



Corporate Sustainability Policy and Reporting Framework

1. Introduction

As one of the most iconic brands in Hong Kong, Octopus and its physical and virtual cards are used by nearly all residents and visitors. It has become synonymous with convenience, speed, and dependability. And with the vision to spearhead the transformation of the city into a world-leading fintech hub, Octopus Holdings Limited (OHL) has the responsibility to be the guardian of an environmentally, socially and economically sustainable Hong Kong.

As such, OHL has integrated sustainability principles in its vision, mission, core values – distilled in the company’s purpose: “Making everyday life easier” – and operations to steer the Octopus Group towards becoming a sustainable company. Over the years, OHL has made customer protection and benefits, and business integrity and ethics the guiding principles in every aspect of its businesses. OHL’s success has demonstrated the soundness of the approach. But OHL is deeply aware as the Octopus Group continues to grow, there will be heightening expectations from its stakeholders for the Octopus Group to commit further to sustainable development, both in terms of scope and level of embedment, and deliver on these commitments.

This Corporate Sustainability Policy spells out the overarching goals of sustainability OHL is to achieve in the environmental, social and governance (ESG) aspect and the approaches adopted in reaching these goals. It also sets out the framework under which OHL’s sustainability measures, systems and performance will be gauged, monitored and reported while at the same time ensuring compliance with industry standards for continuous improvements.

This policy shall apply to all companies under the Octopus Group and shall be reviewed by the SMG on an annual basis or when deemed necessary.

2. Corporate Sustainability Policy

2.1 Sustainability Statement

Octopus Group strives to provide the best offline and online electronic payment services to its customers while simultaneously working to improve the environmental, social and economic aspects of the community in which it operates.

Its vision becomes reality by putting into actions, practices and programmes in strengthening sustainability-related governance, reducing operational costs and increasing productivity by conserving resources and reducing waste, creating an environmentally friendly, sustainable and innovative work environment, fostering a culture of involvement in sustainability through employee engagement, and enabling its customers to become more sustainable through their use of the Octopus services and products, thus adding value for the community and the planet.

2.2 Sustainability Policy

Octopus Group would:

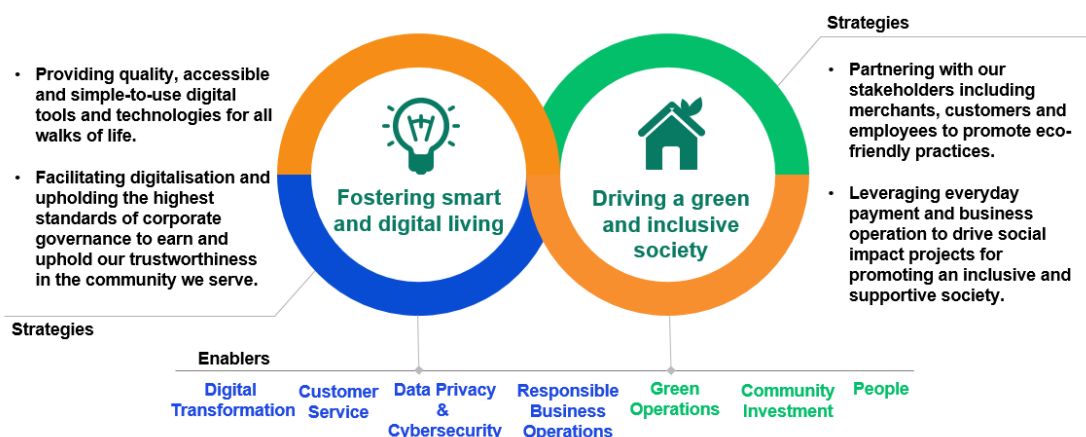
- Observe all relevant laws and appropriate best practices regarding sustainability issues;
- Devise, implement and continuously monitor group-wide systems for implementing the sustainability strategy;
- Conduct appropriate assessments including environmental audit to benchmark Octopus Group's sustainability performance with industry standards and practices;
- Regularly review its businesses to identify sustainability issues, set performance goals and monitor and publish its performance for continuous improvement;
- Encourage business partners to adopt sustainable practices in the products and services provided;
- Educate and train employees in sustainability matters and raise their awareness of sustainable development, and engage them in taking actions to achieve the Octopus Group's sustainability goals; and
- Increase engagement with external stakeholders and promote appreciation amongst stakeholders and the general public for sustainability benefits.

