

## ESG Report 2021



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

## About This Report

Sun Hung Kai & Co. Limited (stock code: 86) (the “Company” or “SHK & Co.”, together with its subsidiaries, the “Group”) is delighted to present its Environmental, Social and Governance (“ESG”) Report (the “Report”). The purpose of this Report is to communicate the Group’s sustainability approach, policies, as well as initiatives and performance.

This Report has been prepared in accordance with the “mandatory disclosure requirements” and the “comply or explain” provisions of the latest Environmental, Social and Governance Reporting Guide (the “ESG Guide”) set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). This Report covers the Group’s sustainability performance for the financial year from 1 January 2021 to 31 December 2021 (the “Reporting Period”).

Same as the last ESG report, this Report covers all business entities, except business divisions without physical operations or associated joint venture companies in which the Company has no control in their operations. Unless otherwise stated, this Report covers the offices and branches from the following units and their subsidiaries in Hong Kong and Mainland China:

Sun Hung Kai & Co. Limited (“SHK & Co.”)  
 United Asia Finance Limited (“UAF”)  
 Sun Hung Kai Credit Limited (“SHK Credit”)

All information has been compiled according to the data and information obtained within the Company and its subsidiaries. The Group’s internal control and formal review process are in place to ensure that all information is presented accurately and reliably. This Report has been reviewed and approved by the Board of Directors (the “Board”). In the preparation of this Report, we have strictly adhered to the following reporting principles of “materiality”, “quantitative”, “balance” and “consistency”.

**Materiality** This Report is structured based on the results of a comprehensive materiality assessment raised through stakeholder engagement. The materiality of issues was reviewed and confirmed by the Board and senior management.

**Quantitative** This Report discloses material environmental and social key performance indicators (“KPIs”) of the offices and branches from SHK & Co., UAF and SHK Credit.

**Balance** This Report presents an unbiased overview of the Group’s ESG performance with both achievements and areas of improvements disclosed.

**Consistency** This Report adopts methodologies for the calculation of KPIs that are consistent with previous years, which allows for meaningful comparison of ESG data over time. There was no significant change with the reporting scope of this Report. For further details of the quantification methodologies, please refer to the “Environment” section.

For further information about our economic impact and corporate governance measures, please review the Annual Report and Corporate Governance Report in page 38 to 51.

## Opinion and Feedback

We welcome any comments and suggestions on our sustainability performance shared in this Report. To get in touch with us, please share your views at:

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 33 Hysan Avenue  
 Causeway Bay  
 Hong Kong  
 Tel: (852) 3748 2823  
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## Awards and Recognitions

Award Name	Awarding Institution
<b>SHK &amp; Co.</b>	
Listed Company Awards of Excellence (2018–2021)	Hong Kong Economic Journal
Listed Enterprises of the Year (2018–2021)	Bloomberg Businessweek/Chinese Edition
The 6th Golden Hong Kong Stocks Awards (2021) – Best Financial Stock Company – Best IR Team	Zhitong Finance/RoyalFlush Information
Titanium Award of Corporate ESG Awards (2019, 2021) Gold Award of Corporate ESG Awards (2013–2018, 2020)	The Asset
Green Office Awards Labelling Scheme – Green Office and Eco-Healthy Workplace (2021)	World Green Organisation
Good MPF Employer (2014–2021)	Mandatory Provident Fund Schemes Authority
Caring Company 5 Years + (2016–2021)	The Hong Kong Council of Social Service
Happy Company Award (2021)	Happy Index Foundation and Hong Kong Productivity Council
Manpower Developer Award (2018–2020)	The Employees Retraining Board
<b>UAF</b>	
Best Performance of School-Company Partnership (2007–2021)	Young Entrepreneurs Development Council
Caring Company 15 Years + (2005–2022)	The Hong Kong Council of Social Service
Charter on External Lighting (2016–2022)	The Environment Bureau
Drive for Corporate Citizenship & Volunteer Team (2017–2020)	Hong Kong Productivity Council
Equal Opportunity Employer Recognition Scheme — Racial Equality and Inclusion (2021)	Equal Opportunities Commission
Family-Friendly Employers Award (2017–2021)	Family Council
Good Employer Charter (2018–2022)	Workplace Consultation Promotion Division of the Labour Department
Happy Company Award (2017–2021)	Happy Index Foundation and Hong Kong Productivity Council



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## UAF

<b>Manpower Developer Award (2012–2022)</b>	The Employees Retraining Board
<b>Partner Employer Award (2016–2021)</b>	The Hong Kong General Chamber of Small and Medium Business
<b>Racial Diversity &amp; Inclusion Charter for Employers (2020–2021)</b>	Equal Opportunities Commission
<b>Social Capital Builder (2016–2022)</b>	Hong Kong Productivity Council
<b>Volunteer Movement Participating Organisation (2016–2021)</b>	Social Welfare Department
<b>Wastewi\$e Certificate (2016–2022)</b>	Environmental Campaign Committee
<b>Outstanding Award in Best Search Campaign (2020–2021)</b>	Verizon Media Asia Big Idea Chair
<b>Excellent Brand of Personal Loan Services (2021)</b>	Hong Kong Leaders' Choice 2021
<b>Gold Award of Best e-Commerce — Financial Services (2021)</b>	Asia e-Commerce Awards 2021
<b>Bronze Award of Best Use of Mobile — Financial Services (2021)</b>	Mob-Ex Awards 2021
<b>Gold Award of Best Use of SEM Strategy (2021)</b>	MARKies Awards 2021
<b>Gold Award of Best SEM/PCC (2021)</b>	DigiZ Awards 2021
<b>CAPITAL Merit of Consumer Finance Company Achievement (since 2009)</b>	The CAPITAL Merits of Achievements in Banking & Finance Awards 2021
<b>Asia Pacific Sustainable Innovation Enterprise (APSIE) Awards (2021)</b>	Asia Pacific Institute for Strategy
<b>The Most Popular Finance Company on Internet (2021)</b>	iChoice Awards 2021

## SHK Credit

<b>Economic Digest 14th Outstanding Brand Award — Best Mortgage Service (2021)</b>	Economic Digest
<b>The Most Popular Mortgage Company on Internet (2021)</b>	iChoice Awards 2021
<b>Excellence Award for Mortgage Service (2021)</b>	Sky Post Banking & Finance Awards 2021 supported by Hong Kong Economic Times Holdings Limited

For further information about the Group's awards and recognitions, please refer to our website [www.shkco.com](http://www.shkco.com) and [www.uaf.com.hk](http://www.uaf.com.hk).

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### Approach to Sustainability

SHK & Co.'s 52-year history in financial services has demonstrated that sustainability is indispensable for the longevity, stability and resilient development of the Group. We envision contributing to the transition to a low-carbon economy, operating our business responsibly, as well as creating value for our people, investors, customers and community. Established in 2020, the Sustainability Policy formalises our sustainability principles and approach to ensuring that the management of ESG-related activities is carried out consistently throughout the Group's operations. To remain abreast of the evolving market and prepare for future risks, the Sustainability Policy is reviewed annually and enacted upon the approval of the Board.

### Sustainability Framework and Priorities

Our strategy to manage sustainability factors is rooted in our framework of Creating Sustained Value for all our stakeholders. This includes shareholders, investors, employees, as well as the broader environment and society we operate in alike. The longevity of the business can only be ensured if we conduct robust risk control, build transparent communications with stakeholders, facilitate a flexible and inclusive open culture for our employees, invest in our communities, as well as minimise impacts on the environment. To this end, we seek to concentrate our efforts in five core areas of value creation, namely, Business, Investors and Customers, Employees, Communities, and the Environment.

The United Nations Sustainable Development Goals ("UNSDGs") have been integrated into our strategy to align our business with global priorities and international efforts for sustainable development. We aim to pursue specific priorities set under each area of value creation and regularly evaluate our progress towards achieving these priorities.



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We acknowledge that sustainability is tied to business resiliency and growth and that our size and influential scale can drive change for the betterment of the environment. To accelerate our sustainability commitments, we took the opportunity to conduct a comprehensive review of our past environmental performance to develop a series of environmental targets. Prioritising these environmental targets puts us on a path to achieving positive impacts for the environment and society.

