential feedback collected in this exercise is briefly summarized as follows:

- Enhancements in annual leave policy and group medical insurance coverage help assure a good work-life balance and support health and wellness;
- Digitalisation and workflow automation can eliminate unnecessary business process and improve efficiency;
- Implementation of new performance appraisal and self-assessment system, consisting of assessments on employees' competency and target accomplishment help ensure a fair, transparent and impartial mechanism to assess and determine employees' performance;
- Comprehensive training programs (including refresher trainings and other compliance-related trainings) have been widely recognized, as they can strengthen understanding of the AEON Code of Conduct and laws and regulations as applicable to the Company.

**Awards and other Recognitions**



**ISO 9001 - QMS / FS 513193**

ISO 9001 standard for Quality Management System

This is awarded for implementing the best practices according to the ISO 9001 Standard for continuous improvement in customer service quality.

Scope of certification: Head Office and branches since 2007



**ISO 14001 - EMS 538444**

ISO 14001 certification for implementation of Environmental Management System

This is awarded for implementation of energy-efficient methods in operational processes such as reduction in paper and electricity.

Scope of certification: Head Office and branches since 2009



**ISO 27001 - ISMS / IS 500955**

ISO 27001 Certification for Information Security Management System

This is awarded to the IT division of the Company for implementation of the most stringent computer security policies and procedures for

- protection of customers' personal data;
- maintenance of confidentiality and integrity of customer data;
- availability of service to the satisfaction of customers.

Scope of certification: IT Division since 2006



**Customer Satisfaction  
ISO 10002 / CMS 513194**

ISO 10002:2004 Certification for "Customer satisfaction — Complaints Management System"

This is awarded to the Company for its complaint management system.

Scope of certification: Departments that handle complaints since 2007



Named Caring Company for 12 consecutive years – Hong Kong Council of Social Services



Manpower Developers of Employees Retraining Board – Manpower Developer Award Scheme

Environmental, Social and Governance Report

COMMITMENT TO OUR CUSTOMERS

AEON’s never-ending mission is to make a positive contribution to customers’ lifestyles.

Being one of the Hong Kong’s leading credit card issuers and consumer finance service providers, we are committed to providing an exceptional customer experience and a consistently high standard of service to our customers in the hope of building long-lasting relations. Customer focus is a core value of AEON and we always put our customers as the top priority. Not only do we keep our promises to our customers and always act with integrity, we also offer our customers quality services at reasonable prices.

To earn and maintain the confidence and trust of our customers, we strive to uphold our professional quality services for our customers.



(Source: The AEON Code of Conduct)

**Quality Services for Customers and Responsible Marketing and Business Practice**

Since 2007, the Company has been certified to ISO 9001 standard for Quality Management System, which is conducive to the provision of efficient services and improvement of our customer satisfaction through establishment and continuous maintenance of a quality management system.

Responsible departments of the Company are from time to time updated on the latest legal and regulatory changes relevant to the Company’s businesses and operations. Advertisements and business practices of the Company are internally reviewed from time to time to ensure that they are not in breach of applicable laws or regulations, including but not limited to the Money Lenders Ordinance, Trade Descriptions Ordinance, Competition Ordinance, Personal Data (Privacy) Ordinance and Insurance Ordinance.

In compliance with the latest requirements from the Registrar of Money Lenders concerning anti-money laundering and counter-terrorist financing, we have made extensive revision to our Guide on Prevention of Money Laundering and Terrorist Financing, with training provided to our staff members on such requirements.

**Listening to Our Customers**

We serve our customers through our 19 branch offices, 128 ATMs, customer service hotline, online enquiry forms and other channels. It is vital for us to manage and respond to customer feedback professionally and in a timely manner. We have developed Complaints Management System under ISO 10002 standard since 2007, and corresponding complaint handling flows have been constructed and further improved upon from then onwards for various settings (Branches or Customer Service Hotlines) and levels (from level 1 to level 5).

Types of Complaint	2017/18	2018/19
Service/product promotion	6	4
Service/product delivery	48	35

## Environmental, Social and Governance Report

**Protecting Customer Privacy**

We have Personal Data Protection Policy and Data Security Guidelines in place to ensure that, among others, personal data and privacy of our customers are protected. We have designated the Head of the Risk Management Department to serve as our Data Protection Manager.

