

# Environmental, Social and Governance Report

## A. About This Report

### A1. Reporting Standard

This Environmental, Social and Governance (“ESG”) Report provides details on Asia Financial Group’s (“Asia Financial”, the “Company”, or the “Group”) responsible, sustainable, and ethical business practices during the reporting period. It was prepared in accordance with the Appendix C2 “Environmental, Social and Governance Reporting Guide” (“ESG Reporting Guide”) of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited (“HKEX”), including “comply and explain” provisions set out in the ESG Reporting Guide.

### A2. Reporting Scope and Boundary

Unless otherwise specified, the scope and boundary of this report are the same as in Asia Financial’s 2024 Annual Report, which covers Asia Financial Holdings Ltd. and all its wholly owned subsidiaries including, but not limited to, all branches and representative offices of Asia Insurance Company, Ltd.. Where applicable, ESG data are reported separately for Asia Financial Holdings Ltd. (“AFH”) and Asia Insurance Company, Ltd. (“AI”), then in combination as Asia Financial Group (“Asia Financial”).

### A3. Reporting Principles

Asia Financial adheres to the following ESG reporting principles in preparation and presentation of materials in this ESG report:

Materiality:	Stakeholder engagement and materiality assessment (see section C1) were conducted to develop and prioritize the most prominent economic, environmental, and social factors that concern our stakeholders and Asia Financial’s Management, who in turn establish short, medium to long-term strategies to tackle ESG issues.	
Quantitative:	Quantitative methods and metrics are utilized and presented throughout this ESG report whenever feasible to keep track of, compare, and evaluate our ESG performance over the years. Quantitative information is accompanied by qualitative narratives to explain its purpose, impacts, and provide comparative data where appropriate.	
	Type of emission data	Sources and calculation tools
	Emission factors for scope 1, scope 3 (paper consumption only) & air pollutants	Appendix 2 Reporting Guide on Environmental KPIs of <i>How to prepare an ESG Report?</i> issued by HKEX
	Emission factors (EF) for scope 2 electricity consumption	EF published by HK Electric Investments Limited and CLP Power Hong Kong Limited respectively
	Emission factors for scope 3 (overseas business travel only)	Cathay Pacific’s <i>Offset your carbon emissions</i> calculator and International Civil Aviation Organization’s <i>Carbon emissions calculator</i>
	Global Warming Potential (GWP) values	Greenhouse Gas Protocol’s adaptation of Intergovernmental Panel on Climate Change’s (IPCC) fourth, fifth and sixth assessment reports

## A. About This Report (cont'd)

### A3. Reporting Principles (cont'd)

Balance:	This ESG report provides an accurate and unbiased picture of Asia Financial's ESG performance that identifies both areas of success and notable achievements, as well as areas of improvements and challenges.
Consistency:	<p>Assessment of ESG performances is enhanced in 2024 to ensure consistency across Asia Financial and alignment with evolving emission calculation methods. Changes to methodology are as follow:</p> <ul style="list-style-type: none"> <li>– Base year for comparison will be 2019 instead of 2009 as it aims to present a more accurate reflection of the current measurement on greenhouse gases ("GHG") with a more recent and meaningful base for comparison;</li> <li>– Data collection and calculation method for scopes 1, 2, &amp; 3 are aligned across Asia Financial for consistency purpose;</li> <li>– Emission data from 2019 to 2023 are restated in this ESG report using quantitative methodologies outlined above as it aims to enhance standardization and market consistency.</li> </ul> <p>Asia Financial continues to report AFH and AI figures respectively on top of consolidated Group figures in order to highlight the differences in business nature and more effectively customize ESG measures that are applicable to Asia Financial's businesses.</p>

## B. Board Statement on ESG Oversight

Environmental, social and governance ("ESG") management continues to play a prominent role within business strategies, particularly in areas such as business health, operations, and risk management. Businesses from all sectors and investors alike are paying closer attention to ESG performance and transparency of climate-related disclosures as one of the factors when it comes to investment or purchase decisions. As the International Financial Reporting Standards ("IFRS") Foundation's International Sustainability Standard Board ("ISSB") inaugural global sustainability disclosure standard IFRS S1 General Requirements for Disclosure ("IFRS S1") and IFRS S2 Climate-related Disclosure ("IFRS S2") came into effect, and Hong Kong Institute of Certified Public Accountants ("HKICPA") issued HKFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information ("HKFRS S1") and HKFRS S2 Climate-related Disclosure ("HKFRS S2") standards which an entity shall apply for annual reporting periods beginning on or after 1st August 2025, we must be prepared to meet both global and Hong Kong's regulatory bodies' requirements in corresponding fiscal year.

As the steward of our Company's long-term growth and performance, the Asia Financial Board ("the Board") plays the key role in ESG strategy and oversight. The Board and Management meet regularly to review and evaluate our ESG performance, identify opportunities for improvements, and create sustainable value for the Group's stakeholders. The Board has developed the following framework that allows us to best discover, assess, and oversee the Company's ESG progress within the existing corporate governance structure.

## B. Board Statement on ESG Oversight (cont'd)

At the highest level, the Board has overall responsibility for ESG development and performances and does so during Compliance Committee meetings. During these meetings, Directors can assess ESG in relation to risk and compliance strategies, and to determine whether the Company's existing risk identification processes are sufficient in uncovering ESG-related physical, financial and transitional risks. Directors will work closely with Management to develop strategies to continually improve ESG performances and to ensure all risks are identified and sufficiently addressed. At the Management level, an ESG Working Committee was established to steer ESG developments within the Company and to ensure Asia Financial is well-prepared to meet HKEX's latest ESG Code's requirements effective 1st January 2025.

Moreover, the Board oversees Management's due diligence with respect to ESG issues. We ensure Management sufficiently engages with our stakeholders to determine ESG focus areas most relevant to our businesses. Directors actively participate in creating quantifiable and transparent ESG goals whenever possible and closely track Asia Financial's ESG progress.

The Compliance Committee will receive the following reports from Management and ESG Working Committee regarding ESG implementation and performance:

- Annual full ESG report in March reviewing ESG performances and recommending future strategies to reach goals for the following year;
- Half-yearly ESG report in August reporting progress against set targets and proposing changes in strategies if necessary; and
- Report in the fourth quarter that covers the period up to 30th September of that year projecting full year-end results and will be the basis for setting the following year's strategy and targets.

The Compliance Committee sets a separate ESG agenda item during meetings for Directors to engage in regular and ongoing discussion to review ESG strategies. The Compliance Committee is responsible for submitting reports from Management for the Board's comments and approval after said meetings. Whenever ad hoc ESG matters arise outside of these scheduled reports and meetings, Management will present special reports for members of the Compliance Committee and the Board and will call special meetings if necessary to discuss issues and workshop solutions.

The Board is confident that the framework in place will allow for the most effective and efficient oversight on ESG performance. As Hong Kong advances itself to become a leader in green and sustainable finance and works towards carbon neutrality, Asia Financial recognizes the significance of sound ESG practices and the importance of integrating ESG considerations in our daily operations. Asia Financial will continue to develop and review ESG issues relevant to our businesses and recommend appropriate procedures to ensure compliance and enhance our role as a responsible company for the community and the environment for generations to come.