Environmental Aspect	Targets
Greenhouse Gases	<ul style="list-style-type: none"> <li>• By 2024, ensure that 30% of the Group's investment portfolio considers ESG aspects during investment decisions.</li> <li>• By 2022, join an industry association/coalition/partnership group to promote an ESG topic in the financial industry.</li> <li>• By 2022, organise an environmental initiative that reduces or offsets environmental impact.</li> </ul>
Waste	<ul style="list-style-type: none"> <li>• By 2023, ensure that 80% of office paper is certified FSC or PEFC paper.</li> <li>• By 2023, set up a paper waste monitoring system, to track consumption, usage and recycling data.</li> <li>• By 2025, reduce absolute paper usage by 15%, compared to FY19 baseline.</li> <li>• By 2025, maintain use of paper cheques issued for customer funding to be 15% or below at UAF.</li> </ul>
Electricity	<ul style="list-style-type: none"> <li>• By 2025, reduce absolute electricity usage by 15% compared to FY19 baseline.</li> <li>• By 2023, provide at least 1 hour energy and resource saving training for employees.</li> </ul>
Water	<ul style="list-style-type: none"> <li>• By 2023, provide at least 1 hour energy and resource saving training for employees.</li> </ul>

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### Sustainability Governance

The Board, as stewards of ESG management of the Group, is ultimately accountable for the performance of ESG-related issues through establishing goals and targets and reviewing the performance on an annual basis. The Board has the overall duty to lay out and manage the Group's ESG vision, objectives and strategy for the short-term, medium-term and long-term as well as identifying key ESG topics and issues to focus on that forms our holistic approach to sustainability governance.

Complying with the Corporate Governance Code and related listing rules of the Stock Exchange, we have appointed two new independent non-executive directors to strengthen the gender, age and ethnicity inclusion. The new appointments brought diversified expertise of risk management and knowledge from different industries to the Board, further enhancing our corporate governance and diversity practice. Under the Board's delegation, the Risk Management Committee is tasked to identify ESG-related risks, determine the appropriate risk profile of the Group, as well as report the results of ESG-related risks to the Board.

Supporting the Risk Management Committee is the ESG Working Committee, which shoulders the responsibility for establishing and executing the Group's ESG vision, priorities and strategy. The ESG Working Committee aims to monitor and review the Group's operations to ensure compliance with applicable laws and regulations as well as international standards. The ESG Working Committee is also responsible for reporting to the Risk Management Committee on ESG project budgets and performance progress on a regular basis. Chaired by the Group's Chief Financial Officer, the ESG Working Committee comprises senior management of key business units and divisions and meets annually to review the Group's ESG plans and strategic direction.



For further information about our corporate governance, please review the Corporate Governance Report in page 38 to 51 of the Annual Report.

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**Stakeholder Engagement**

SHK & Co. recognises the importance of interacting with stakeholders as a vital part of our business operation and corporate development. By understanding stakeholders' expectations and feedback on our sustainability approach, we are better equipped to prioritise sustainability-related topics, align our business practice, and ultimately formulate better sustainability-related decisions. To this end, we engage our internal and external stakeholders through multiple communication channels to establish open and trusted relationships.

**Key Stakeholder Groups****Engagement Channels**

<b>Shareholders/Investors</b>	<ul style="list-style-type: none"> <li>• General meetings</li> <li>• Press releases</li> <li>• Annual/interim reports</li> <li>• Sustainability reporting</li> <li>• Circulars and announcements</li> <li>• Investor meetings, roadshows and correspondences</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Business meetings</li> <li>• Conferences</li> <li>• Performance appraisal meetings</li> <li>• Departmental meetings and briefings</li> <li>• Surveys and comment boxes</li> <li>• Training and orientation programmes</li> <li>• Newsletters</li> <li>• Informal staff events</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Personal contact</li> <li>• Social media</li> <li>• Satisfaction survey</li> <li>• Meetings and correspondences</li> <li>• Circulars and internal memorandum</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Site visits</li> <li>• Meetings and correspondences</li> </ul>
<b>Community Groups</b>	<ul style="list-style-type: none"> <li>• Charity activities</li> <li>• Volunteering opportunities</li> <li>• Sponsored events and projects</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>• Interviews</li> <li>• Press releases</li> <li>• Meetings and correspondences</li> </ul>
<b>Government Bodies</b>	<ul style="list-style-type: none"> <li>• Site visits</li> <li>• Compliance reports</li> </ul>
<b>Banks</b>	<ul style="list-style-type: none"> <li>• Annual/interim reports</li> <li>• Meetings and correspondences</li> <li>• Compliance reports</li> </ul>



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## Materiality Assessment

The Board values stakeholders' concerns and views on the Group's sustainable development, thus, it shoulders the responsibility to evaluate, prioritise and manage material ESG-related issues. As stakeholders' concerns and views evolve over time, we commissioned an independent sustainability consultancy to conduct a formal stakeholder engagement exercise to understand ESG-related priorities and stakeholders' perceptions of the progress of our strategy 'Creating Sustained Value'. These perceptions will help us align our business practice, better utilise our resources to address these priorities, as well as guide the refinement of our strategy. Our material stakeholders were identified as the Board, management, shareholders/investors, employees, customers and community partners.

A three-step approach was adopted to assess the materiality of ESG issues:

### 1. Identification

Based on the previous year's materiality assessment, a total of 18 materials issues were identified. The set of material issues was determined through peer benchmarking, a discussion with senior management, consideration of the Group's corporate values and reference to Global Reporting Initiative Standards.

### 2. Prioritisation

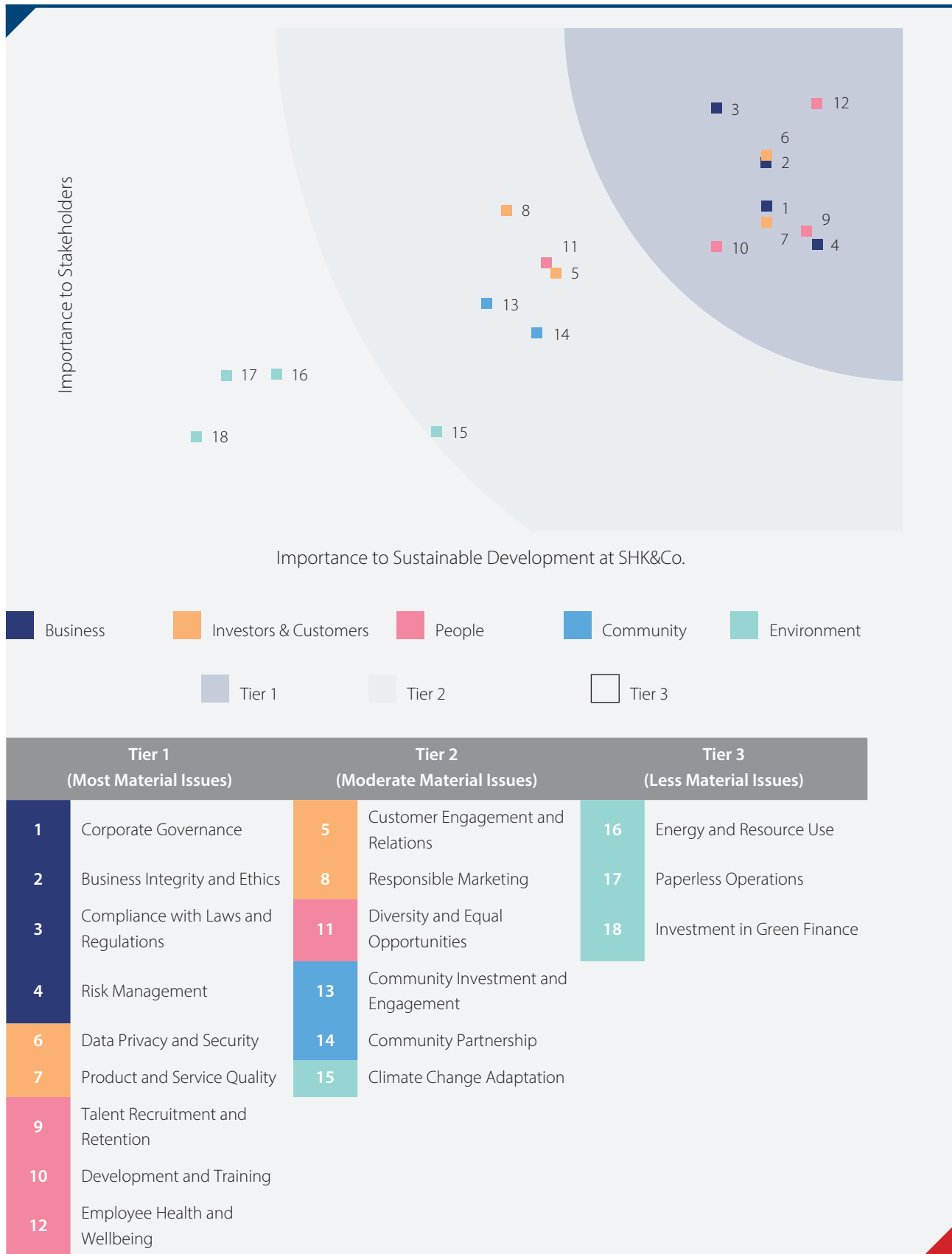
Feedback from material stakeholder groups was collected through the completion of an online survey ranking material ESG issues by their importance. 11 members of the Board and management were invited to rank the importance of material issues for the Group's sustainable development, whilst 303 other stakeholders, including shareholders/investors, employees, customers and community partners were surveyed to rank based on their preferences and perceptions.