Each year, our staff members receive relevant training on personal data protection.

In addition to the internal measures, we have implemented a number of preventive measures to protect the personal data of our customers. For example, 3D secure for online transaction authentication has now been extended to cover all credit cards that we are issuing.

We have met the standard required for ISO 27001 Certification for Information Security Management System since 2006.

In 2018/19, the Company did not receive any complaints related to loss of customer data.

For the year ended 28th February 2019, the Company is not aware of any breach of laws or regulations relating to its products, services, operations, sales and promotions or other business practices.

**COMMITMENT TO OUR PEOPLE****Together with AEON People****You are AEON.**

**When you deal with our business partners, you demonstrate to them through your sincere attitude and actions the "AEON like" spirit — something that cannot be imitated by other companies. This spirit should guide the attitude you project as you meet with other members of the community.**

**When you are assisting your customers, and when you spend time with your co-workers, your actions — even those that seem casual and inconspicuous — will accumulate to build the AEON Culture.**

*(Source: The AEON Code of Conduct)*

We regard our staff as our most valuable asset and we place significant emphasis on human capital. The total number of staff of the Group as at 28th February 2018 and 28th February 2019 was 575 and 455 respectively, of which 62% to 73% of them are stationed in Hong Kong.

Year	2017/18	2018/19
No. of Staff	575	455
No. of Staff Stationed in HK	357 (62%)	334 (73%)
Sex Distribution in HK		
— Male (M)	162	168
— Female (F)	195	166
Term of Employment in HK		
— Full Time	330	307
— Contract	27	27
Categories of Employees in HK		
— Senior Management	13	11
— Middle Manager	107	113
— Junior/Frontline Staff	237	210

## Environmental, Social and Governance Report

Year	2017/18	2018/19
Age Groups in HK		
— ≤17	—	—
— 18-25	59	46
— 26-35	109	97
— 36-45	108	109
— 46-55	53	53
— ≥56	28	29
Total Turnover Rate in HK	30%	36%
— by Gender		
— Male	13%	11%
— Female	17%	25%
— by Age Group		
— 18≤25	11%	12%
— 26-35	10%	13%
— 36-45	5%	6%
— 46-55	3%	3%
— ≥56	2%	2%

We have been regularly reviewing our Employee Handbook (with the latest version released in March 2016 as its 21st edition). This Handbook provides detailed information to our employees about our employment policy, welfare and benefits, leave and rest days, conduct and discipline, occupational health and safety policy, personal data (privacy) policy, equal opportunity policy and guidelines related to gifts, entertainment, prevention of bribery/anti-corruption as well as conflict of interests. All the employees are provided with a copy of the Employee Handbook upon joining the Company and they are regularly informed of any revisions and updates. They are aware of the measures to prevent and identify instances of bribery/corruption, money laundering activities as well as the whistleblowing channels for reporting inappropriate conduct and other irregularities through training on the Company's relevant policies and guidelines.

All aspects of the Company's human resource policies and practices are determined and implemented in a manner strictly in compliance with all applicable laws and regulations.

### Staff Remuneration and Benefits

Competitive staff benefits are keys to building an efficient work force that help deliver a high standard of service to customers. Our employees are remunerated according to the job nature, market trends and individual performance. Apart from medical insurance and provident fund, discretionary bonuses are awarded to employees based on individual performance as well as our financial performance. Refined appraisal and self-assessment systems have been implemented to better identify human resources need and to support our human resources development.