2.3 Sustainability Framework

To make Octopus Group's sustainability efforts relevant and aligned with its businesses, the Sustainability Framework is established to embed and integrate environmental, social and governance (ESG) consideration into its business operation and strategies.

Paving the way for a smart and sustainable city

Octopus has been uplifting the daily lives of Hong Kong's 7.5 million people since its debut in 1997. We strive to enrich the quality of life in our local community. We do this by serving and delighting our customers with innovative and efficient payment products and services, and making our products more socially responsible, affordable and environmental friendly. We are committed to advocating for sustainability, and to improving the social, economic and environmental wellbeing of Hong Kong.



2.3.1 Strategic Pillars and Enablers

The Sustainability Framework affirms the Octopus Group's commitment and approach to sustainable development, based on the two strategic pillars:

- i) "Fostering Smart and Digital Living" which covers the innovation and governance aspects supported by the four enablers:
 - Digital Transformation
 - Customer Service
 - Data Privacy and Cybersecurity
 - Responsible Business Operations

- ii) "Driving a Green and Inclusive Society" which covers the environmental and social aspects supported by the three enablers:
 - Green Operations
 - Community Investment
 - People

The two strategic pillars and seven enablers reflect the challenges of sustainable development as they relate to Octopus Group's operations to create more value for the group and its customers.

3. Corporate Sustainability Reporting Scope and Framework

The Corporate Sustainability Reporting Scope and Framework references the three central factors of ESG in measuring the sustainability of a business. ESG reporting is a worldwide voluntary disclosure practice under which companies are to identify and disclose ESG issues and KPIs that are relevant to their businesses.

While the reporting is voluntary, as a leader in the electronic payment and FinTech industries, Octopus Group is obliged to proactively drive its corporate sustainability performance to internalise and improve its commitment to sustainable development in a way that can be demonstrated to both internal and external stakeholders.

As such, Octopus Group references and follows an industry-recognised ESG reporting framework relevant to its businesses and operations, which shall be endorsed and reviewed by the Octopus Group Corporate Sustainability Development Committee (The Committee).

3.1 The Corporate Sustainability Reporting Framework

The Corporate Sustainability Reporting Framework is to include the Key Performance Indicators (KPIs) for each of the seven enablers for onward data collection, measurement, tracking and reporting.

The following are the criteria for setting the KPIs within each of the seven enablers.

3.1.1 Digital Transformation

- Provide innovative digital solutions to Small and Medium Enterprises Merchants to enhance their competitiveness and business sustainability;

- Expand access to sustainable digital technologies and solutions to ensure broader financial inclusion and convenience for individuals, including underserved communities.
- Implement digital technologies and solutions within the workplace to streamline operations, enhance productivity, and reduce resource usage.

3.1.2 Customer Service

- Promote a positive customer experience at all touch points by providing quality service and anticipating customers' changing needs.

3.1.3 Data Privacy and Cybersecurity

- Leverage the current data security systems and processes to enhance the protection and data privacy of our customers in line with the latest technology and best practices.

3.1.4 Responsible Business Operations

- Embed evolving risk and compliance and regulatory best practices into Octopus Group's businesses;
- Ensure Octopus Group adheres to all applicable laws and regulations issued by applicable authorities (in particular the Hong Kong Monetary Authority);
- Reference the guideline required to be followed by FinTech companies or public listed companies on the Stock Exchange of Hong Kong and their Directors, where applicable;
- Enable a robust auditing process to ensure the appropriateness of the accounting principles, compliance on business processes, etc. to substantiate the transparency and completeness of the disclosures; and
- Ensure an open, transparent, and fair procurement policy and encourage stakeholders in OHL's supply chain to adopt ethical and sustainable business practices.