### 3. Validation

The list of material topics and materiality assessment results were presented to senior management for validation. The validated list of sustainability topics is disclosed in this Report. The Board reviewed the material issues and the materiality matrix to ensure an unbiased and balanced view of our sustainability performance and stakeholder expectations.

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The following materiality matrix displays the relative importance of each ESG issue to the sustainable development of the Group. The ESG issues were subsequently grouped under three tiers of importance in the table below.



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## Business

Our long history of being a trusted and resilient financial institution is attributed to our sound governance body, responsive risk management control and ethical business culture. Through acting with integrity and aligning to the highest standard of ethics and compliance, we are committed to being a responsible business.

### Anti-Corruption

The Group has laid down the expectations of ethical behaviour for all employees that can be found in our Employee Handbook. Specifically, we do not tolerate any forms of bribery, extortion, fraud, or money laundering in our operation, and expect employees to refrain from requesting or accepting advantages while performing their duties. While a new anti-bribery and corruption policy will be put in place in 2022 pursuant to the revised Corporate Governance Code of the Listing Rules, training on upholding integrity and preventing misconduct is supplemented as part of the orientation process for new hires and is detailed in the conditions of employment to ensure the contents are clearly communicated and understood. The Group complies in full with applicable laws and regulations related to anti-corruption, including the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong).

Within UAF, anti-corruption practices are further safeguarded by the Anti-Bribery and Corruption Policy, and the Anti-Fraud Policy. The Anti-Bribery and Corruption Policy provides guidance on detecting and reporting suspected or actual breaches of bribery and corruption, while the Anti-Fraud policy seeks to inform employees of response protocols and methods to deal with and minimise the damage caused by any fraudulent attack.

As we commit to transparency, integrity, and accountability, we encourage employees to report on any alleged unlawful practices, improper financial or other reporting, or misconduct. As specified in the Whistle Blowing Policy, employees can report suspected non-compliance or misconduct to the relevant committee or department through designated channels without fear of reprisal. Upon receipt of the suspected case, extensive investigation measures, including obtaining relevant documents for examination, preparing an investigative report, and discussing with relevant departments deemed necessary to the investigative matter reported, shall be carried out. Shall any cases be confirmed as improper, appropriate disciplinary actions would be taken accordingly. All new staff is duly informed about this policy and it is made accessible through an electronic information sharing

platform. To maintain appropriateness to our business and regulatory compatibility, we periodically review and revise our Whistle Blowing Policy. During the Reporting Period, the Group has received no complaints or legal cases alleging any form of corruption.

We take initiatives to enhance employees' awareness and understanding of business ethics as well as to keep abreast of regulatory requirements. During the Reporting Period, SHK & Co. has organised the corruption and bribery prevention training for all employees to understand key financial guidelines to prevent malpractices from occurring and methods to report offences relating to corruption and bribery. The training was delivered by Compliance Asia, Asia's first and renowned independent compliance consulting firm, to over 70% of all staff at SHK & Co.. At UAF, 205 employees attended the anti-bribery training, while 95 management members and employees also attended an anti-corruption online webinar conducted by personnel of the Independent Commission Against Corruption (ICAC). All Hong Kong-based staff of UAF have attended an anti-bribery training session since 2020.

### Anti-Money Laundering

As a leading financial institution, we are committed to strict compliance with all applicable anti-money laundering laws and regulations to prevent the use of our products and services for money laundering and terrorist financing purposes. This commitment is embodied in our Prevention of Money Laundering and Terrorist Financing Guidance Manual (the "Group AML Guidance Manual"), which all our loan businesses in Hong Kong follow. The Group AML Guidance Manual highlights the methods to manage and mitigate risks when handling loan applications from individuals and businesses, and is designed in strict compliance with applicable laws and regulations. To understand and manage associated risks, we undertake extensive due diligence, risk assessment and verification of documents as part of the evaluation of new and existing clients.

Along with ongoing monitoring obligations, we also perform suspicious activity reporting and regularly review customers' information. Specifically, SHK Credit, our property loan segment, has developed robust monitoring protocols for the loan application process to facilitate early detection of fraudulent activities and continuous maintenance of high-quality services. These include the general operation workflow for mortgage loans and comprehensive guidelines covering our different mortgage loan products in which staff are expected to follow. To strengthen

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our regulations against anti-money laundering and malpractice, SHK & Co., SHK Credit and UAF have updated our Anti-Money Laundering and Counter-Terrorist Financing Policy, operational procedures and lending guidelines of different loan products, including unsecured personal loan and mortgage loan during the Reporting Period.

Equipping our employees with relevant financial crime knowledge enables them to recognise, prevent and detect financial crime to the extent possible. To this end, all relevant staff is required to complete mandatory Anti-Money Laundering and Counter-Terrorist Financing training. At UAF, Hong Kong staff also underwent various compliance trainings, including financial crimes, fraud awareness and sanctions, to keep abreast of the increasing global regulatory rigour and to understand core principles. During the Reporting Period, 128 employees of UAF completed 64 hours of anti-money laundering and counter-terrorist financing training while 205 employees of UAF completed 156 hours of anti-bribery training through our learning management system. At SHK & Co., we invited representatives from Compliance Asia to conduct anti-money laundering training for all employees and over 80% of employees have attended and satisfied related assessment requirements.

### Supply Chain Management

We work with a range of suppliers across the Group, spanning areas including but not limited to information technology, legal, marketing, agents, consultants and office equipment suppliers. Through taking a prudent approach, we generally select our suppliers based on pricing, reputation, track record of good practices and value-added services to the Group. At UAF, we also consider whether the supplier has any significant violation record or conflict of interest, whereby a site report and business performance report may be requested if appropriate. Once contracted, the performance of suppliers is then reviewed periodically by relevant departments. These basic requirements are in place to ensure they continue to meet the needs of the Group and guarantee the delivery of quality products and services. During the Reporting Period, we engaged with 673 suppliers from various countries including but not limited to Hong Kong, Mainland China, Singapore and the United States.

External debt collection agents support the functioning and ongoing service of our loan business segment, which consists of UAF and SHK Credit. As we pride ourselves on maintaining a strong market position through the sincerity of agents' services, we carefully select agents to be added to our Authorised Agents

list, based on performance, reputation, among other factors. During the selection process, Authorised Agents are also required to provide relevant certifications, qualifications and business performance reports to guarantee authenticity. Once contracted, Authorised Agents are required to understand the Group's ethical code and professional standard through the Authorised Agents Manual. It stipulates the procedures for general business ethics, know-your-customer, data privacy, and customer confidentiality. We also ensure our authorised agents operate with the highest ethical standards by adhering to relevant laws and regulations, upholding information data protection, as well as avoiding conduct that undermines the integrity and goodwill of UAF and SHK Credit.

The effectiveness and performance of our Authorised Agents are annually assessed to strive for continuous improvement of quality of service. Utilising the evaluation form, Authorised Agents are assessed on criteria including, but not limited to, service effectiveness, operational behaviour and data handling. We also value the feedback from customers and the public on the quality of service, and hence administer feedback surveys regularly.

To understand and manage associated risks in the supply chain, a comprehensive supplier risk assessment was developed during the Reporting Period. The risk assessment identifies potential environmental and social risks that may impact the Group, as well as the likelihood and severity of these risks. These environmental and social risks include but are not limited to financial, operational, information technology and cyber security risks.

To promote green products, we strive to procure office stationery and furniture from suppliers who are certified with relevant local and international environmental certification standards. In addition, for the past few years, we have been procuring Forest Stewardship Council ("FSC") paper where possible. In regard to promoting environmentally friendly technology, UAF actively procures through digital media agencies, in order to market products through electronic platforms rather than traditional marketing channels.

### Intellectual Property

Reviewed annually, the Employee Culture Guide and Handbook specifies the principles for respecting intellectual property rights for our clients and other third parties, including but not limited to trademarks, patents and copyrights. Employees are prohibited to privately use or allow outside parties to possess and exploit our intellectual property, unless permission has been obtained by

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copyright owners. To prevent potential infringement, necessary authorisation from the relevant department shall be sought before the use of any name, slogan or mark for any product, programme or service. Regular inspections of employees' computers are carried out by the Technology Department to ensure genuine software is installed. All our employees are obligated to keep trade secrets confidential and to protect the Group's other proprietary intellectual properties. By the end of this Reporting Period, the Group maintained 46 (2020: 46) registered trademarks in Hong Kong and Mainland China.