### Training and Development

<b>Job-related Training Programme</b> <ul style="list-style-type: none"> <li>• Introductory Training</li> <li>• Risk Management</li> <li>• Compliance &amp; Corporate Governance</li> <li>• Finance Management</li> </ul>	<b>Managerial &amp; Board of Directors' Training</b> <ul style="list-style-type: none"> <li>• Directors' Training</li> <li>• Manager Development Programme</li> <li>• Promotional Training</li> </ul>
<b>Staff Orientation Programme</b> <ul style="list-style-type: none"> <li>• Company Principles &amp; Structure</li> <li>• AEON Code of Conduct</li> <li>• ISO Training</li> <li>• Risk Management &amp; Compliance</li> <li>• Service &amp; Product Knowledge</li> </ul>	<b>Internship Programme</b> <ul style="list-style-type: none"> <li>• Orientation</li> <li>• Job-related Skills Training &amp; Visits</li> <li>• Soft Skills Empowerment</li> </ul>



Summer Internship Presentation & Graduation Ceremony



## Environmental, Social and Governance Report

In our effort to ensure consistent delivery of a high standard of service from our employees, we have formulated our Staff Training and Development Policy in 2008 which had been revised to the current 5th version in 2011. This Policy is reviewed regularly to meet the changing training needs across frontline and backend departments and set out the approach to provide vital support to our executives along their career path.

We advocate cooperation and enable our employees to develop their full potential and contribute their diverse range of skills and experiences. Adequate training programmes are offered to assist their personal and professional growth. In addition, optimizing synergy among departments has always been management's focus as an efficient way to enhance staff productivity and operational efficiency.

Internship program was first launched in July and August 2016 to give tertiary students or recent graduates a taster what a working life can be like in the financial service industry. In an attempt to bring in and develop talented graduates with exceptional technical skills and forward-thinking ideas for the future management of the Company, the graduate trainee program was first launched in July 2017. Throughout this two-year program, trainees undergo practical training through on-the-job rotation assignments. Both programs continued in 2018.

Year	2017/18	2018/19
Types of Employee Training		
— Major Categories	11	12
— No. of Training Programs	37	17
— No. of Training Sessions	140	153
— Total Training Hours	558	985
— Total Number of Attendees	1,905	1,501
Gender of Employees		
— Male — Attendance/Percentage	810/43%	773/51%
— Female — Attendance/Percentage	1,095/57%	728/49%
Training Hours for Employee Categories/Percentage		
— Frontline and Junior Staff	2,868/48%	1,341/47%
— Middle Management	909/15%	647/22%
— Senior Management	194/4%	310/11%
— Directors	414/7%*	435/15%*
— Non-specific Target Groups	1,557/26%	133/5%

\* included internal and external training

In order to meet the ever-changing financial market and external environment, we have strengthened our training programmes in 2018/19 in order to enhance our capacity for ongoing development, as well as to accommodate and better support the continuing business growth. Additional and tailor-made training programmes have been provided to support the operation of various departments and employees at different developmental stages.

For the year ended 28th February 2019, we organised workshops and launched online training to further familiarise our employees with AEON Code of Conduct and help internalise the guiding principles.

### Occupational Health and Safety

The Company endeavours to provide a safe and healthy working environment and we have issued Occupational Safety and Health Guidelines for the benefit of every employee. As most of the employees are office-based workers spending long hours at their workstations, we have offered training on health and safety awareness in an office setting. We have also conducted spot checks on workstations arrangement to review the placement of monitor, keyboard and chair, in an attempt to prevent work-related injuries.

Occupational Health and Safety	2017/18	2018/19
No. of work-related fatalities	0	0
Rate of work-related fatalities	0	0
Lost days due to work injury/cases	3 days/2 cases	0

Environmental, Social and Governance Report

**Diversity, Inclusion and Equal Opportunities**

AEON upholds the principles of diversity, inclusive work environment and equal employment opportunities to eliminate discrimination, harassment and vilification on the grounds of age, sex, marital status, disability, family status, race, colour, descent, national or ethnic origins, or religion. We are committed to providing equal opportunities among all employees in adopting an open and fair attitude when evaluating employees’ performance in connection with all employment matters such as promotion, transfer, salary adjustment, training, dismissal and redundancy.

We provide training and other awareness-raising activities to promote respectful behaviour and tolerant attitudes among staff, and have a formal complaint procedure for any employee who feels that they have been subject to discrimination, harassment and vilification.

**Employee Engagement**

In order to build a harmonic workplace, we encourage regular communication between staff at all levels. Employees are regularly updated on the development of the Company and the wider AEON group through diversified channels activities such as annual dinner to boost office morale.