## C. ESG Philosophy

Asia Financial takes pride in being recognized as a “Caring Company” by the Hong Kong Council of Social Service for our contributions to the community, employees, and environment. AFH has been recognized since 2003 and Asia Insurance has been recognized since 2005.



Additionally, AFH has been awarded the Green Office Award Label from the World Green Organization since 2014 and Asia Insurance has recently gained their first recognition. We are proud to be recognized for our efforts to improve the quality of life for the current and future generations.

For many years, Asia Financial has demonstrated a strong commitment to Corporate Social Responsibility (“CSR”). We believe it is the duty of a responsible company to protect the environment, provide a quality workplace, and serve the wider community directly through partnerships with social service organizations and social enterprises. Today, the Company aims to build on this foundation by expanding our ESG management strategy and foregrounding sustainability in all parts of our operations.

## C. ESG Philosophy (cont'd)

### C1. Stakeholder Engagement and Materiality Assessment

Asia Financial operates in a socially responsible and transparent manner by engaging with various stakeholders via multiple communication channels. These communication channels are opportunities for Asia Financial to convey our strategies and for stakeholders to voice their expectations.

Stakeholders	Communication Channels
Community	– Meeting with NGOs
	– Sponsorships and donations
	– Participate in events and activities
Customers	– Client relationship contacts
	– Company website
	– Customer service hotline
	– Online platform
Employees	– Annual performance appraisal system
	– Recreational and volunteer activities
	– Townhall meetings held by AI
	– Trainings, seminars and briefing sessions
Regulators	– Compliance reports & risk reports
	– On-site review
	– Regular meetings and communications
	– Training, focus groups and other events
Shareholders	– Annual General Meetings and other ad hoc meetings
	– Company website
	– Corporate communications including announcements, press releases, circulars, interim reports and annual reports
	– Investor meetings and briefings
Suppliers	– Annual supplier, service provider, contractor, and vendor review for internal use
	– Regular supplier, service provider, contractor, and vendor communications and engagements

Following stakeholder engagement, data collected is reviewed and a materiality assessment is utilized to identify the most significant economic, environmental, and social factors that concerns Asia Financial's Management and our stakeholders. These insights are particularly helpful for the Company to review our short, medium to long-term strategy in addressing specific sustainability issues and identifying areas of improvement for ESG performance and reporting.

## C. ESG Philosophy (cont'd)

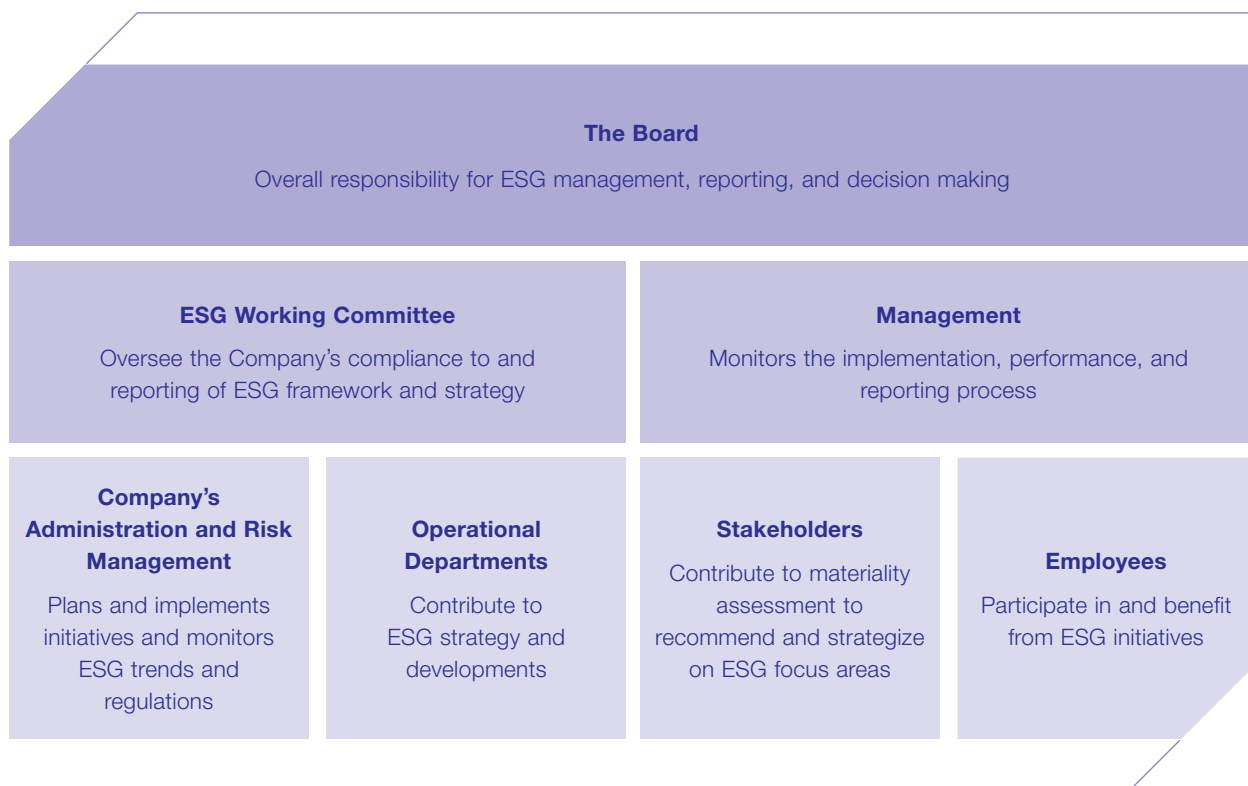
### C1. Stakeholder Engagement and Materiality Assessment (cont'd)

Asia Financial has identified 5 material ESG focus areas along with material ESG factors which will be covered throughout this ESG report:

ESG Focus Areas	Material ESG Factors
Operating Practices and Governance	- Ethical business practices
	- Compliance to relevant laws and regulations
	- Evolving ESG disclosure requirements
	- Data privacy and cybersecurity
	- Sustainable procurement and supply chain management
	- Risk management
Clients and Customers	- Products and solutions
	- Customer service and quality
	- Data privacy and cybersecurity
	- Risk management
Workforce and Employment Practices	- Occupational health and safety
	- Staff engagement and employee relations
	- Training and development
	- Employment and labor standards
	- Diversity, equity and inclusion & equal employment
Environment	- Impact of climate change and natural disasters
	- Greenhouse gas emissions
	- Green and responsible investments
	- Evolving ESG disclosure requirements
	- Climate-related risk management
Community	- Community support and partnerships
	- Volunteering, donations & sponsorships

## C. ESG Philosophy (cont'd)

### C2. ESG Management Structure and Approach



## D. Corporate Governance

Asia Financial maintains a robust corporate governance structure in compliance with relevant laws and regulations. The Group maintains policies and guidelines which define required standards for all staff concerning matters such as: Codes of Conduct, Whistleblowing Policy, Anti-Money Laundering Guidelines, etc. The Company makes it clear that all Management and staff must comply with these policies to ensure business decisions are made in the best interests of Asia Financial. Any breach of Company policies and guidelines is subject to disciplinary action.

The Corporate Governance Report contains more details.