### Human Rights

The Group is committed to protecting fundamental human rights and exercising a zero-tolerance approach to the hiring of all forms of child and forced labour practice. As a control measure, all personnel are required to provide valid personal identification documents for verification purposes during the recruitment process, while background checks will also be carried out as necessary. In the unlikely event that false information is discovered, the Group will address the situation by closely following the necessary procedures in accordance with relevant laws and regulations. During the Reporting Period, the Group was not aware of any material non-compliance with relevant laws and regulations that have a significant impact on the Group relating to human rights and labour standards. The Group also did not receive any cases relating to child or forced labour.

### People

As a company focused on creating value, we believe that our employees are our greatest asset. We strive to create a flexible, inclusive and cooperative working environment where everyone can excel. The challenges of COVID-19 have demonstrated that providing attention and support for our employees is vital. We work to attract and reward our talents, safeguard their health and wellbeing, as well as equip them with essential skills to succeed within our organisation.

Governing our human resources practices is the Employee Culture Guide and Handbook, which documents guidelines and conditions of employment, recruitment and promotion, working conditions, benefits and remuneration, code of conduct, as well as training and development. This is regularly reviewed by the People & Culture department according to changes in Company policy or any legal requirements.

### Recognising and Rewarding Talent

For more than 50 years, the notion of trust has defined our working culture. We inspire trust through listening to our employees, understanding their needs, and creating approaches that enable flexibility in the workplace. SHK & Co. has been an innovator of flexible work culture and implemented the groundbreaking Unlimited Paid Leave approach in 2018, designed to empower employees to produce exceptional results through better control over their work-life balance. Supporting this flexible working arrangement is our robust intranet system, which enables our employees to remotely work and schedule flexible working hours. We believe these agile and flexible work choices allow our people to feel empowered and inspired.

*"With Unlimited Paid Leave, employees can apply for leave flexibly without worries. We believe that when given flexibility, employees will respond with deeper ownership of their work, feel empowered and strengthen trust with the organisation."*

**Ms. Samantha Che, Head of People & Culture of SHK & Co.**

The Group places major focus on recognising and rewarding our workforce. We offer highly competitive salaries that are reviewed annually to maintain our competitive advantage. To recognise our employees' hard work and contributions, we offer a variety of extra remuneration packages and additional benefits to help them grow personally and professionally. SHK & Co. was honoured to be named as a "Good MPF Employer" by the Mandatory Provident Fund Schemes Authority for over six years. This award recognised our achievements in providing exemplary employee benefits, such as providing better retirement protection. SHK & Co. also received the "Happy Company Award 2021" in recognition of the Company's continuous commitment in building a happy workplace culture and enhancing happiness-at-work level of employees.

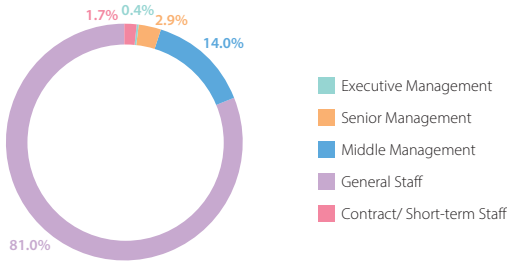
We build an engaged, motivated and productive workforce through various employment reward schemes. For example, SHK & Co.'s Incentive Program Policy rewards high-flying performers based on individual performance rating throughout the year. In SHK & Co. and UAF, a Long Service Award scheme is also adopted to reward individuals who have completed significant years of service. At SHK & Co., we also have an increasing top up MPF contributions from employer scheme in place for senior staff that are employed by the company for more than 5 years. During the Reporting Period, UAF continued to sign the "Good Employer



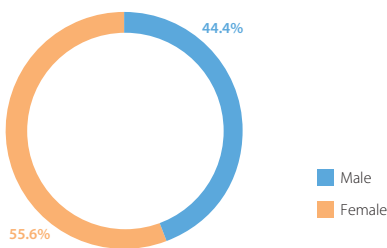
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Charter” organised by the Labour Department, recognising our outstanding human resource management. As of 31 December 2021, the Group employed 1,738 (2020: 2,219) employees.

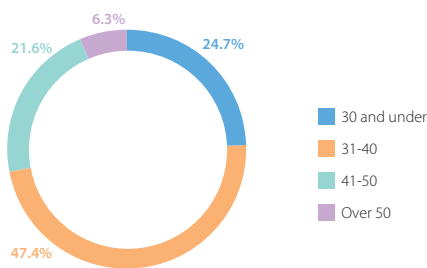
**By Employment Category**



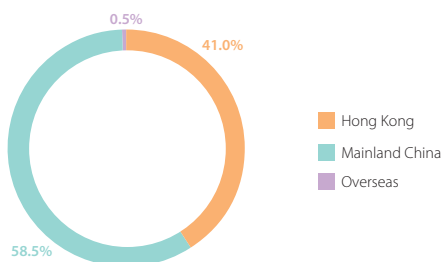
**By Gender**



**By Age Group**



**By Geographical Region**



**Health and Wellness**

We are committed to creating a safe and comfortable work environment that allows employees to thrive and succeed. To this end, we focus on responding to the health and safety challenges of COVID-19, supporting the physical and mental wellbeing of our employees and promoting a culture of safety.

**Managing COVID-19**

As the COVID-19 pandemic continues to pervade across the globe, we are dedicated to strengthening our workforce immunity and implementing long-term pandemic response and recovery mechanisms to help minimise disruption and enable business continuity. We take an active approach to safeguard the health of our employees by communicating the Group’s latest measures and advice regularly via email or internal notices, keeping employees informed of local and regional guidelines.

Since the outset of COVID-19, we have established a full range of good hygiene and sanitation measures, including but not limited to conducting body temperature screening, disinfecting frequently touched surfaces regularly and requiring wearing surgical masks. At the head office, our flexible work arrangement, efficient intranet system and VPN system provide the backbone to enable business continuation should we be required to adjust our arrangement to curb the spread of transmission in the future. In-person business meetings are kept to a minimum, and if occurring, we are mindful to maximise personal hygiene before, during and after the event.

To help resume our normal business and social activities and reach our goal of a 100% vaccinated office environment, we held a vaccination lucky draw for our employees at SHK & Co. and SHK Credit. With prizes amounted to over HK\$500,000 offered to our full-time staff, we endeavoured to contribute to the immunity of the Company and Hong Kong. As there was a sharp rebound in COVID-19 cases in the beginning of 2022, we also distributed COVID-19 testing kits as needed, including surgical masks and, sanitisers to our employees to encourage early detection and prevention.

To maintain our services for customers, we ensured to develop a business continuity plan for the UAF office and branches in the event of changing COVID-19 restrictions. This enabled us to mitigate and minimise the impact of any disruption to our operations through coordinated responses, ensuring a swift recovery and continuation of critical business departments. In addition, we established a decision-tree and checklist for different

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risk scenarios, which provided clear guidance for employees to determine the appropriateness for continuing with business-as-usual. As we continue to conduct in-person client interactions, it is necessary to equip all UAF branches with health and safety best practices, including practising 1.5 metre distance from each other at all times, offering masks to guests, and placing signs and posters to raise awareness of personal hygiene and safety. During the Reporting Period, UAF distributed 3,985 boxes of surgical masks and 606 pieces of hand sanitisers to its staff. The following table details additional key control measures that were practised across our operations.

*Key COVID-19 Control Measures**Head Offices and Branches (SHK & Co., SHK Credit and UAF)*

- Conduct body temperature screening for employees and guests
- Hand sanitisers are made accessible and replenished whenever necessary
- Frequently replenish supply of masks for all employees
- Frequent cleaning and disinfecting of meeting rooms and workplaces
- Restrict number of occupants in meeting rooms, and encourage use of digital forms of meeting instead
- Require mask wearing and perform hand hygiene for all guests before entering
- Clean and disinfect frequently touched surfaces, including reception counters and front door and back door handles every two hours
- Provide COVID-19 testing kits to our employees

*Head Offices and Branches (UAF)*

- Frequently replenish supply of masks for guests
- Require mask wearing for all employees at workplace
- Perform body temperature checks for all incoming employees and guests
- Provide digital thermometers, hand sanitisers, face shields and masks

**Wellness and Safety**

The Group has long supported people's wellbeing and a healthy work-life balance to create a positive environment and a dynamic place to work. We hosted several team building activities throughout the year, including a music jamming event, VR sports game, bowling and karaoke. Additionally, UAF organised 6 online wellness programmes to provide employees guidance in managing and balancing their work demands and mental health.

