

# Environmental, Social and Governance Report

## Reporting Objectives

This Environmental, Social and Governance (“ESG”) report aims to give its stakeholders a better understanding of its visions, strategies and implementation of sustainability initiatives that should continue to be of interest to its various stakeholders.

## Reporting Scope and Boundary

The content of this ESG report is defined after taking into account the materiality of the sustainability issues arising from the Group’s operations. As more than 90% of the Group’s income is derived from the Company’s operations in Hong Kong, this ESG report mainly highlights the ESG performance of the Hong Kong head office and branches for the year ended on 28th February 2022.

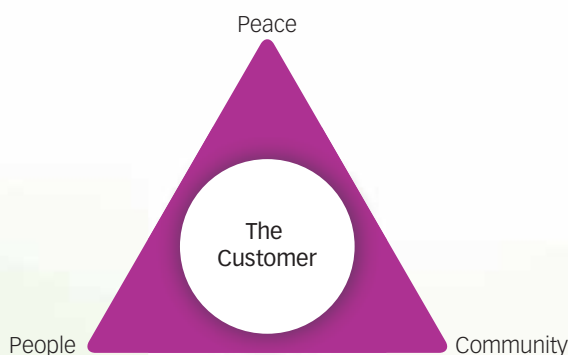
## Reporting Standard

This ESG report is prepared in accordance with the ESG Reporting Guide (the “ESG Guide”) in Appendix 27 of the Listing Rules. It fulfils the mandatory disclosure requirements and “comply or explain” provisions of the ESG Guide. Consistent methodologies have been adopted to allow for a fair comparison over time and to provide a balanced picture of our ESG performance.

## OUR SUSTAINABILITY APPROACHES

### AEON Basic Principles

The Company 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 [www.aeon.info/en/company/concept/](http://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 Company for the benefits of our stakeholders. It helps us 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 strengthen the bonds of trust amongst us.

**Management Approach on sustainability**

Our sustainability development is built on trust from stakeholders. We always seek to meet stakeholders’ needs and expectation. In order to guide us on our sustainability journey and extend the implementation of the AEON Basic Principles into practices, the Company establishes the Sustainability Development Policy that outlines the commitment to stakeholders and strategy on sustainability. Details of the Policy can be found on the Company website ([https://www.aeon.com.hk/en/corporate-info/sustainability\\_development\\_policy.html](https://www.aeon.com.hk/en/corporate-info/sustainability_development_policy.html))

The Board is accountable for the overall sustainability development framework setting, strategy formulation and implementation of the Company’s sustainability initiatives. During the year, a committee on sustainability development (the “Committee”) was established in advising the Board on current and future sustainability development plan, fulfilling its responsibility on sustainability development activities, and contribute to the development of a sustainable society within the authority entrusted by the Board. The Committee is chaired by the Executive Director in charge of sustainability development. The Committee held four meetings and reported to the Board for five times for the year ended 28th February 2022, which includes review and discussion on the Sustainability Development Policy, Terms of Reference of the Committee, materiality assessment results, focus areas and key performance indicators.

**MATERIALITY ASSESSMENT**

Understanding the material sustainability topics enables the Company’s directions for its sustainability roadmap. During the year, we conducted a comprehensive materiality assessment to identify critical sustainability issues that impacted to our business operations and stakeholders.

The follow steps are taken to determine the materiality:



## Materiality Matrix and Focus Area

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

Most important
  Important
  Less important

Taking into account of the sustainability trends, business developments, stakeholders' interest and materiality results, we have formulated eight sustainability focus areas and monitor the performance in each of these areas:

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

## STAKEHOLDER ENGAGEMENT

Stakeholders' opinions are of utmost importance to the continuous improvement of the Company's sustainable development. We have maintained ongoing and close communications with stakeholders over the years through extensive channels so as to better understand their opinions on the Company's performances. We actively engage with stakeholders to collect their comments and feedback to identify areas for improvement.