We conduct regular employee surveys on topics such as career aspiration and training needs to provide information for the Company to make better development plans.

All employees who resign are asked to participate in an exit interview for the Company to find out more about their reasons for leaving. The Company may take appropriate action in case of identification of any significant emerging trend.

For the year ended 28th February 2019, the Company is not aware of any breach of laws or regulations relating to employment, occupational health and safety, labour standard or anti-corruption.

**COMMITMENT TO OUR COMMUNITY**



(Source: The AEON Code of Conduct)

**AEON aims to set an example as a good corporate citizen, working together with the community for its growth and the improvement of quality of life.**

The Company not only strives to provide a satisfactory return to our shareholders, but also takes pride in making charitable contributions to the local community.

We recognise the importance of local communities to the continued success and growth of our business. We believe in working closely with local community partners to enhance the positive impacts we can make to the development of the Hong Kong community.



Environmental, Social and Governance Report

**Volunteering**



**Tree Planting Day 2018**

Under our adopted philosophy of “peace”, “people” and “community”, we have been organising and lining up our employees as well as their family members for volunteering opportunities. We have been contributing to the conservation of our environment through our 14th participation in Hong Kong Tree Planting Day to fulfill our mission of “Planting Seeds of Growth”. 36 employees together with their family members have joined us for the year 2018. This activity helps reduction of carbon emissions. It also raises our awareness about climate change and the importance of conserving our environment with concerted efforts.

**Giving**

During the year, we have donated in total HK\$1,190,000 to support educational projects through our AEON Scholarship. We believe our financial support to outstanding students can help nurture the future leaders for the community.

This year, we have supported a total of 70 students from the following universities:

**Universities in Mainland China**

Beijing International Studies University  
Nankai University  
Peking University

Shenzhen University  
Sun Yat-Sen University  
Tsinghua University

**University in Hong Kong**

Lingnan University

An agreement was entered into between The Hong Kong University of Science and Technology and us earlier this year for our future provision of financial support to its students through scholarship award.

**Community Partnership**

AEON believes that partnership with community organisations can create synergy and produce knock-on effects in creating a more caring community. In recent years we have developed local partnership in Hong Kong to help people in need.

One of the major partnership programmes is “UNICEF Young Envoys Programme”. Through our continuous sole sponsorship, Hong Kong Committee for UNICEF continues to provide a valuable opportunity for local youngsters to explore global and local issues in relation to children’s rights to survival, protection, development and participation. The participating youngsters can go through a comprehensive training and participatory journey including Leadership Training Camp, workshops, school project, social service project, community project and field trip visit. We believe that our sponsorship can widen the horizon and provide the future leaders with an opportunity for holistic development through this well-developed youth programme.



**UNICEF Young Envoys Programme 2018**

In addition to driving our support to some meaningful programmes, the Company also encourages our customers to support community development through their credit card bonus point donation. 153 credit card holders have channeled their HK\$24,700 worth of donation via this bonus point scheme to support the conservation work of the World Wide Fund-Hong Kong.

The Company’s efforts and contributions to the local community have been recognized as one of the “Caring Companies” for the 12 consecutive years by the Hong Kong Council of Social Service. This endorsement reflects our unflinching contribution and supports to various community programmes on environmental protection, education and cultural exchange.

## Environmental, Social and Governance Report

## COMMITMENT TO OUR ENVIRONMENT

- AEON will implement all possible measures to use environmentally friendly materials in its operations. AEON is committed to reduce air pollution and aims to conserve resources and energy such as electricity, gas etc. by using these resources efficiently. AEON will comply with applicable laws and regulations of the HKSAR government regarding environmental protection.
- AEON will establish environmental goals and targets, which will be reviewed periodically to continually advance and improve its efforts towards environmental protection.
- AEON will encourage and support environmental protection activities, reforestation and other related social programmes.
- All employees are made aware of this Policy through educational and training programmes.

*AEON Environmental Policy*

The Company is committed to support good environmental standards and to ensure implementation of environmentally friendly measures. Apart from the ISO 14001 Certification on Environmental Management System, Environmental Instruction, EMS Manual and Environmental Procedure Manual are regularly reviewed and updated with our relevant employees to facilitate regular environmental aspect evaluation at both head office and branch levels.