*UAF Online Wellness Programmes*

- Boost Your Immunity
- Dietary Management of Dyslipidemia
- Fitness and Conditioning: Chinese Medicine Health Cultivation
- Sleep Schedule: Sleep Tight in Chinese Medicine
- Prevention of Foot and Knee Pain
- Fit Office: Relaxation Exercise in the Workplace

To safeguard our employees, they are required to be familiarised with the location of fire alarms, fire-fighting equipment, fire escape routes and emergency response protocols. Apart from conducting fire drills annually in accordance with property management guidelines, safety equipment is accessible in the workplace including first-aid boxes, earmuffs and trolleys for heavy goods. In addition, to maintain good indoor air quality, smoking indoors is strictly prohibited. During the Reporting Period, the Group was not aware of any material non-compliance with relevant laws and regulations in relation to health and safety.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

Owing to the nature of our business, the exposure to high-risk occupational hazards that may cause serious physical injuries is unlikely in day-to-day operations. Regardless, employees are well aware of the safety precautions described in the Employee Handbook, which are in line with guidelines issued by the Labour Department. When a work-related injury or personal accident occurs during and outside office hours, employees are responsible to report to the People & Culture department. During this Reporting Period, 1 (2020: 2) case of workplace related accidents from out of office hours was reported, resulting in 0 (2020: 21) lost days. In addition, no work fatalities were reported for the past three years.

### Learning and Development

We are committed to investing in our employees at all stages of their careers to help them develop both in their existing roles and future careers. Our culture actively supports the continuous development of our employees by providing internal and external learning opportunities that align with their professional ambitions and goals. It is our mission to equip our staff with the vital skills to stay relevant in the changing world.

Orientation training for new hires is organised by the People & Culture department. They are briefed on our core values, business areas, company culture as well as employee benefits, and subsequently introduced to team members. We offered a wide spectrum of training courses including but not limited to technical knowledge courses such as digital technology and currencies, data analytics, and anti-corruption, as well as training on soft skills including leadership, strategic thinking and personal branding. At SHK & Co., we had a full month dedicated to learning where at least three "Lunch and Learn" events were hosted on a weekly basis, with a healthy lunch provided to staff members. Additionally, to encourage and cultivate a continuous learning culture, three employees were presented with a "Keen Learner" award.

At UAF, training programmes are delivered through a mixture of formats including our online learning management system, physical workshops and self-study guides to provide a flexible and convenient learning experience. To ensure that the programmes deliver value to our employees and our business, UAF employees are invited to provide feedback on their preferred training topics, which are taken into consideration when arranging future training programmes.

To nurture our talented workforce, we encourage employees to set professional objectives and goals on an annual basis, in which the People & Culture department will support through providing necessary resources. In addition, we designed a strategy that aids employees performing below standard with material and guidance by their superior to enhance their performance, efficiency and accuracy. We also rolled out a Learning and Development policy to sponsor the cost for performance-oriented development, licence required trainings and job required qualifications. At UAF, employees are entitled to pursue seminars, academic and job-related courses with subsidies under the Advanced Learning Allowance Policy. In addition, we improved the learning and development application and claim process from paper to online forms to contribute to the Group's sustainability mission.

Owing to our dedication in cultivating a high-performance culture, SHK & Co. and UAF Hong Kong were awarded the "Manpower Developer" from the Employees Retraining Board for three and ten consecutive years respectively. During the Reporting Period, the Group's frontline and supporting employees completed 16,401 hours of training.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

UAF is also committed to nurturing young talents and expanding their capabilities. Since 2014, UAF has continued to run a Graduate Trainee Programme that provides opportunities for local university graduates who aspire to pursue a career in the consumer finance industry to gain valuable knowledge, training and experience. We aim to help the Graduate Trainees develop an enthusiastic work attitude and offer their own intelligent insights to drive the growth of our business. During the Reporting Period, there were a maximum of seven Graduate Trainees enrolled on the programme at any given time, where one trainee had accepted an offer of employment and one participant had graduated from the scheme.

	Percentage of Employees Trained	Average Training Hours (hours/employee)
<b>Total</b>	97.35	9.44
<b>Gender</b>		
Male	97.80	11.66
Female	97.00	7.67
<b>Employment Category</b>		
Executive Management	100.00	9.19
Senior Management	76.00	3.00
Middle Management	97.12	17.30
General Staff	98.15	8.38
Others	96.67	6.12

### Diversity and Inclusion

The Group values a diverse workforce as it enables us to attract the best people, access a greater range of talents, and build more cohesive teams to produce impactful results for our stakeholders. We pride ourselves in being an equal opportunity employer that assesses candidates based on competency and performance. We strictly prohibit any form of discrimination of employees and job candidates based on gender, race, colour, nationality, religion, sexual orientation, disability, military service or marital status and other statuses protected by local laws. Such commitment is reflected in the talent acquisition process, where we communicate our diversity and inclusion clause in all job postings, assemble a diverse candidate selection pool and enable the candidate to be evaluated by a diverse interviewing panel. To foster equal opportunities, UAF hires ethnic minorities from a range of nationalities.

In recognition of our efforts to promote a diverse and inclusive workplace, UAF was awarded the "Equal Opportunity Employer Recognition Scheme — Racial Equality and Inclusion" by the Equal Opportunities Commission ("EOC"). During the reporting period, UAF also continues to pledge to the "Racial Diversity and Inclusion Charter for Employers" run by the EOC, demonstrating our commitment for diversity, equality and inclusion in the workplace.

### Investors and Customers

Our reputation of being a trustworthy, caring and professional services corporation is underpinned by our long history of creating meaningful value and developing excellent customer relationships. In our journey of creating life-long relationships, we are committed to acting in the best interest of our investors and customers to meet their expectations and foster exceptional results. To ensure that we deliver top notch services, we strive to protect our operational activities, continuously refine our engagement approach, as well as identify growth opportunities that create value for our investors and customers.

### Financial Protection and Inclusion

As a financial institution, we have an unwavering commitment to uphold financial protection and inclusivity for our clients. In this regard, we are dedicated to actively influencing policy development to maintain the stability of the money lending industry, as well as devise products and services that enhance financial accessibility for a variety of customers.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

UAF, a founding member and executive committee member of the HKSAR Licensed Money Lenders Association Limited (“LMLA”), led the drafting of the Code of Money Lending Practice (“Code”) for the money lending industry. The Code is a comprehensive framework of market practices and standards, developed based on the Hong Kong Monetary Authority’s guidelines to banks in Hong Kong. It details the guidelines and procedures on various aspects including customer relationships, know-your customer, anti-money laundering, credit evaluation, debt collection and recovery, as well as data privacy. Through practising the Code across the Group, we aim to strengthen consumer confidence and promote a corporate culture that treats customers fairly, so as to ensure their interests are being protected.

As an active contributor of the money-lending industry, UAF is also a member of several projects led by The Hong Kong Association of Banks (“HKAB”), including the special task force for the Multiple Credit Reference Agency, and more recently, the task force for the Alternative Payment Solutions (“APS”) for Property Transactions. The APS task force aims to facilitate short-term alternative payment solutions for property transactions to reduce settlement risks and enhance customer protection. Additionally, we enhance consumer education on sustainable debt and sound financial management by providing useful public resources on the LMLA website. Through engaging in public bodies and working groups, we hope to promote a stronger corporate culture and integrity among the financial community.

In pursuit of enhancing financial accessibility to vulnerable members of the community, we provided financial relief during the COVID-19 pandemic. In 2020, UAF joined the Interbank Debt Relief Plan, a framework agreement jointly formulated by HKAB, DTC Association and LMLA, which aims to alleviate financial difficulties of borrowers by offering debt relief plans. When qualifying for the Interbank Debt Relief Plan, customers are entitled to adjust their debt repayment plan and receive assistance to work towards financial stability and maintain a positive credit track record. During the Reporting Period, 82 cases from the Interbank Debt Relief Plan were successfully approved.

We constantly strive to develop products that better support our customers and financial needs. During the Reporting Period, UAF developed a personal loan service that enabled customers to apply for an additional loan that offered the same interest rate as the previous tax loan, which amounts up to 300% for flexible cash payment during tax season. At SHK Credit, we also launched the “Cash Ready in the Next Business Day for Second Mortgage” scheme during the Reporting Period, which enabled customers to receive approval of a mortgage loan within 24 hours. By lowering the barrier to entry and providing a variety of options, we deliver better outcomes for our evolving customer needs.