## E. Workforce and Employment Practices

Currently, established and traditional industries are facing growing competition for new talents from various sectors, particularly due to changes in the workforce and workplace culture. Asia Financial is responding to such competition with development opportunities for interns and graduate trainees and offering competitive packages for retention plans. Additionally, we encourage younger staff to participate in and contribute to company-wide innovative and technology related projects, and experienced staff to continuously guide and mentor the next generation. Asia Financial aims to remain competitive with attractive remuneration packages and enhanced staff benefits in order to attract talents. These measures allow Asia Financial to identify and train high-potential employees to promote the Company's growth. Moreover, the Group can better revise and maintain an adequate succession plan as the average age of our employees increases.

The key to Asia Financial's impeccable customer service, shareholder value creation, and community contribution is a satisfied and motivated workforce. Our workplace policies and guidelines are designed to ensure:

- Full compliance with all legal requirements at all times;
- Maintain mutual respect on a foundation of shared interests;
- Fair treatment, including an equitable and performance-linked reward system;
- Equal opportunities for all individuals to reach their full potential;
- Ample training and development opportunities;
- Working conditions conducive to good physical and mental health; and
- Promoting work-life balance.

During this financial year, Asia Financial fully complied with all legal requirements and ordinances regarding employment relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

The following highlights several of Asia Financial's existing practices and statistics regarding our workforce.

### E1. Remuneration and Employee Benefits

Asia Financial's Remuneration Committee provides oversight on the Company's remuneration system. Our policies and practices are regularly reviewed by independent consultants to ensure remuneration packages remain competitive in attracting and retaining good quality staff. The remuneration for staff comprises of a basic salary, year-end double pay, and a discretionary bonus based on both the individual's performance evaluation and Asia Financial's overall performance.

Furthermore, in order to enhance employees' welfare, Asia Financial provides staff with medical and life insurance plans and makes additional voluntary provident fund contributions when appropriate.



## E. Workforce and Employment Practices (cont'd)

### E2. Work-life Balance

Asia Financial encourages staff to balance between work and family life. Thus, all full-time staff are expected to utilize all rest days, public holidays, and paid annual leaves during their employment. Additionally, staff are offered other conditional leave days such as birthday leave, examination leave, marriage leave, compensation leave, etc. The Group and Management make every effort to ensure that employees have the utmost freedom and flexibility in arranging leave and work-from-home schedules.

### E3. Equal Employment Opportunities

In 2024, Asia Financial complied with all current Hong Kong equal opportunities laws.

Asia Financial has an Equal Opportunities Policy (“EO Policy”) in place to ensure staff members comply with the following Ordinances: Sex Discrimination Ordinance, Disability Discrimination Ordinance, Family Status Discrimination Ordinance, and Race Discrimination Ordinance.

Our EO Policy ensures that every employee and job applicant is treated fairly, regardless of sex, marital status, pregnancy, breastfeeding, disability, race (defined by race, colour, descent, national or ethnic origin), family status, age, religion, and sexual orientation. Furthermore, our EO Policy is applicable to areas including, but not limited to, recruitment, selection, promotion and transfers, working hours, discipline and dismissal, compensation, and benefits. All staff are expected to treat any colleagues, customers, and members of the public fairly, respectfully, and without discrimination.

### E4. Staff Profile

As of 31st December 2024, AFH had 56 staff and AI had 318 staff respectively, totaling 374 staff and representing a 6.3% increase in headcount compared to the previous year.

#### No. of Employees by Employment Type (as at 31/12/2024)

	AFH	AI	Asia Financial
Full-time	56	308	364
Part-time	0	10	10
<b>Total</b>	<b>56</b>	<b>318</b>	<b>374</b>
<b>YoY %</b>	<b>-3.4%</b>	<b>+8.2%</b>	<b>+6.3%</b>

#### No. of Employees by Geographical Location (as at 31/12/2024)

	AFH	AI	Asia Financial
Hong Kong	56	263	319
Macau	0	51	51
Mainland China	0	1	1
Taiwan	0	3	3
<b>Total</b>	<b>56</b>	<b>318</b>	<b>374</b>

## E. Workforce and Employment Practices (cont'd)

### E4. Staff Profile (cont'd)

#### No. of Employees by Gender and Breakdown by Grading (as at 31/12/2024)

	AFH	AI	Asia Financial
<b>All Staff</b>			
Male	25 (6.7%)	113 (30.2%)	<b>138 (36.9%)</b>
Female	31 (8.3%)	205 (54.8%)	<b>236 (63.1%)</b>
<b>Total</b>	<b>56 (15.0%)</b>	<b>318 (85.0%)</b>	<b>374 (100%)</b>
<b>Senior Executives</b>			
Male	5 (11.6%)	15 (34.9%)	<b>20 (46.5%)</b>
Female	5 (11.6%)	18 (41.9%)	<b>23 (53.5%)</b>
<b>Total</b>	<b>10 (23.2%)</b>	<b>33 (76.8%)</b>	<b>43 (100%)</b>
<b>Board of Directors</b>			
Male		7 (87.5%)	
Female		1 (12.5%)	
<b>Total</b>		<b>8 (100%)</b>	

Asia Financial recognizes the importance of diversity, including gender diversity, among all levels of the workforce. Employees are recruited and promoted based on merit and objective criteria including, but not limited to, gender, age, cultural and educational background, race, professional experience, skills, knowledge, length of service and other factors that are relevant to their position and responsibilities. Nonetheless, the Company strictly adheres to our EO Policy to ensure all employees and candidates are treated fairly, regardless of sex, marital status, pregnancy, breastfeeding, disability, race (defined by race, colour, descent, national or ethnic origin), family status, age, religion, and sexual orientation.

Asia Financial is currently more female distributed across all levels of employees and is well-balanced between male and female at the Senior Executive level. All our positions are filled by qualified individuals while the Company keeps gender diversity in mind during recruitment stages in order to match the best candidate for every position.

#### No. of Employees by Age Group\*# (as at 31/12/2024)

	AFH	AI	Asia Financial
Below 30	3 (0.8%)	53 (14.3%)	<b>56 (15.1%)</b>
30 – 40	13 (3.5%)	97 (26.2%)	<b>110 (29.7%)</b>
41 – 50	9 (2.4%)	75 (20.3%)	<b>84 (22.7%)</b>
51 and above	31 (8.4%)	89 (24.1%)	<b>120 (32.5%)</b>
<b>Total</b>	<b>56 (15.1%)</b>	<b>314 (84.9%)</b>	<b>370 (100%)</b>

\* Hong Kong and Macau employees only

# Our employees' age distribution aligns with general workforce trends in Hong Kong

## E. Workforce and Employment Practices (cont'd)

### E5. Staff Turnover (of permanent employees' voluntary turnover) (for the year 2024)

Turnover Rate by Geographical Location (%)			
	AFH	AI	Asia Financial
Hong Kong	7.1%	7.6%	7.5%
Macau	N/A	2.0%	2.0%
Mainland China	N/A	0%	0%
Taiwan	N/A	0%	0%

Turnover Breakdown for Hong Kong Employees Only (no. of staff)			
	AFH	AI	Asia Financial
<b>By Gender</b>			
Male	2	8	10
Female	2	12	14
<b>Total</b>	<b>4</b>	<b>20</b>	<b>24</b>
<b>By Age Group</b>			
Below 30	0	1	1
30 – 40	0	9	9
41 – 50	3	5	8
51 and above	1	5	6
<b>Total</b>	<b>4</b>	<b>20</b>	<b>24</b>

According to the 2024 Guangdong-Hong Kong-Macao Greater Bay Area Pay and Benefits Survey, Hong Kong's average turnover rate is 19.3% across all staff levels. Asia Financial's turnover rate is lower than the average and mostly involved staff pursuing better job opportunities or emigration.