## Stakeholders Concerns and Communication Channels

	Major Concerns	Communication Channels
Government & Regulators	<ul style="list-style-type: none"> <li>• Legal and Regulatory</li> <li>• 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>
Investors	<ul style="list-style-type: none"> <li>• Economic Performance</li> <li>• Information Transparency</li> <li>• Corporate Operations</li> </ul>	<ul style="list-style-type: none"> <li>• Annual general meetings and investors' briefings</li> <li>• Regular reporting</li> <li>• Announcements, circulars and other corporate communications</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Business Procedure</li> <li>• Information Security</li> <li>• Product and Service</li> </ul>	<ul style="list-style-type: none"> <li>• AEON HK mobile app</li> <li>• Service interaction at branch level</li> <li>• Customer service hotline</li> <li>• Social media: Facebook fan page</li> <li>• Newsletters and leaflets</li> <li>• Monthly statement inserts</li> <li>• Company website</li> <li>• Year-round publicity and donation campaigns</li> <li>• Short message service and multi-media messaging service</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Remuneration and Welfare</li> <li>• Training and Development</li> <li>• Health and Safety</li> </ul>	<ul style="list-style-type: none"> <li>• Newsletters and intranet communications</li> <li>• Meeting with employees</li> <li>• Orientation and exit interviews</li> </ul>
Business Partners and Suppliers	<ul style="list-style-type: none"> <li>• Brand Development</li> <li>• Integrity and Business Sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing audits and reviews</li> <li>• Best practice adoption</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>• Cultural exchange, internship and sponsorship programmes</li> <li>• Year-round green partnership programmes</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>

## INDUSTRY-SPECIFIC MANAGEMENT

As a provider of consumer finance and related services, the Company is devoted to fulfilling its social responsibility and 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-money laundering and counter-terrorist financing, anti-bribery and corruption and supply chain management. The whistleblowing channels are put in place for employees to report inappropriate conducts and irregularities concerning aspects such as financial reporting, internal control, anti-corruption and anti-discrimination, among others. Such reports will be brought to the senior management attention, who will look into them and decide on any further actions to be pursued for their proper investigation and handling.

### Anti-Money Laundering (“AML”) and Counter-Terrorist Financing (“CTF”)

We strictly abide the relevant laws and regulations<sup>1</sup> and have developed and reviewed regularly AML and CTF policy, namely, the Guide on Prevention of Money Laundering and Terrorist Financing, in order to comply with the requirements stipulated by the Registrar of Money Lenders. 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
- Staff 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 staff are required to report when coming across any suspicious transactions. Hotlines are established in the Company level and Group level to report on any misconduct. Independent checks and evaluations are carried out by the Internal Audit Department of the Company at least on a yearly basis to ensure that the Company’s approaches and procedures continue to be appropriate and adequate. For the year ended 28th February 2022, the Company is not aware of any breach of laws or regulations concerning anti-money laundering and counter-terrorist financing.

### Anti-bribery and Corruption

In addition to strictly complying with the Prevention of Bribery Ordinance, we have also formulated clear rules and procedures to handle matters concerning the protection of confidentiality, prevention of conflict of interest, bribery and fraud. It is the Company’s policy to prohibit employees soliciting any advantage from customers, suppliers or any other persons. For the year ended 28th February 2022, we are not aware of any non-compliance of laws and regulations concerning anti-bribery and corruption by the Company.

<sup>1</sup> 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<sup>2</sup>

We endeavour to provide customers with assurance and trust. Being one of the Hong Kong's leading credit card issuers and consumer finance service provider, we are committed to providing exceptional customer experience and consistently high standard 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 our customers and act with integrity, we also offer quality services at reasonable price.



(Source: The AEON Code of Conduct)

### Customer Data Privacy

With increasing concerns over data privacy, we acknowledge our responsibility in safeguarding customers' data. The Company strictly complies with the relevant laws and regulations including Personal Data (Privacy) Ordinance and has adequate measures in place for the protection of personal data throughout the operations.

The Personal Data Protection Policy and Data Security Guidelines are in place to ensure the personal data and privacy of our customers are protected. Alongside with the system development, we have always put data security into our priority, the "AEON HK" mobile application and "Netmember" service have been constantly improving and upgrading for security and user experience. We have designated the Head of Operations Division to serve as the Company's Data Protection Officer who has the responsibility to oversee the Company's fulfilment of data protection requirements. Our staff members receive relevant personal data protection training each year.

<sup>2</sup> Our products and services principally involve credit card issuance, personal loan and related credit and financial services, which do not involve any recalls due to health and safety reasons.



As an organization that processes, stores and transmits payment card data, the Company is required to comply with Payment Card Industry Data Security Standard ("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.

We also implemented physical and electronic controls to protect the Company's information and assets. A two-factor authentication tool is adopted for computer login for additional security. The Company 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 secure procedures for physical controls such as access to offices. The Company also meet the standard required for ISO 27001 Certification for Information Security Management System since 2006.