### Sustainable Investment

Recognising that financial markets play a powerful role in furthering the sustainable agenda, we are dedicated to being part of the growing momentum of sustainable investing. To this end, we are committed to supporting enterprises making a positive contribution to the world, whilst also delivering the best possible risk-adjusted returns for our investors. In the past few years, SHK & Co. has invested in various next-generation technology projects covering diverse sectors and ESG focus areas including sustainable buildings, electric vehicles, energy management and digital learning.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

**SHK & Co.'s Sustainable Investments**

<b>Sustainable Buildings</b>	Parmaco, a leading Finnish education infrastructure platform that builds high-quality wooden modular buildings, used by schools and day centres in Nordic countries. Through sourcing renewable wood, using low-emitting materials in production and reusing materials where possible, the greenhouse gas emissions produced during the building life cycle are 54% lower than that of traditional concrete framed schools.
<b>Electric Vehicles</b>	An electric vehicle manufacturer that is committed to producing emissions-free vehicles with more sustainable raw materials and decarbonising their business operations. Through this investment, we aim to be an advocate for electric vehicles that could lower the world's usage of finite fossil fuels and reduce greenhouse gases emissions.
<b>Energy Management</b>	A technology solutions provider that focusses on creating sustainable clean energy for all. The firm works with utility companies to accelerate progress towards decarbonisation goals and customers to enable more efficient energy consumption, which reduces overall emissions.
<b>Digital Teaching &amp; Learning</b>	A digital teaching and learning platform provider that aims to digitise the education process through intuitive, personalised tools and software to engage students with their studies. The integrated online platform helps create engaging, impactful experiences for students and teachers.
<b>NewGlobe Education</b>	To help provide the best quality of education in frontier markets, NewGlobe has developed an innovative cloud-based technology platform to facilitate teaching and learning. The platform builds strong technology-powered education systems and has transformed learning outcomes where the reading fluency of students has been accelerated to 70%.

In the rapidly evolving field of sustainable investing, we also strive to educate and inform our investors of the latest trends and identify sustainable investment opportunities and risks for their portfolios. We shared our expertise together with other industry experts at a webinar discussing insights on regional ESG investing developments and the future of the ESG investment landscape. Being a responsible business, we are actively drafting our responsible investment policy to establish and integrate ESG considerations firmly within the investment decision-making processes and develop robust management guidelines to mobilise capital in a resilient and sustainable manner.

*"We don't box ourselves in specific ESG-labelled projects but take a broader view in next-generation technologies, because a lot of them are propellers and facilitators to ESG that provide us more opportunities in participating in the ecosystem of sustainable investments"*

**Ms. Elsy Li, Group Treasurer and Head of Corporate Development of SHK & Co.**

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

**Customer Service**

We aim to achieve service excellence by thoroughly understanding the needs of customers and surpassing their expectations. To this end, we are committed to serving our customers with the most professional, comprehensive and caring experience.

As a regular practice, UAF conducts a customer satisfaction survey to gather honest feedback on our service attitude, service quality and remediation solutions. Our goal is to enhance customer experience with a dedicated customer service hotline. Through assessing the survey results, we are better equipped to achieve our objective and make meaningful improvements. Our Customer Service Department ("CSD") is regularly trained to handle matters professionally, pragmatically and swiftly, as testified by the positive response rate of 97.42% during the Reporting Period. In total, 1,104 (2020: 1,980) existing customers have completed the survey for the evaluation of services from different frontline departments including Branch Operations, Electronic Credit Department, Phone Credit Centre, Overseas Workers Loan Department, Direct Sales Department and CSD during the Reporting Period.

We have consistent protocols and solutions for handling customer complaints, which are led by the CSD. We recognise that customer detriment may occur and undertake appropriate investigation procedures according to different levels of severity and by the seniority of handling officers to address the situation. When a complaint is received, the relevant staff will investigate each complaint, evaluate possible causes, provide a detailed response to the customer, and issue corrective actions if appropriate. For the continuous improvement of our services, complaints are appropriately filed and reviewed regularly. During the Reporting Period, we received 1 (2020: 2) complaint case in relation to products and services, whilst 11 (2020: 9) complaint cases in Hong Kong and 0 (2020: 4) complaint cases in Mainland China were reported relating to debt collections. The CSD and Debt Collection Unit has investigated and resolved every case diligently and thoroughly.

**Data Protection**

The Group is committed to safeguarding client confidentiality and technology assets. Through upholding professionalism regarding information protection, we strive to minimise the risks from our operations to provide customers with quality products and services.

**Data Privacy and Confidentiality**

It is every department's and employee's responsibility to protect customers' confidentiality and data privacy. In the Group's Privacy Policy, we identify the rationale for collecting personal information and detail how we responsibly collect, manage and store data. This policy abides by relevant laws and regulations, including the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) and Code of Practice on Consumer Credit Data. When providing service to clients, we ensure that personal data will only be collected for necessary purposes by lawful and fair means.

Both physical and electronic management measures have been established to protect personal data from unauthorised or accidental access, and processing or erasure. With many of our customers using our services online, we ensure the resilience and stability of our system through employing encryption technology to safeguard sensitive data transmission. Under the occasion where customer data is required for operational or marketing purposes, prior formal consent is guaranteed. This includes the issuance of Personal Data Collection Statement that communicates the purpose of collection, the personnel who will have access to the information, the rights to access, and other relevant information.

UAF and SHK Credit have established rigorous protocols that prohibit the extraction of any unauthorised electronic and hard copies of information from company computer networks, systems, programmes or databases. Guidance on the use and monitoring of portable storage devices are also implemented to maintain information privacy during the usage, storage, disposal and loss of data.

To further manage confidential information, UAF employees closely follow the Information Classification Policy. Depending on the risk level of the information, it ensures that only authorised personnel are able to view or access information. In addition, we educate our non-IT staff to prevent cyber security threats through e-learning courses including information security training. This training covered topics such as current challenges and emerging trends of information security, threats, vulnerabilities and impacts of security issues, and the control techniques to prevent their occurrence.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

**IT Resilience**

As the growth of IT developments and related threats accelerates, the Group continues to invest significantly into hardening of both its infrastructure and cyber security protection. We have developed our infrastructure with multiple backup features and resilience elements incorporated into its secured information repositories located offsite at managed data centres. We have also enhanced our cyber security protection through external audit and benchmarking against the industry standard of National Institute of Standards and Technology ("NIST") Cybersecurity Framework to ensure robust delivery of service and protection of data integrity and privacy.

The stability and resilience of our systems enable us to deliver efficient and high-quality services. To protect information from a wide range of threats and vulnerabilities and minimise business risks, UAF has established an Information Security Management System ("ISMS") in accordance with the ISO 27001 Information Security Management international standard. As part of the ISMS, the Information Security Policy outlines the minimum security requirements that all employees of UAF are expected to observe and follow. We ensure that employees abide by applicable information security statutory, contractual and user requirements, and adopt a continuous improvement approach to improve the effectiveness of ISMS.

**Responsible Marketing**

We are dedicated to performing responsible marketing practices to communicate updated and complete information to our investors and customers making financial decisions. To protect the risks and rights of individuals, all publicity and promotion materials are in strict compliance with the Guidelines on Additional Licencing Conditions of Money Lenders Licence, as well as the Trade Description Ordinance (Cap. 362 of the Laws of Hong Kong). In addition to including a telephone hotline for customers to report on illegal publicity, we ensure that risk warning statements are incorporated in all advertisement materials relating to our money lending business. This is displayed in a clear, consistent and understandable manner to ensure that individuals understand the terms and conditions and can make informed decisions based on accurate and reliable information. Within digital marketing strategies, we ensure to balance optimising business traffic and communicating credible and relevant information.

The Group prohibits false or misleading information that may deceive or mislead customers in the purchasing of financial products. To strengthen the resilience of customers, UAF has made available on its website a series of guidance documents regarding money lending scandals.

**Money Lending Scam Guidance Documents**

- Beware of Money Lending Scams leaflet
- Note to Intending Borrowers
- Financial Health leaflet

**Community**

At SHK & Co., we leverage our influence and resources to build greater resilience and more sustainable livelihoods within the communities we operate. The Sun Hung Kai & Co. Foundation (the "Foundation"), sponsored by the Company, was established as a significant platform for the Group, business associates and partners to serve and strengthen our communities in need. Among the initiatives we support are programmes that assist economically disadvantaged families, nurture future leaders and empower youths to thrive through sport. This year, we have strengthened our community efforts after being curtailed last year due to social distancing restrictions. Since the establishment of the Foundation in 2015, the Group has donated more than HK\$50 million in ESG initiatives through the Foundation, whilst UAF has contributed more than HK\$5.8 million since 2020 to promote community wellbeing.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

Helping People Grow

At the core, the Group believes that we can help individuals, businesses and communities from all walks of life. From assisting individuals through financial solutions to providing investment capital for new and emerging businesses, we endeavour to build their growth aspirations and hence are bound by the commitment of 'Helping People Grow'. We extend this philosophy to seek effective change in the community through active engagement and investing in meaningful initiatives. Through this approach, we strive to understand and respond to the needs of the communities that surround us.