## E. Workforce and Employment Practices (cont'd)

### E6. Health and Safety

Asia Financial takes all practicable steps to establish health and safety standards that go above and beyond relevant statutory requirements. Our yearly goal is to maintain zero work-related injuries and/or fatalities, and we continued to reach this goal in 2024 (as well as for the past 3 years) with zero work-related injuries and/or fatalities, and zero workdays were lost due to work-related injuries and/or fatalities.

Asia Financial implements clear measures and policies to ensure staff have a safe workplace. In order to minimize fire hazard, the Company maintains strict guidelines on proper use and maintenance of electrical appliances, and we have a registered and licensed inhouse electrician to take care of daily repairs and maintenances.

For fire prevention, fire drills and trainings are arranged to ensure staff are familiar with emergency procedures. Furthermore, evacuation plans and exit signs are properly displayed and maintained at all exits. The Company also ensures that all office premises are equipped with properly inspected, well-maintained, and accessible fire-fighting equipment and sprinkler systems.

The Company promotes good housekeeping in order to eliminate or rectify office hazards such as loose cables and folded carpets. Staff are encouraged to make use of proper tools and seek assistance when performing manual operations such as transporting heavy documents or boxes. It is also Company policy to maintain adequate first aid facilities on office premises with designated employees to check and refill supplies.

### E7. Development and Training

At Asia Financial, we believe that our employees are our most valuable resources. We strive to maintain a healthy, open, and supportive company culture and working environment, and to provide staff with opportunities for further training, development, and potential career advancement within the Company. Apart from providing seminars and training courses, we also offer subsidies, professional fees and examination fees allowances for employees who wish to advance their job-related qualifications and skills.

We have designed and organized a range of workplace training programs to enhance staff's talents and professional skills suitable for staff across all levels. Our staff attended trainings on topics such as business ethics, corporate governance, technological, soft-skills training, as well as insurance-related subjects, some examples include:

- Anti-Money Laundering and Counter Terrorist Financing
- Captive Insurance Knowledge Sharing Session
- Advancing ESG: Enhancing Governance Frameworks and Data Integrity
- HR and Finance considerations over SP/LSP offset abolishment
- Monthly wellness programs organized by Asia Insurance

## E. Workforce and Employment Practices (cont'd)

### E7. Development and Training (cont'd)

Training Statistics by Gender (HK Employees only)			
	AFH	AI	Asia Financial
% Male Employees Trained	92%	92%	<b>92%</b>
% Female Employees Trained	97%	99%	<b>99%</b>
<b>% Employees Trained</b>	<b>95%</b>	<b>97%</b>	<b>96%</b>
<b>YoY%</b>	<b>-2.0%</b>	<b>-1.0%</b>	<b>-1.0%</b>
Average Training Hours Completed per Male Employee	4.96 hours	17.91 hours	<b>15.38 hours</b>
Average Training Hours Completed per Female Employee	8.97 hours	23.79 hours	<b>21.38 hours</b>
<b>Average Training Hours Completed per Employee</b>	<b>7.18 hours</b>	<b>21.49 hours</b>	<b>18.97 hours</b>
<b>YoY%</b>	<b>+14.5%</b>	<b>+6.2%</b>	<b>+8.3%</b>

Training Statistics by Employee Category (HK Employees only)				
		AFH	AI	Asia Financial
% Employees Trained	Senior Executives	100%	100%	<b>100%</b>
	Middle Management	93%	96%	<b>96%</b>
	General Staff	94%	96%	<b>96%</b>
	<b>Overall</b>	<b>95%</b>	<b>97%</b>	<b>96%</b>
Average Training Hours Completed per Employee	Senior Executives	12.35 hours	29.43 hours	<b>24.93 hours</b>
	Middle Management	11.30 hours	28.71 hours	<b>25.90 hours</b>
	General Staff	3.52 hours	16.48 hours	<b>14.34 hours</b>
	<b>Overall</b>	<b>7.18 hours</b>	<b>21.49 hours</b>	<b>18.97 hours</b>

Asia Financial has set a goal to increase average training hours completed per employee by 10% in 2024 compared to 2023 (average training hours per employee in 2023 was 17.52 hours). However, we were only able to achieve an 8.3% increase from 2023 to 2024 with 18.97 average training hours per employee. We believe that Asia Financial can gradually increase average training hours completed per employee as our business continues to grow and with enhanced Company-organized training sessions planned for the year.

## E. Workforce and Employment Practices (cont'd)

### E8. Labour Standards

Asia Financial sees little to no risk of potential involvement in, or exposure to, forced or compulsory child labour, thus is not material to our operations. Management believes that our current recruitment procedures are more than adequate to prevent child or forced labour, including verification of candidate details or obtaining job references when appropriate.

The Group is committed to complying with the Employment Ordinance and associated policies, guidelines, laws, and regulations. Our Internal Audit department regularly reviews the Company's employment compliance and conditions at all our locations.

Multiple policies are in place to ensure compliance with employment standards, including:

- Human Resources Policy
- Personal Data (Privacy) Policy
- Equal Opportunities Policy

## F. Environment

### F1. Minimizing the Environmental Impact of Our Operations Through Carbon Reduction

As a responsible member of Hong Kong's business community, we support Hong Kong's plan to achieve carbon neutrality by 2050 and associated strategies as listed in the Climate Action Plan 2050 as our long-term plan.

Starting from 2024's report, Asia Financial will use 2019 as a base-year for year-on-year analysis of our carbon emission profile. This is to ensure that comparable data are utilized to strategize carbon reduction efforts, and to account for pre- & post-COVID-19 outliers and abnormalities. Our data collection tools are outlined in section A3. *Reporting Principles*. Greenhouse gas emissions ("GHG emissions") data collected remains consistent over the years, which include company vehicle usage, unleaded petrol consumption, electricity consumption, paper consumption and recycling, and staff's overseas business trips.

Asia Financial's business does not generate significant amounts of GHG emissions or pollutants, nor do we require significant amounts of resources such as energy, water, raw and packaging materials. However, we strive to be a pioneer in environmental best practices and to comply with, and exceed, regulatory requirements whenever possible. We have active strategies to manage our carbon footprint, use resource efficiently, and reduce waste throughout our business operations. Detailed records of the Company's carbon emission have proven to be an extremely useful tool to identify and eliminate unnecessary energy consumption.

Shareholders, investors and customers are increasingly paying more attention to a company's ESG performance in addition to traditional financial indicators. Asia Financial will closely follow changes in regulations regarding climate-related disclosures to achieve the greatest transparency, properly strategize for the growing focus on ESG regarding investments, and closely examine the effects of climate change on our insurance business in order to assess and mitigate risks.