### Quality Service and Responsible Business Practices

We are committed to providing our customers with accountable and transparent products and services. Internal policies including approval procedures are developed to provide guidance for our operations. Our staff are trained to provide customers with the accurate and clear product information. When customers are not satisfied with our service, customer service shall communicate for 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, the Company only uses licensed software at all times. As part of the IT management policy, computers are not allowed to install with any unlicensed or unauthorized software. Our marketing materials used 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.

### Customer Satisfaction

We serve our customers with our heart by offering wide range of premium products and services. We also listen to our customers carefully through various communication channels. We carry out regular checks to monitor customer service performance and identify areas for improvement.

Customers are mainly served through our branch offices, customer service hotline, mobile app and Company's website. It is vital for us to manage and respond to customers' feedback professionally and in a timely manner. The complaint management and corresponding complaint handling flows have been developed to handle customers' complaint. For improvement of our customer service, the complaint cases are categorised into 5 categories, namely promotion, service, fees and charges, and system and others. For the year ended 28th February 2022, we have received 74 complaints. There was an increase in total number of complaints during the year which was mainly attributed to the paper statement fees in July and August. As part of our digitalization strategy, we encourage customers to go paperless by switching paper statement to e-statement to reduce the environmental impact. During the transition period, customers were not fully aware of the necessity of fees imposed on paper statement, and therefore causing the increase number of complaints. Our customers service department patiently listened to the customers' concern and gradually introduced the advantage of using e-statement and provided temporary fee waiver arrangement. With our uninterrupted improvement in customer service, we noticed that there was a decreasing trend relating to service compliant.

For the year ended 28th February 2022, 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 that resulted in sanctions or liabilities of material adverse effect to the Company.

### Customer Convenient

Convenient financial service is one of our customers' expectations. In the fast-growing market, we provide comprehensive financial services that meet our customer needs. "Netmember" service and "AEON HK" mobile application have been launched to serve this purpose. The continued advancement of technology is never ending. Digitalization in financial service is one of our long-term target. The Company is currently in the process of phase two for issuing system of the new card and loan system project and also several major projects that will be able to provide extensive service to customers via "Netmember" service and in mobile application.

Our branches are located in the heart of Hong Kong that can provide convenience service to our customers. As of 28th February 2022, we have 15 branches. We strive to improve our facilities and accessibilities at branch. Our branch customers service representatives will take special care for customer in need.

### Supply Chain Management

Suppliers and business partners are vital to our business operation in order to provide quality product and service to our customers. Suppliers and business partners are selected based on various objectives, predetermined quantitative and qualitative criteria such as costs, specific features, the relative advantages and disadvantages. For the year ended 28th February 2022, we are working with 435 suppliers and business partners, in which 407 suppliers and business partners are located in Hong Kong, 4 in Japan, and 24 in other countries.

The Company also attaches great value to communicate with suppliers to enhance understanding and recognition of the Company's value and to develop a cooperative relationship of mutual trust and assistance. In our suppliers' selection procedure, new suppliers are required to go through three assessments before engagement, namely the reputation check, due diligence with reference to AML and CTF rules and conflict of interests check. Moreover, continuous and regular reviews are conducted to assess suppliers' performances. For specific suppliers such as certain contractors and recurring suppliers, yearly evaluation 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 card product to our customers.

## COMMITMENT TO OUR PEOPLE

For employees' management, we strictly follow relevant laws and regulations of Hong Kong including but not limited to the Employment Ordinance, Employees' Compensation Ordinance, Mandatory Provident Fund Schemes Ordinance, and various anti-discrimination ordinances 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 Company upon identifying such deficiencies. We adopt 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<sup>3</sup>. We understand the importance of achieving work-life balance. Overtime work is not encouraged. Employees at certain grades are paid additional wages for working overtime. Workload is evaluated when excessive overtime work persistently occurs. For evaluating the "new normal" from the Pandemic, the Company has started the trial run on regular work from home scheme for staff, where staff can work from home once per week as appropriate. Staff are also encouraging to wear casual for work to enable an energetic environment.

<sup>3</sup> With our current measures verifying candidates' identities, there is no risk of recruiting children in our operation, and therefore no contingency plan is set.