3.1.5 Green Operations

- Use sustainable business practices and processes that minimise waste and prevent pollution, conserve energy and minimise carbon footprint, minimise health and safety risks and dispose of waste safely and responsibly.

3.1.6 Community Investment

- Leverage on the existing Corporate Social Responsibility campaigns to further create meaningful environmental, social and economic impacts by enhancing brand presence and building strong communities through engagement activities;
- Translating business values into community values; and

- Develop and implement sponsorship guidelines to ensure a structured approach to enable the best use of resources whilst maximising the number of beneficiaries.

3.1.7 People

- Engage in constructive and meaningful dialogues with stakeholders including regulators, shareholder service providers/service providers, business partners, media, lawmakers, opinion leaders, customers, employees to build trust, leverage their expertise and perspectives, and gain insights of emerging issues that are important to stakeholders and their businesses and areas of concern; and
- As a caring company, engage in a number of comprehensive wellness initiatives, enhance individual and organisational capability as well as maintain a productive, supportive, safe and family friendly working environment.

3.2 Octopus Group’s Sustainability Development Report

A sustainability development report will be published bi-annually with the following governing principles:

- **Materiality** - performance reporting of key enablers
- **Quantitative** - measurable KPIs and identifiable targets for continued improvement with narrative reporting, comparable data for year after year comparison and evaluation of policies and management systems
- **Balance** - objective review on audited sustainability performance
- **Consistency** - consistent methodologies for sustainability-related data collection and performance tracking over time

While the reporting is voluntary, it is recommended to provide a bi-annual summary of the Octopus Group’s sustainability achievements based on the two strategic pillars and seven enablers listed in 2.3.1 as an alternative reporting solution.

4. Octopus Group Corporate Sustainability Development Committee (The Committee)

An Octopus Group Corporate Sustainability Development Committee (The Committee) is set up to ensure Octopus Group’s sustainability goals, strategy, measures, as well as the reporting framework, are established, implemented and achieved in accordance with industry standards. It shall monitor Octopus Group’s sustainability performance and measures with a view to enhance the sustainability portfolio and corporate governance.

4.1 Role and Responsibilities of OGCSDC

- To advise on matters required to enable Octopus Group to operate on a sustainable basis for the benefit of its current and future businesses, stakeholders and the community;
- To review Octopus Group's sustainability goals, priorities and performance;
- To monitor the adequacy and effectiveness of Octopus Group's sustainability framework, through which its sustainability initiatives would be prioritised and, systems and measures put in place;
- To identify sustainability risks, opportunities and areas of improvement of Octopus Group with regard to the impact on Octopus Group's reputation; and
- To ensure Octopus Group's sustainability reporting framework is in compliance with industry standards and practices.

4.2 Membership of the Committee

(By alphabetical order)

- Chief Executive Officer (Chairman)
- Chief Operations Officer
- Head of Business Development and International Business Department or designate
- Head of Corporate Communications Department (Secretariat)
- Head of Finance Department or designate
- Head of Human Resources and Administration Department or designate
- Head of Legal Department or designate
- Head of Operations or designate
- Head of Product Department or designate
- Head of Risk Management and Compliance Department or designate
- Head of Sales and Marketing Department or designate
- Head of Technical Department or designate

It is recommended that the Committee be presented with the latest update quarterly or when it is deemed necessary, or to discuss new sustainability initiatives. The meeting should be in the form of an agenda item in the SMG meeting.

4.3 Working Group

Under the stewardship of the Committee, a working group will be set up with the following responsibilities:

- Implement the Committee's decisions and directives;
- Develop, implement, drive, and monitor the progress and measure the performance of sustainability initiatives;
- Engage fellow employees to take action to support the Octopus Group in achieving its goals in sustainability; and

- Report to the Committee on the progress and performance in the implementation of sustainability initiatives and make suggestions for improvement.

4.4 Membership of the Working Group

- Staff members as nominated by the department heads sitting in the Committee and annual changes of representative(s) are at the discretion of the Department Heads.

As the Working Group is charged with multiple responsibilities and the implementation of the Committee's decisions requires considerable discussion and planning, it is deemed desirable for the group to meet bi-monthly.

- Ends -