The scope and boundary of the following reported data on environmental performances covers the Hong Kong operations of Asia Financial Holdings Limited ("AFH") and its wholly-owned subsidiary, Asia Insurance Company, Limited ("AI").

## F. Environment (cont'd)

### F2. Carbon Footprint Management Strategy

Greenhouse Gas (GHG) Emissions (tons CO <sub>2</sub> equivalent "tCO <sub>2</sub> e")						
	AFH		AI		Asia Financial	
	tCO <sub>2</sub> e	YoY %	tCO <sub>2</sub> e	YoY %	tCO <sub>2</sub> e	YoY %
Scope 1: Unleaded petrol & diesel combustion**	58.79	-5.2%	24.99	-42.2%	<b>83.78</b>	<b>-20.4%</b>
Scope 2: Purchased electricity	235.43	-15.8%	348.01	+1.4%	<b>583.44</b>	<b>-6.3%</b>
Scope 3: Paper waste	-8.34	+57.1%	34.99	-17.3%	<b>26.65</b>	<b>+16.6%</b>
Scope 3: Overseas business travel	91.89	+31.7%	6.92	+22.6%	<b>98.81</b>	<b>+31.1%</b>
<b>Total</b>	<b>377.77</b>	<b>-3.6%</b>	<b>414.91</b>	<b>-4.5%</b>	<b>792.68</b>	<b>-4.1%</b>

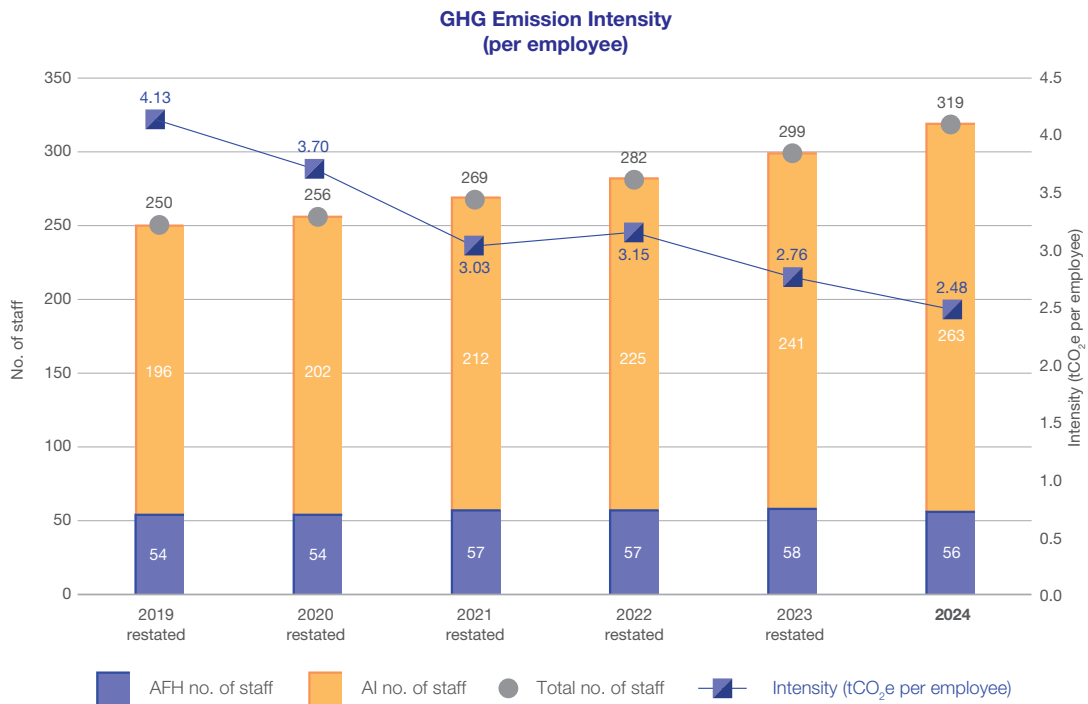
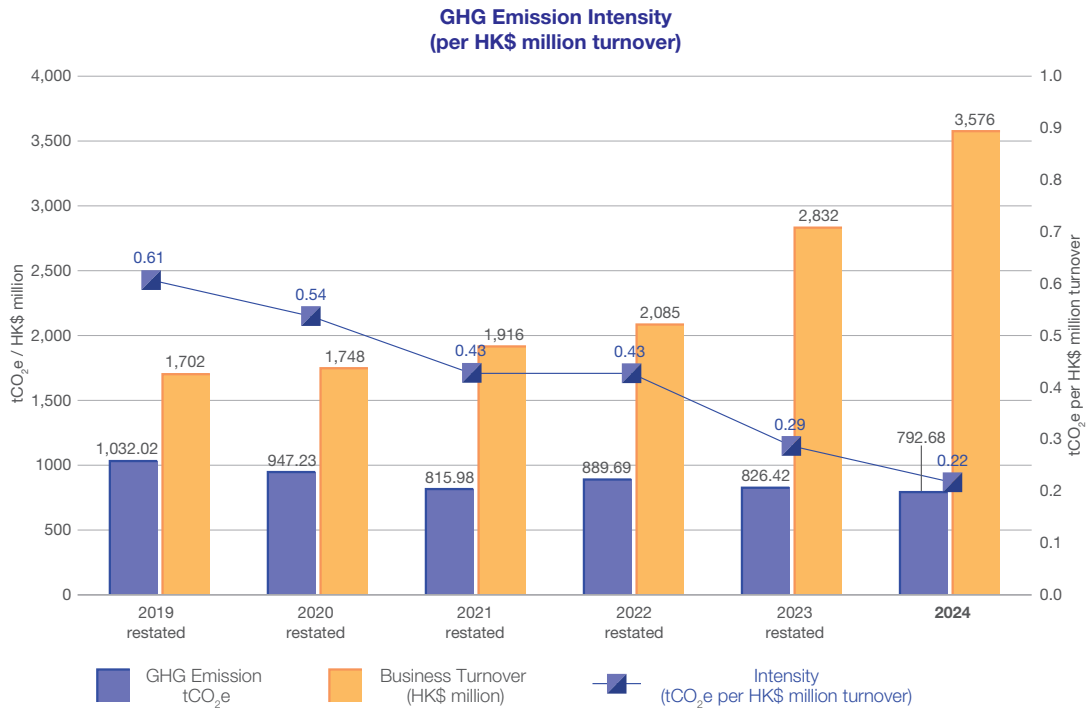
\*\*Note: Asia Financial's scope 1 consumption of unleaded petrol from company vehicles were the major contributors of air pollutants (namely Nitrogen Oxides (NO<sub>x</sub>), Sulphur Oxides (SO<sub>x</sub>) and Particular Matter (PM)), though in nonsignificant amounts and emissions in 2024 were 18% to 20% less than in 2023. Other than that, our business operations do not generate material amounts of air pollutants.