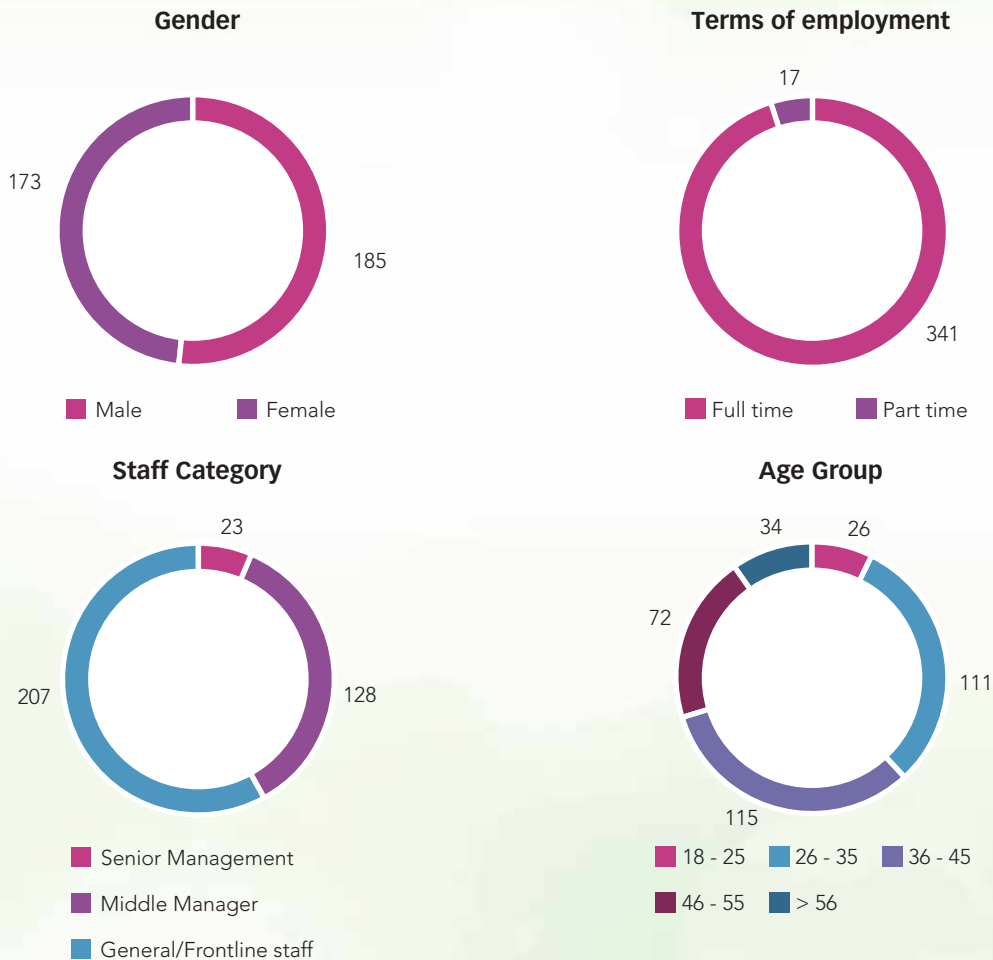


### Building Open Communication

In order to build a harmonic workplace, we communicate with staff at all levels regularly. Management staff participate in the Division Policy Announcement hosted by Corporate Planning Department annually for the Company plan and long-term strategy. Company news and AFS Group internal magazine 'As One' are regularly distributed to all staff to update on the progress of the Company and at the Group level to boost office morale.

We are committed to providing employees with a fair, inclusive, diversified and non-discriminatory working environment where employees respect, cooperate and support each other. 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 their rights are clearly communicated to all staff at orientation. Comprehensive and highly confidential complaint channel is set up to handle the relevant complaints. During the year, there was one case concerning disability discrimination that was dismissed with no order as to legal costs.

As of 28th February 2022, the total number of staff in Hong Kong was 358.



Full time staff turnover for the year ended 28th February 2022 was 26%, with gender being 14% (male) and 12% (female), and age distribution being 4% (aged 18-25), 8% (aged 26-35), 6% (aged 36-45), 6% (aged 46-55) and 2% (aged >56). Exit interview is conducted with leavers to understand their decisions and follow up with internal evaluation to improve our internal staff management system and future planning.

### **Training and Development**

The Company invests time and resources in employees' training and development 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. To equip staff with the suitable knowledge and skills, Training Needs Analysis (TNA) is conducted every year to identify training and development needs of our employees, and focus group was held for the training gap and the training plan. As part of our succession planning process, we were able to provide increasing number of trainings during the year.