Save as disclosed in this report, the Company is not aware of any significant impact of its activities on the environment and natural resources. Due to the nature of our industry and operational practices, intensity pertaining to the consumption of energy or other resources or to emissions is not regarded as relevant or material performance indicator.

**Energy Consumption**

We are committed to reducing energy consumption across our head office and branches. Knowing that our operations at various premises consume a significant amount of energy, we have introduced a number of measures to reduce our energy consumption. In addition to replacing the old facilities with energy-efficient equipment, we have encouraged our employees to join us in building a greener office, such as turning off all of the electrical appliances after office hours or when not in use or setting them to energy-saving mode.

Electricity use on our premises is the single largest contributor to our greenhouse gas footprint. Our major electricity consumption for Hong Kong operations have been summarized in the following table. Our ATMs have extended our service network to support the service needs of our territory-wide customers. We have estimated the electricity consumption incurred from 128 ATMs (of which 8 ATMs are located in our branches) accordingly.

Year	2017/18	2018/19
Office Areas	467,538	415,315
ATMs	203,396	158,299
Total Electricity Consumption/kWh	670,934	573,614

As our estimated electricity consumption amongst our ATMs remains rather stable, the drop of electricity consumption in 2018/19 by 97,320 kWh was mainly caused by our continuing effective implementation of energy saving policies and concerted efforts from our employees. The approximately 14.5% decrease in electricity consumption in office and branches may help reduce any adverse impacts on climate change.

## Environmental, Social and Governance Report

**Greenhouse Gas Emissions**

Other than electricity consumption, transportation contributed to the greenhouse emissions to the environment attributable to the Company. Our use of vehicles for local commutation and flight to overseas destinations for business trips had led to both direct and indirect greenhouse gas emissions through burning of fuels:

Major Sources of Greenhouse Gas Emissions/tonne CO <sub>2</sub> -e*	2017/18	2018/19
Vehicle	6.151	5.810
Electricity consumption	369.985	314.984
Staff travel by air flights	21.326	23.812
Total greenhouse gas emissions from material sources	397.462	344.606
Less: tree planting	(1.334)	(5.686)
Net greenhouse gas emissions from material sources	396.128	338.92

\* 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. Other reference: "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong" by EPD and EMSD of the Government of the HKSAR.

**Consumption of Other Resources**

It is inevitable that significant amount of paper has to be consumed in our daily operation. Even though no packaging material is used for our finished products, we need to use paper for purposes ranging from forms, customer communication, legal documents, internal documentation and record keeping. We have made use of information technology to reduce our paper consumption and safeguard our required documentation process. Our paper reduction approaches involve the analysis of our workflows for reducing or eliminating paper and opting for paper from alternative or sustainable sources where possible.

Since 2011, we have introduced green statement to all our customers and replaced these printed documents with PDF files. We have gained much support from customers as 27.06% of them have opted for electronic statements instead. We shall continue to promote this greener practice with our customers in the years ahead.

Our office paper consumption for daily operation in 2018/19 was 0.252 tonnes, which was 24.7% lower than the consumption rate in 2017/18. We have been encouraging all employees to reduce paper consumption for the sake of protecting the environment.

Because of the nature of our industry, the volume of waste water is materially the same as the amount of water consumed. There is no issue in sourcing water or any significant potential to achieve tangible improvement in water efficiency in light of our current consumption solely for non-productive purposes. All waste water goes to the government sewage system. From our record, water consumed is approximately 6,640 litres for the year ended 28th February 2019, compared with approximately 7,340 litres for the year ended 28th February 2018.

**Recycling**

As part of our endeavour to reduce pollution caused by landfills, we have recycling facilities in place to collect wastes and encourage separation of wastes at sources at our head office. No hazardous waste of any material amount is generated from our business operations. Total non-hazardous waste produced in 2018/19 was 6.61 tonnes.

We have been recycling a total of 1.622 tonnes of plastic bottles and paper collected from employees in last year, compared with 0.408 tonnes for the year ended 28th February 2018.

For the year ended 28th February 2019, the Company is not aware of any breach of laws or regulations relating to environmental protection.