GHG Emissions Intensity for AFH Group***						
	2019	2020	2021	2022	2023	2024
	Base-year					
Total tons of GHG emission (tCO <sub>2</sub> e) (restated)	1,032.02	947.23	815.98	889.69	826.42	<b>792.68</b>
Turnover (HK\$ million)	1,702	1,748	1,916	2,085	2,832	<b>3,576</b>
Intensity (tCO <sub>2</sub> e per HK\$ million turnover) (restated)	0.61	0.54	0.43	0.43	0.29	<b>0.22</b>
Total no. of staff	250	256	269	282	299	<b>319</b>
Intensity (tCO <sub>2</sub> e per employee)	4.13	3.70	3.03	3.15	2.76	<b>2.48</b>

\*\*\*GHG emission and intensity per HK\$ million turnover for 2019 to 2023 were restated based on updated calculation method outlined in section A3 Reporting Principles. The difference between original and restated GHG emission ranged from around +0.3% to +26.7%, which can be attributed to increase in electricity consumption from building air-conditioning which was omitted for AFH, but overall GHG emission is slightly offset by decrease in other emission sources resulting from calculation adjustments.

## F. Environment (cont'd)

### F2. Carbon Footprint Management Strategy (cont'd)





## F. Environment (cont'd)

### F2. Carbon Footprint Management Strategy (cont'd)

As a result of business growth, Asia Financial's turnover reached HK\$3,576 million in 2024, a 26% increase compared to 2023, and a 110% increase since base-year 2019. Increases in business activities inevitably increased carbon emissions, particularly from scope 3 overseas business travels, but is offset by decreases in scope 1 and 2 emissions. Although there is an overall increase in scope 3 paper waste for AFH Group compared to 2023, this is due to a one-off document recycling exercise AFH did in 2023 that led to significantly more paper were recycled than purchased. There is a 20% decrease in scope 1 emissions related to consumption of unleaded petrol, which is likely due to replacement of Company vehicles with EVs. Scope 2 purchased electricity continues to be our largest contributor of GHG, however, we are beginning to see a downward trend in consumption.

In 2024, Asia Financial's overall GHG emission was 792.68 tCO<sub>2</sub>e, which represents a 4.1% decrease compared to 2023. In terms of GHG emission intensity, a 0.22 tCO<sub>2</sub>e per HK\$ million turnover represents a 24% decrease compared to 2023, which was partially due to the significant increase in turnover, but have nonetheless met 2024's ESG goal. For 2024, Asia Financial has included tCO<sub>2</sub>e per employee as another intensity indicator, and a 2.48 tCO<sub>2</sub>e per employee represents a 10% decrease compared to 2023.

Asia Financial has arranged the offset of 792.68 tons of GHG emissions through purchasing Carbon Credits from CLP.

While continued business growth may further contribute to increasing GHG emission, we strive to emit the least possible greenhouse gases, limit our carbon footprint whenever feasible and continue to enhance our targeted carbon emission reduction strategies based on quantifiable emission data over the years.

### F3. Measures regarding hazardous and non-hazardous wastes

Total hazardous and non-hazardous waste produced			
Hazardous waste	Hazardous waste is minimal due to the nature of our business operations.		
	<b>AFH</b>	<b>AI</b>	<b>Asia Financial</b>
Non-hazardous waste	Our non-hazardous waste mainly comes from disposal of paper waste at landfills.		
	tCO <sub>2</sub> e	-8.34	34.99
			<b>26.65</b>
	tCO <sub>2</sub> e per staff	-0.15	0.13
			<b>0.08</b>
	YoY %	+55.6%	-24.2%
			<b>+9.3%</b>

Asia Financial takes the following measures to further minimize waste:

- Professional vendors collect ink cartridges from copiers and printers;
- Professional specialist firms collect paper for recycling.

	<b>AFH</b>	<b>AI</b>	<b>Asia Financial</b>
% with Recycled Content	175%	68%	<b>78%</b>
Total Paper Recycling	4,052 kg	15,765 kg	<b>19,817 kg</b>

## **F. Environment (cont'd)**

### **F4. Measures to mitigate emissions and energy use**

#### **(a) Staff engagement**

Employee participation is essential to our green office policies, including a “switch-off” policy for idle electronic equipment. Furthermore, staff are encouraged to print hardcopies only when necessary.

#### **(b) Use of energy efficient lighting & equipment**

Asia Financial has replaced T5 fluorescent lamps with 21W LED lighting system at our main office in 2022. It is expected to reduce the Company’s carbon emission from electricity used in the long-term, and employees can work under suitable lighting.

#### **(c) Enhance virtual meeting equipment**

As the Company’s business continues to grow and in order to reach partners from various locations, Asia Financial have enhanced video conferencing equipment and communication tools to encourage staff to limit business travels and reduce carbon emissions.

#### **(d) Green office policy**

We promote green practices through internal “Office Green Guide” that includes suggestions on recycling, switch-off policy, printing practices, and reusing materials such as stationaries.

#### **(e) Printing efficiency project to reduce paper waste**

AI has launched a printing efficiency project with the following features:

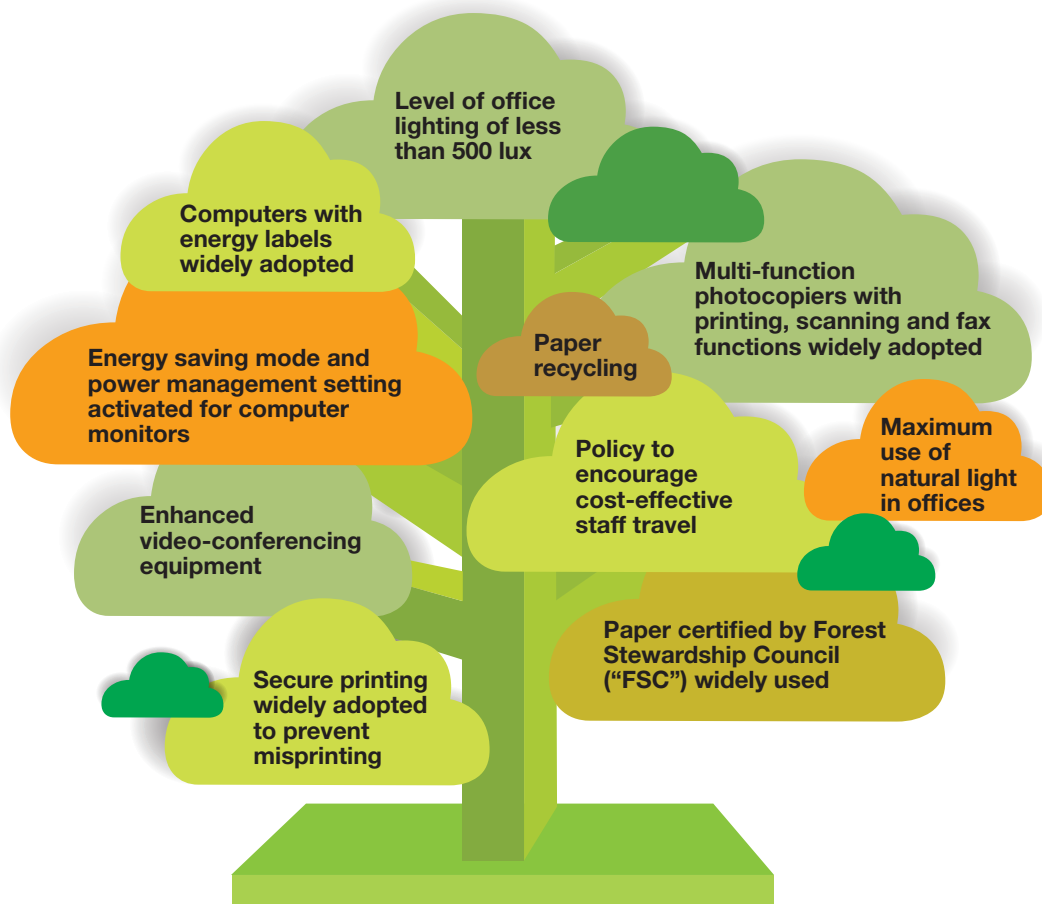
- Centralized and consolidated printer functions;
- Double-sided and black & white printing modes are now set as office-wide defaults.