#### ***Building a culture of compliance***

For new joiners to understand the Company's high standard of corporate values and to build a sustainable, professional and ethical workforce, 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 Staff Training and Development Policy, all staff and directors are required to attend annual 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 company's future business development and cherish talented staff, for staff who meet the criteria and are expected to take on a higher management level, they will be nominated to attend management training jointly organized with AEON Malaysia and AEON Financial Service. The expected learning outcome of the one-year course is to enhance and develop strong leadership in improving profitability in rapid changing management environment and in transforming business structure.

#### ***Nurturing future talents***

##### *Graduate trainee*

Graduate trainee programme has been launched to provide tertiary students and recent graduates opportunities to become leader equipped with competent, excellence work and entrepreneurship skills. It is a two-years structured programme with support from senior management and mentor to develop a wide range of practical work experience. Trainees were arranged to do placement among various departments with detailed targets set. Evaluation will be carried out after each department rotation for mutual understand. Mentors for the programme are given briefing to clarified roles and responsibilities and to encourage to share of personal experience.

##### *Internship*

Intern programme is in place during summer to provide students with opportunities to gain experience in financial service industry. Interns are assigned to varies departments and provide specific tasks during the programme period.

<b>Training</b>		<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
<b>Workplace Employee training</b>				
Total Training Hours <sup>4</sup>		4,938	3,985	8,034
Total No. of Attendees		1,887	1,696	2,737
Average training hours per employees		2.62	2.35	2.94
<b>Gender of Attendees</b>				
Attendees	Male	1,051/56%	908/54%	1,468/54%
	Female	836/44%	788/46%	1,269/46%
Total Training hours	Male	–	2,384/60%	4,720/59%
	Female	–	1,601/40%	3,314/41%
Average Training hours	Male	–	2.63	3.22
	Female	–	2.03	2.61
<b>Employee Categories</b>				
Attendees	Frontline and general Staff	–	745/44%	1,285/47%
	Middle Management	–	608/36%	1,012/37%
	Senior Management	–	119/7%	198/7%
	Directors	–	50/3%	47/2%
	Non-specific Target Group <sup>5</sup>	–	174/10%	195/7%
<b>Training Hours by Employee Categories/Percentage</b>				
Total Training hours	Frontline and general Staff	2,034/41%	1,152/29%	2,971/37%
	Middle Management	2,067/42%	1,769/45%	3,569/44%
	Senior Management	291/6%	326/8%	543/7%
	Directors	139/3%	337/8%	387/5%
	Non-specific Target Group	407/8%	401/10%	564/7%
Average Training hours	Frontline and general Staff	–	1.55	2.31
	Middle Management	–	2.91	3.53
	Senior Management	–	2.74	2.74
	Directors	–	6.74	8.24
	Non-specific Target Group	–	2.3	2.89

<sup>4</sup> Include staff and Executive Committee members training on anti-corruption and terrorist financing

<sup>5</sup> Non-specific target group refers office assistant, driver, telemarketer, advisors, summer interns, IT intern, part-time promoter and business consultant

## Occupational Health and Safety

Ensuring employees' health and safety in workplace is our responsibility. The Company strictly complies with relevant laws and regulations in this regard, such as Occupational Safety and Health Ordinance and Fire Safety (Commercial Premises) Ordinance of Hong Kong, 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 minimizes the probability of occupational diseases.

During the 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. Staff are invited to fill out 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 staff on the health and safety hazard in the office area and at branch.

Occupational Health and Safety	2019/20	2020/21	2021/22
No. of work-related fatalities	0	0	0
Rate of work-related fatalities	0	0	0
Work-related injury	1	3	1
Lost days due to work-related injury	5	149.5	0

As part of our commitment to support our employees' health and wellness, we provide hospitalisation and surgical benefits, outpatient treatments, dental services and wellness support. Masks and necessary disinfection products are supplied in the office and branches during the Pandemic. Moreover, meeting rooms in office and branches are fitted with partitions in order to reduce viral infections. Air purifiers were installed in offices and branches to improve air quality. Working-from-Home Policy is adopted for office staff. Branch operating hours are adjusted to better protect staff and customers.

For the year ended 28th February 2022, save as one incidents of employee injured in the course of work, the Company is not aware of any claims against the Company itself or instances of breach of laws or regulations relating to occupational health and safety standard.