<p><b>Consumer Finance (UAF)</b></p>	<p><b>Private Credit</b></p>	<p><b>Mortgage Loans (Sun Hung Kai Credit)</b></p>	<p><b>Funds Management (Sun Hung Kai Capital Partners)</b></p>
<p>Helping provide access to credit for people and SMEs unserved by traditional lenders achieve their goals through personal loans.</p>	<p>Helping larger corporates and entrepreneurs build their business by providing them tailored funding solutions.</p>	<p>Providing buyers with greater purchasing power to buy the home they want and property owners to draw extra money for their needs through mortgage loans.</p>	<p>Helping boutique fund managers to nurture their funds and build their businesses by providing seed capital and infrastructure.</p>

Owing to our dedicated contributions to creating a more inclusive society, SHK & Co. has been named "Caring Company" for the 6th consecutive year, and UAF for the 17th consecutive year. The Company also received "The Asset ESG Corporate Awards" in 2021 for the 9th consecutive year, for excellent performance in sustainability.

Caring the Underprivileged

During the Reporting Period, the Group has formed a new partnership with Crossroads Foundation to create a "Trail of

World Need", aimed at inspiring and empowering families to engage with world issues. The Trail of World Need is a series of immersive, interactive exhibits situated along Crossroads' Tuen Mun campus. The exhibits aim to enlighten participants on a range of important development issues. Bilingual, family-friendly formats ensure family members of all ages across Hong Kong can discover their role in a world of need. As part of the inauguration of this new partnership, we called upon our employees and their families to take part in a family day of experiential simulation and volunteering at Crossroads Village. They helped pack donated





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

goods, such as stationery and shoes, to be ready to distribute to vulnerable families all over the world. In addition, participants experienced a blind simulation, where they learned to navigate through rural fields, village homes and street markets without sight. This enabled participants to gain a deeper experience of the life of the blind or visually impaired. As part of this day, the Foundation donated HK\$1 million to help support the "Trail of World Need" showcase on Crossroads' site, and to contribute towards Crossroads' Computer Refurbishment Programme. This programme equips underprivileged children with access to 600 refurbished computers for online learning, especially during the COVID-19 pandemic.

*"This family volunteer day marks our ongoing commitment to partnering with Crossroads. We strive to go beyond financial donations; and inspire our own children to work shoulder-to-shoulder to make a real difference in society."*

**Mr. Seng Huang Lee, Group Executive Chairman of SHK & Co.**

The festive seasons bring warmth, happiness and joy, and we endeavour to share the spirit with the less fortunate. Organised by Seeds of Art Charity, volunteers from SHK & Co. and SHK Credit came together to distribute goodie bags containing nutritious food and household essentials to the underprivileged, solitary residents and the vulnerable elderly in Fu Tai Estate at Tuen Mun for the Dragon Boat Festival.

### Power of Education

We are avid supporters of institutions that advance equitable access to quality education and promote lifelong opportunities for all. Established since 2018, the "Sun Hung Kai & Co. Foundation Fellowship Fund" continues to be the main sponsor of Harvard Business School's need-blind admission initiative to support exemplary MBA students in pursuing their dream and a better life. We believe that education is one of the best avenues to nurture future leaders as they seek to have a positive impact on the world.

To promote opportunities of quality education to the youth in Hong Kong, the Foundation is also a founding corporate sponsor of the Dalton School of Hong Kong, a non-profit dual-language and multicultural primary school that strives to cultivate global-minded learners and thinkers.





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**Supporting Thriving Youth through Sports**

Championing our core values of endurance, adaptability, and excellence, the Foundation established the Sun Hung Kai Scallywag Foundation to build a sailing legacy in Hong Kong. Since its establishment in 2019, the Sun Hung Kai Scallywag Foundation has partnered with Sailability Hong Kong to facilitate the accessibility of sailing by providing an inclusive platform that enables youth with disabilities and/or from disadvantaged backgrounds to pursue their sailing passion. Since then, the Foundation has inspired and supported 1,042 under-represented youth in Hong Kong with 147 days in water, comprising of free introductory sailing courses that include taster days and practical training.



In addition, during the school breaks in 2021, Sun Hung Kai Scallywag Foundation also organised several sailing camps for the public under its "One-for-One Charitable Scheme", where the children can learn sailing and self-sufficiency while obtaining their sailing certifications from the Hong Kong Sailing Federation. Money raised from each participant supports another underprivileged youth.



In 2021, we united the sailing community in Hong Kong through title sponsoring the "Sun Hung Kai & Co. Around the Island Race", one of the largest inshore events in Hong Kong, in partnership with the Royal Hong Kong Yacht Club. To further promote sailing to youth, we also supported the Open Dinghy Regatta held by Hebe Haven Yacht Club.

With international sailing competitions back at full force, the Sun Hung Kai Scallywag race team sponsored by the Company successfully won the line honours in SOLAS Big Boat Challenge and Australia Maxi Championship during the Reporting Period.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

**Membership and Associations**

Apart from our philanthropic activities, we continue to contribute to several professional associations, chambers and non-profit organisations to raise industry standards and exchange best practices. We hold positions and regularly participated in projects and committees in the following associations:

Position	Institution
<b>SHK &amp; Co.</b>	
<b>Committee Member</b>	The Listing Committee of The Stock Exchange of Hong Kong Limited
<b>Committee Member</b>	Chamber of Hong Kong Listed Companies
<b>UAF</b>	
<b>Founding Member, Chairman, Executive Committee Member and Secretary</b>	The HKSAR Licensed Money Association
<b>Honourable Chairman</b>	Taiwan University Alumnus Association
<b>Honourable Chairman</b>	Taiwan Business Association (Hong Kong) Limited
<b>Vice Chairman</b>	Yunnan Province Microcredit Association
<b>Executive Director</b>	Tianjin Association of Microcredit
<b>Director</b>	HK and Macau Taiwanese Charity Fund Limited
<b>Director</b>	Shenzhen Microfinance Industry Association
<b>Director</b>	Liaoning Microcredit Company Association
<b>Director</b>	Dalian Association of Microcredit
<b>Director</b>	Heilongjiang Microcredit Company Association
<b>Director</b>	Nanning Microcredit Industry Association
<b>Director</b>	Guangxi Microcredit Company Association
<b>Trustee Member</b>	New Asia College, The Chinese University of Hong Kong
<b>Committee Member</b>	Committee on Student Exchange Programme with Universities in Japan, New Asia College, The Chinese University of Hong Kong

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## UAF

<b>Member</b>	Advisory Board, College of Management, National Chung Cheng University, Taiwan
<b>Member</b>	Chongqing Microcredit Association
<b>Member</b>	Chongqing Association of Enterprises with Foreign Investment
<b>Member</b>	Sichuan Association of Microcredit
<b>Member</b>	Chengdu Microfinance Association
<b>Member</b>	Beijing Microfinance Industry Association
<b>Member</b>	Wuhan Association of Microfinance
<b>Member</b>	Hubei Microcredit Company Association
<b>Member</b>	Shanghai Association of Micro-Credit
<b>Member</b>	The Chamber of Commerce of Beicai Town, Pudong, Shanghai
<b>Member</b>	Qingdao Microcredit Cooperation Development Association
<b>Member</b>	Shandong Microcredit Association
<b>Member</b>	Jinan Folk Financing and Micro-credit Association
<b>Member</b>	Shenzhen Internet Finance Association
<b>Member</b>	Liaoning Area Financing Guarantee Association

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

## Environment

We operate in a way that respects nature as we recognise that every decision we make, and choices enacted, can influence the future of the planet. With the Group's overarching Sustainability Policy in place, we are committed to minimising environmental impacts, reducing emission and waste, improving energy efficiency, managing paper usage and recycling, and raising environmental education and awareness. We continually seek to adopt new technologies, best practices and industry standards as they develop to better manage our environmental footprint. As a result of our substantial efforts to embrace a green office culture, this Reporting Period we achieved the World Green Organisation's "Green Office Awards Labelling Scheme". During the Reporting Period, there were no cases of non-compliance in relation to environmental practices that have a significant impact on the Group.