These initiatives are expected to help reduce paper waste in the future. In the long term, AI will explore the possibility of paperless operations by adopting electronic solutions for business processes.

## F. Environment (cont'd)

### F4. Measures to mitigate emissions and energy use (cont'd)

(f) Other measures to reduce carbon emissions



## F. Environment (cont'd)

### F5. Use of Resources

Asia Financial's business does not involve significant use of resources such as energy, water, raw and packaging materials. However, we strive to reduce wastage and use resources efficiently within our business operations as much as possible.

Total water consumption and intensity is unavailable as business premises are located within buildings with centralized water metering. Thus, we are also unable to provide description on sourcing water and setting water efficiency targets.

Total packaging materials used for finished goods is not applicable to our business operations, thus no data will be disclosed.

Direct and Indirect Energy Consumption by Type and Intensity				
		AFH	AI	Asia Financial
Total Electricity Consumption	kWh	359,235	527,283	886,518
	tCO <sub>2</sub> e	235.43	348.01	583.44
Intensity per staff	tCO <sub>2</sub> e per staff	4.20	1.32	1.83
	YoY %	-13%	-7%	-12%
Total Unleaded Petrol and Diesel Consumption	Litres	22,259	9,367	31,626
	tCO <sub>2</sub> e	58.79	24.99	83.78
Intensity per staff	tCO <sub>2</sub> e per staff	1.05	0.10	0.26
	YoY %	-2%	-47%	-25%

### F6. The Environment and Natural Resources

Although our business activities do not have significant impact on the environment and natural resources, our commitment to sustainability has resulted in paper waste sent to landfill reduced from 7,681kg in 2019 (base-year) to 5,553kg in 2024 (28% decrease over 5-year span).

Measures described in Section F4(f) contribute to reducing our impacts on the environment and natural resources.

## G. Operating Practices and Governance

### G1. Minimizing the Impact of Climate Change on Our Insurance Business

Climate change, for obvious reasons, has a direct and dramatic impact on an insurance company's balance sheet. Extreme and unpredictable weather conditions increase our exposure to disaster related risks like typhoons, floods, and fires. For this reason, AI continually reviews its reinsurance protection and when necessary, increases it. With an eye towards decreasing our exposure to climate-related disaster, we are also expanding risk analytic capabilities of our climate-related exposures.

One of the major ways to alleviate the impact of extreme weather on our insurance risk profile is to arrange for an extra layer of reinsurance. This provides protection for our business in Hong Kong, and also covers our exposure in other geographical regions, especially Asia.

AI has provided a cumulative net claims reserve of HK\$36.8 million up to 31st December 2024 and net claims incurred expense HK\$10.5 million in relation to extreme weather events for the year.

Currently, we have assessed the business impact caused by climate change and set quantifiable climate-related targets by considering the standards (HKFRS S1 and HKFRS S2) issued by HKICPA. The Insurance Authority has been working on a set of ESG guidelines, requirements and reporting standards which are expected to come out soon. Once they release this information, we will incorporate it into our strategy and targets.

## **G. Operating Practices and Governance (cont'd)**

### **G2. Personal Data (Privacy) Policies**

Asia Financial is committed to adopting and complying with all relevant provisions of the Personal Data (privacy) Ordinance, Chapter 486, the Laws of Hong Kong (“the Ordinance”). The Company upholds the personal data privacy protection principles stated in Schedule 1 of the Ordinance for the purpose of collecting, retaining, processing, and using personal data. The Company established an internal Personal Data (Privacy) Policy and has a designated Data Protection Officer to monitor compliance and assist department heads who have direct control of personal data. Our Internal Audit department conducts regular checks to ensure compliance with all regulations.

### **G3. Data and Cybersecurity**

Data and cybersecurity are top concerns for any company that possesses and handles customer data. Naturally, this is a priority risk control area, especially for Asia Financial’s insurance business. The Group is committed to reviewing all relevant control systems and has taken active measures to mitigate this risk. Internal consultants and external cyber security experts are actively involved in various comprehensive information and technology reviews, such as vulnerability assessments, penetration tests, architectural and process reviews, as well as measures to raise and reinforce staff’s data security awareness. The Group continues to develop our in-house expertise to implement necessary upgrades to enhance data and cybersecurity in 2024. Asia Financial will continue to improve and upgrade our IT infrastructure across various departments to increase efficiency and security in business operations while meeting our ESG targets.

### **G4. Anti-Corruption**

Asia Financial is committed to complying fully with all applicable laws and regulations in order to combat corruption, money laundering, extortion, fraud, and other financial crimes.

Asia Financial reserves the right to terminate immediately any business relationship that violates or presents the risks of violating such laws, regulations, or policies of the Company.

Asia Financial’s written policies, procedures, and internal controls in this area includes a risk assessment process, education and training, review and approval processes, due diligence procedures, accounting processes, and independent testing processes. Personnel who engage in or facilitate bribery, or who fail to comply with all applicable laws and regulations and our related policies, shall be subject to disciplinary action.

There were no corrupt practice cases against either the Company or its employees during the year 2024.

### **G5. Preventive Measures & Whistleblowing**

Asia Financial is committed to the highest standards of openness, probity, and accountability. Employees at all levels are expected to conduct themselves with integrity, impartiality, and honesty. Employees are encouraged to raise concerns about any suspected misconduct or malpractice within the Group, without fear of victimization or harassment, in a responsible and effective manner, rather than overlooking a problem or blowing the whistle outside.

The Company has devised a Whistleblowing Policy to achieve the above corporate governance target. The Policy applies to employees (permanent or temporary) at all levels of the Group and will be reviewed at least annually.

## **G. Operating Practices and Governance (cont'd)**

### **G5. Preventive Measures & Whistleblowing (cont'd)**

Whistleblowing matters may include, but are not limited to:

- Criminal offenses;
- Failure to comply with any legal obligations;
- Miscarriage of justice;
- Financial impropriety;
- Action which endangers the health and safety of an individual;
- Action which causes damage to the environment;
- Deliberate concealment of information concerning any of the matters listed above.

If Asia Financial discovers any incident of corruption, money laundering, extortion, fraud, and other financial crimes, legal and/or disciplinary action will be taken. The Audit Committee has overall responsibility for overseeing, monitoring, and reviewing the operation of the policy and recommendations for action resulting from investigations, while day-to-day responsibility is assigned to the Chairman & President of the Company.

## **H. Client and Customers**

### **H1. Supply Chain Management**

Asia Financial fully considers environmental and social standards in its sourcing and procurement activities. Our ethics and values inform all our interactions with suppliers, contractors, and service providers.