## COMMITMENT TO OUR ENVIRONMENT

The Company is putting effort to reduce consumption of energy and natural resources, to reduce waste and to use environmentally friendly products and services wherever possible. We strictly comply with relevant laws and regulations regarding environment protection<sup>6</sup>. The ease of such compliance is largely attributable to the nature of our business<sup>7</sup>. Environmental Management System ISO 14001 certification is obtained since 2009 for head office and branches. Measures and procedures are incorporated into the internal rules for green development. For the reporting year ended 28th February 2022, the Company is not aware of any significant impact of its activities on the environment and natural resources. However, the Committee is continuous with its studies internally to identify on the resources use and will extend the topic with suppliers for a win-win situation for the environment.

<sup>6</sup> 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.

<sup>7</sup> Due to the nature of our business, we do not use any packaging material.

## 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 greenhouse gas footprint. We encourage our employees to join us in building a greener 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. For our branches, LED lighting were fully installed when newly renovated to reduce electricity consumption. During the year, we have set an electricity consumption target for head office to reduce by 5% of baseline 2020/21 by FY 2025/26. Due to the Pandemic and work from home policy, in 2021/22, the electricity consumption reduced by 14.55%. The Committee is going to review the target and develop the action plan for head office and branches. For the company vehicles, study will be carried out to improve the fuel and energy efficiency.

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

Greenhouse gas ("GHG") and air emissions <sup>8</sup>	Unit	2019/20	2020/21 <sup>9</sup>	2021/22
Scope 1	tCO <sub>2</sub> e	4.88	6.35	5.67
Scope 2 <sup>10</sup>	tCO <sub>2</sub> e	298.03	282.44	220.46
Scope 3 <sup>11</sup>	tCO <sub>2</sub> e	28.94	0	0
GHG removal from tree planting	tCO <sub>2</sub> e	10.3	0	0
Total GHG emission	tCO <sub>2</sub> e	321.55	288.79	226.13
Total GHG emission intensity	tCO <sub>2</sub> e/sq ft	–	0.0058	0.0047
Nitrogen oxides (NOx)	kg	–	–	1
Sulphur oxides (SOx)	kg	–	–	0.03
Particulate Matter (PM)	kg	–	–	0.07

Energy consumption	Unit	2019/20	2020/21	2021/22
Petrol	Liters	1,607.65	2,345.96	2,096.61
Petrol	kwh	15,580.43	22,735.69	20,319.18
Electricity <sup>9</sup>	kwh	380,381.00	436,902.92	373,340.98
Total energy consumption	kwh	395,961.43	459,638.61	393,660.16
Energy consumption intensity	kwh/sq ft	–	9.30	8.13

<sup>8</sup> 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 EPD and EMSD of the Government of the HKSAR.

<sup>9</sup> The electricity consumption and scope 2 emission for 2020/2021 is restated with the scope change. Electricity consumption and scope 2 emission has extended from head office and branches outside AEON Stores to head office and all branches in Hong Kong.

<sup>10</sup> Emission factors are updated yearly according to CLP and HKE.

<sup>11</sup> Scope 3 includes air freight business travel. Due to the pandemic, there is no air-freight business travel.

### Use of Resources

Profoundly acknowledging the scarcity of the earth's resources, the Company actively advocates paperless operation to reduce unnecessary paper use in head office and branches. Digitalization is our long-term goal. Employees are encouraged to prioritise the use of email, intranet and other electronic ways to communicate and disseminate information. Computers are in default duplex printing and ink-saving mode. We also opt to go paperless with our customers. For credit card application, we have streamlined the application process through a secure online application that enables a direct and speedy process. The online service platform and mobile app are also available as a channel for customers. From June 2021, to encourage customers to switch to electronic statement, fee is charged for paper form statement. The Company is going to work with our suppliers to understand our environmental impact outside of offices.

In terms of water usage, the Company does not encounter any issues in sourcing water due to the use of municipal water. Nonetheless, the Company makes great effort in reducing the use of water and improving water efficiency. The Company encourages employees to save water. Water used at our head office during the reporting year was 331 m<sup>3</sup> (intensity is 1.31 m<sup>3</sup> per staff). To avoid water leakage, employees are required to ensure that equipment has been turned off properly after use. Since water resources is not material resources in our operation, therefore no reduction is set.

### Waste Reduction

Steered by the spirit of environmental stewardship, the Company has implemented a number of measures in head office and branches to promote reuse and recycling. Employees are encouraged to share the resources, for example, shared stationery stations for items that are not regularly needed. To enhance staff behaviour on waste reduction, there is no waste bin around the office. General waste is only centrally collected 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<sup>12</sup>, as the Company's business does not involve any industrial manufacturing activities, there is no significant generation of hazardous wastes. For general office hazardous wastes such as ink cartridge and fluorescent tube, we arrange suppliers and building management office for handling. Electronic wastes such as computers and servers are handled by the IT Division to properly delete the information stored in them before their disposal in accordance with internal regulations.

<sup>12</sup> The existing hazards waste discharged such as lighting equipment and outdated equipment from our business operation cannot be avoid. Purchase of these items were made only when necessary. Therefore, no reduction target is set for hazards waste.



We continue to study and analyse our internal waste and to increase the recycle rate. Digitalization is ongoing throughout business operations. Externally, customers are encouraged to change from paper statement to electronic statement. The paper statement was reduced by 41.09% compared to 2020/21. We will continue to encourage customers to switch into electronic statement to reduce environmental impact. Internally, various departments are streamlining process to go paperless. Our aim is to reduce paper intensity by 10% with baseline of 2020/21 and to increase paper recycling intensity by 5% with baseline of 2020/21 respectively by FY2025/26.

Waste	Unit	Amount	Intensity
Non-hazard waste	tonnes	218.87	0.61 tonnes/staff
Plastic recycling	tonnes	0.05	0.0001 tonnes/staff
Paper recycling	tonnes	0.84	0.002 tonnes/staff
Hazard waste			
Miscellaneous electronic equipment (including computers and monitors)	pcs	1,257	4.08 pcs/staff
Fluorescent tubes/light bulb	pcs	229	0.67 pcs/staff

For the year ended 28th February 2022, the Company is not aware of any breach of laws or regulations relating to environmental protection.

### Mitigation on Climate Change

Climate change is one of the greatest challenges facing in Hong Kong and the world today. We have been monitoring our internal emission and environmental aspects through the ISO 14001 certification since 2009. Various measures are taking place to control our emissions. As a financial service provide in Hong Kong, our significant carbon emission is related to the electricity consumption for head office and branches. For our scope 3 emissions, we only track our overseas business travel. With the restriction from the Pandemics, there is no flight travel. In order to reduce part of our emission and as part of AEON Group and the Company tradition, we will resume tree planting activities in Hong Kong. We understand our environmental impact should not be only counted in our operation. We are also considering and working with our business partners on our environmental impact outside office. For example, the material used for credit card and other types of materials that are used by our business partners for our operation. In the coming year, we are planning to further study on the climate risks that are related to our financial impact.

### COMMITMENT TO OUR COMMUNITY

We aim to set an example as a good corporate citizenship 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 Company continues to support local community projects and activities. In order to align with the AEON Basic Principles, we continue to focus our contribution on environmental protection, education and cultural exchange. During the year, the company total donation is HK\$1,817,000.

## Charity Support

### Charity credit card

We utilise our capacity as a financial service provider to build a more charitable corporate culture by issuing credit cards with SPCA (Society for the Prevention of Cruelty to Animals) and Sowers Actions. Cardholders of these cards not only can benefit from the consumption rewards, but also having 0.1% or 0.4% of all credit purchase amount transacted with the cards will be donated by the Company to SPCA and Sowers Actions respectively.



### Bonus Point donation

The Company also encourages customers to support community development through credit card bonus point donation. During the reporting year, credit card holders have channelled their donation through this bonus point donation scheme to support the conservation work of the World-Wide Fund for Nature Hong Kong (WWF-Hong Kong).

## Education

### Scholarship

We believe talented students should not be hindered by financial burden. Through AEON Scholarship, we continue to provide support to students undergoing university education.

#### University in Mainland China

- Shenzhen University
- Sun Yat-Sen University

#### University in Hong Kong

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

## Community Partnership

Other than the scholarship for tertiary education, we believe resources given at young age can allow long term development. By partnership with community organisations can create positive knock-on effects in creating a more caring community. "UNICEF Young Envoys Programme" is one of our major partnership programmes to support children from secondary schools. 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. During the year, we expanded our cooperation with Hong Kong Committee for UNICEF on a programme for ethnic minority youth in Hong Kong, which this has broaden our support in education as well as supporting the culture exchange in Hong Kong.