Due to business needs, we are unable to quantify or specifically provide the number of suppliers by geographical region, but all suppliers of furniture, equipment, stationary, and other office items to Asia Financial are sourced locally whenever feasible. We expect suppliers and their supply chain to comply fully with all applicable laws and regulations in the conduct of their business. We identify, assess, and monitor supplier practices with regards to human and labour rights, the environment, health and safety, and anti-corrupt principles through business search and reviewing their past experiences. Where practical, we also work with our vendors to encourage the use of responsibly and sustainably produced goods and services.

In our latest Procurement Policies, we have included Best Value Procurement practices as one of our principles. This ensures that while goods and services judged based on monetary value are important, we also focus on its quality, reliability, reputation, as well as their commitment to environmentally friendly practices when selecting vendors, contractors, or service providers.

### **H2. Product Responsibility**

#### **(a) Service quality**

For our insurance business, operations strictly comply with the Companies Ordinance and regulations of the Insurance Authority. Our Internal Audit department conducts periodic checks to make sure the quality of service and the terms of the insurance contracts are properly arranged.

Due to the nature of insurance business, there are no recall procedures for our products. If customers are unsatisfied with our service or the terms of the insurance contract, our staff are more than willing to make necessary and reasonable adjustments. During 2024, we received zero customer complaints concerning products and services provided by AI. In the event there is any complaint case, it will be carefully addressed and handled by the Complaint Officer with the customers concerned.

## H. Client and Customers (cont'd)

### H2. Product Responsibility (cont'd)

#### (b) Intellectual rights

Our policy on copyright, patents, and trademarks is subject to review from time to time to ensure compliance with all applicable Hong Kong laws. Our business operation's major exposure is the design of our marketing materials and the use of computer software. We have implemented the following measures to minimize risks:

- All marketing areas are centrally processed to avoid intellectual property right infringement; and
- Our policy against illegal and unlicensed computer software prohibits employees from installing computer software onto any information technology equipment on Company premises. Duplicating licensed software for backup purposes is also prohibited unless an additional license is granted.

## I. Community

Commitment to our community is at the heart of Asia Financial's company culture. We aim to make a positive difference to society through donations, partnerships with social enterprises and staff volunteering activities. We strive to reach a wide range of beneficiaries with these different forms of outreach.

### I1. Donations & Sponsorship

In 2024, the Group contributed a total of HK\$7,077,000 (mainly through donations and sponsorships) towards the support of non-profit organizations both local and overseas. Respectively, AFH contributed HK\$3,049,000 and AI contributed HK\$4,028,000. This amount represents a 1% increase from the prior year.

### I2. Community Involvement – Partnership with Social Enterprises

We invest in SVHK Capital Limited ("SVHK"), which is a venture philanthropic organization that provides financial and non-financial support to social-purpose organizations and social enterprises in Hong Kong. SVHK's flagship project is Light Be (Social Realty) Limited ("Light Be").



Light Be helps individuals living in poor environments such as subdivided flats find alternative living arrangements, such as Light Rooms, where private property owners are encouraged to rent units at an affordable or below market rate to underprivileged single-parent households to share the dining room, kitchen, and washroom. Light Be aims to restore self-esteem for families to become self-sufficient and encourages people to foster a sense of togetherness and build a supportive neighborhood.

### I3. Community Involvement – Staff Volunteering

Community life is as important to our Company's employees as it is to our Company. We encourage volunteering because we believe that personal caring and outreach is a valuable resource that amplifies the social impact of financial contributions and organization sponsorships. At the heart of these efforts is the voluntary work undertaken by individual staff members within our local communities. Volunteer statistics below only include company-organized and volunteer hours completed by staff during their personal time.

## I. Community (cont'd)

### I3. Community Involvement – Staff Volunteering (cont'd)

With the cooperation of Evangelical Lutheran Church Social Service – Hong Kong and the Tung Wah Group of Hospitals, AI has arranged several volunteer activities in 2024 to bring love and care to the community. AFH also partnered with Evangelical Lutheran Church Social Service – Hong Kong to organize volunteer activities with elderlies and children. Our volunteer hours as a Group in 2024 decreased by 28% compared to 2023. Although we are still far away from reaching our targeted volunteer participation, we will strive to encourage volunteerism among our staff as Asia Financial expands our CSR initiatives and community partnerships.

Volunteer Service Statistics for 2024			
	AFH	AI	Asia Financial
Total number of volunteers	9	56	65
Total service hours	45 hours	152 hours	197 hours
YoY%	+172%	-41%	-28%

## J. Green Finance

For 2024, Asia Financial met our 2024 target and invested at least an additional HK\$50 million in green investments across different asset classes including stocks, funds, and bonds with exposure to electric vehicles, renewable energy, and environmental investment themes. Our environmental investments produced a mid-single digit percentage return in 2024 despite inconsistent performance across various individual green investment themes.

## K. 2025 ESG Targets

In light of HKEX's latest ESG Code's disclosure requirements effective 1st January 2025, Asia Financial has revamped our yearly targets into short-to-medium term targets which will be evaluate each year.

### K1. GHG Emissions

Achieve 10% reduction in GHG emission intensity (tCO<sub>2</sub>e per HK\$ million turnover & tCO<sub>2</sub>e per employee) over the next 5 years.

### K2. Impact of Climate Change

AI aims to continue to review and increase, if necessary, reinsurance protection, and will further expand its risk analysis of coverage to cover climate-related risks. AI also aims to set quantifiable targets by considering the standards (HKFRS S1 and HKFRS S2) issued by HKICPA. We will also update the target when the Insurance Authority has completed and released its requirements and reporting standards.

The Board will continue to exercise stringent oversight over ESG-related matters that covers Asia Financial as a Group.

### K3. Training

Continuously increase key market trend related training topics over the next 5 years, including but not limited to ESG, CSR or cybersecurity related areas.

The Company will continue to develop our talents by equipping them with all-rounded operations knowledge. We would organize trainings that build professional development opportunities both internally and from external parties. We would also provide networking opportunities for our talents to attend Company visits, particularly to AI, and they could keep abreast of the latest insurance development in the Greater Bay Area and beyond.



## **K. 2025 ESG Targets (cont'd)**

### **K4. Volunteering or CSR-themed activities**

Achieve at least one CSR related event in each quarter.

Asia Financial plans to enhance CSR-themed activities and partnerships with the aim to create greater impact on the society and drive internal engagement. This initiative will serve as a guiding framework on our social responsibility effort allowing us to create meaningful change to the community. We will encourage staff to participate in volunteer activities, either through Company-organized programmes or during staff's personal time.

### **K5. Green Finance**

Aim for mid-to-high single digit returns annually from green and environmental-themed investments through prudent strategies.

## **L. Conclusion**

This ESG report describes Asia Financial's ongoing and multi-platform efforts to be a responsible company. We remain committed to a continuous review of our performance in the areas of workplace equality, environmental sustainability, promotion of ethical business practices and community involvement, so that we may evolve and improve. As the business environment constantly grows and changes, so does the community of which we are a part of. That is why we will continue to monitor and develop our ESG performance as a core function of corporate management, just as we do with our traditional financial indicators.