### Environmental Stewardship

The Group is dedicated to the responsible stewardship of its resources by minimising our paper usage, improving energy efficiency, as well as managing water and waste consumption.

### Paperless Operations

Transitioning to a paperless operation has been an ongoing priority for the Group. We believe that digitising our operations not only reduces our reliance on traditional paperwork, but also enables us to pursue opportunities in efficiency and flexibility. At SHK & Co. head office, an employee self-service system is utilised to allow employees to complete administration forms such as reimbursements and leave notice online. In substitute of paper, electronic and digital mediums are extensively used for the submission of invoices and bills for vendors and suppliers. We work to centralise our printers through limiting and reducing personal printers for different departments, where possible. If paper is needed, double-sided or duplex printing are set as the default option, while FSC paper is used when applicable, such as for our annual reports, name cards and copying paper.

Our digital platforms and systems are central in helping us promote workflow optimisation and reduce paper usage. To maximise operational workforce and encourage a digital culture, at UAF, electronic platforms help facilitate effective internal communications between staff at the head office and the extensive branch network. Additionally, vital documents such as company internal circulars, employee handbook, relevant company policies as well as lending guidelines are made easily accessible electronically. To minimise paper usage in the People & Culture department, we adopted a human resources information system that enables processing of leave applications, staff performance review and management of employee profiles to be all controlled digitally.

Training courses are also made available online for all UAF Hong Kong employees since the establishment of the learning management system in 2020. This platform enables employees to complete the entire training process on one platform, including enrolment, attendance, examination, evaluation as well as the issuing of certification. At UAF and SHK Credit, we currently adopt an online document management system for the efficient storing, retrieving and management of documents to help run our operations. As a result of our ample efforts and arrangement to reduce paper usage, we reduced approximately 5% of paper consumption during this Reporting Period, compared to the previous Reporting Period.

Over the years, we have enhanced our digital capabilities to enable customers to interact with us electronically as far as possible. In 2020, UAF launched the innovative app "YES UA", which is the first app by a financing company in Hong Kong that offers authentication to all Hong Kong identity cards, thus providing customers the ability to experience the entire loan process from application to cash transfer entirely on their digital devices. In addition, the "No Show" Personal Loan service enables customers to make loan application requests directly through telephone without providing physical paper documents for approval. At the end of the Reporting Period, we had approximately 47% of approved customers making loan originations through electronic channels.

Resource Type	Unit	2019	2020	2021
Paper Consumption	pages	17,719,121.00	16,155,159.00	15,343,986.00
Paper Intensity per Customer <sup>1</sup>	pages/customer	83.00	78.63	79.78

<sup>1</sup> Only covers consumption within head offices and branches of UAF and SHK Credit.

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**Energy Efficiency**

With energy being the largest contributor to our operational carbon footprint, ensuring we manage energy consumption and adopting energy efficiency systems are vital for the long-term sustainability and resilience of the business. Across the Group, petroleum usage for company vehicles and electricity consumed for powering the offices and branches remain the two primary energy sources. Electricity consumption from the UAF branch network in Hong Kong and Mainland China accounts for the majority of the Group's electricity usage. During this Reporting Period, there was a decrease of electricity consumption by approximately 8%, compared to the previous Reporting Period.

The head office is situated in a Final Platinum certified building under Hong Kong's BEAM Plus Existing Buildings Certification (Commercial Building), which achieved several criteria assessments such as good energy performance. In addition to extensively utilising power-saving functions for computer screens, we also employ clear light zoning diagrams to improve lighting control and energy performance. At UAF Hong Kong, we have been strategically switching off external lighting that may affect the outdoor environment, including advertisements and shop signage after midnight. For this reason, since 2016, UAF in Hong

Kong has been awarded the "Gold Award" from the "Charter on External Lighting" launched by the Environment Bureau. The Group strives to improve our energy performance through retrofitting energy efficiency systems. During the upcoming renovation of UAF Hong Kong offices, we are considering installing various lighting saving and control strategies, including lighting zoning, motion detector light bulbs and LED light bulbs.

During the Reporting Period, we performed various energy saving practices aimed to improve our energy performance.

*Energy Saving Practices*

- Use only LED, T5 or compact fluorescent lamp with energy labels (i.e. EMSD's Grade 1 and 2 or equivalent)
- Affix on/off switch stickers on lighting buttons
- Turn off lights when not in use or after office hours
- Regularly maintain electrical appliances such as lamps, computers, water dispensers, fridges and fans to ensure efficiency
- Adopt refrigerating appliances and servers with energy labels
- Utilise multi-functional devices that incorporate printing, scanning, photocopy and fax

Resource Type	Unit	2019	2020	2021
Electricity Usage	kWh	3,767,731.00	3,484,276.98	3,198,216.87
Petroleum Usage	L	N/A	35,271.71	35,887.54

**Water Consumption**

Recognising the availability of clean water is an ongoing global concern, we strive to use freshwater resources wisely while performing sound water management practices. At our Hong Kong office, water is consumed through the municipal water supply and we did not encounter any issues in sourcing water during the Reporting Period. Although our operations are not water-intensive, we performed various measures to optimise water usage. To improve water efficiency, designated washroom taps are controlled by electronic sensor fixtures. We also conduct periodic inspections and maintenance on the water supply systems to prevent wastage due to water leakage. For our external water sources including water dispensers and water in pots and plants, we ensure to clean out pots, cups and plants regularly to avoid water stagnation. Our employees are also reminded to consume water in a conscious manner through relevant reminders displayed in pantries and washrooms. Due to our water conservation practices, we observed a decrease in water consumption by approximately 11%, compared to the previous Reporting Period.

Resource Type	Unit	2019	2020	2021
Water Usage	Cubic metre	6,852.00	5,555.72	4,960.40



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

**Waste Management**

The Group is committed to reusing and recycling the waste as much as possible to divert useful resources from landfills. The major types of non-hazardous waste generated by our offices are paper, cardboard, office furniture and equipment, as well as domestic waste. To this end, we installed designated recycling bins to collect relevant waste, as well as several designated collection areas to receive waste containing confidential information.

At the head office, we strive to extend the lifespan of office furniture, computers and electrical and electronic equipment by using it to its maximum capacity. When its lifespan is exhausted, we donate furniture and equipment to designated organisations, or recycle through the Environmental Protection Department's authorised recyclers, when possible.

At the UAF office, we specifically practise segregation and recycling of toner, ink cartridges, plastic bottles and batteries. Due to ample efforts by our employees, we recycled 355 units of toners, 15.96 kg of plastic bottles, 6.68 kg of aluminium cans, as well as 505 bags of shredded paper. We aim to increase the number of waste collection points at the UAF offices to promote the recycling of waste. To ensure professional and responsible disposal of waste, waste is collected by external licensed collectors for further handling and disposal. Monthly records of waste are reported by external licensed collectors and internally monitored to keep track of usage amount.

**Climate Change**

Climate change is undoubtedly one of the greatest challenges faced by the world today, and the far-reaching risks that pose our people and operations are equally as crucial as our position to help combat the impact. To this end, the Group is committed to reducing our greenhouse gas ("GHG") emissions and adopting measures to prepare our operations and people to respond to climate-related risks.

**Emission Management**

The Group's GHG sources are mainly attributed to electricity consumption and the use of company vehicles from our offices and branches. Following the successful utilisation of video conferencing and online collaboration platforms for meetings in 2020 as a response to the COVID-19 pandemic, we have continued using this technology, where feasible, to reduce the need for business travel. We also perform regular vehicle assessment and maintenance, as well as check fuel efficiency. To

reduce our reliance on fossil fuel powered vehicles, UAF Hong Kong is exploring the potential to adopt electrical vehicles in the coming years.

To accurately quantify and assess the Group's GHG emissions, the quantification methodology is calculated with reference to local guidelines and international standards, including the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purpose in Hong Kong), published by the Electrical and Mechanical Services Department and the Environmental Protection Departments, as well as the latest emission factors, with reference to the Baseline Emission Factors for Regional Power Grids in China published by the Department of Climate Change of National Development and Reform Commission.

**Adapting to Climate Change**

As extreme weather events are becoming more frequent and severe, preparing and adapting our people and operations to the effects of climate change is ever more important. Unpredictable extreme weather events may hinder our daily operations in terms of the ability of our staff to serve our customers and investors. As a result, we have established a series of emergency protocols for the office to handle such events, as outlined in the Employee Handbook, including procedures to approach typhoons and black rainstorms.

The risks associated with climate change can materialise directly and indirectly, including through our assets and stakeholders. We are aware of the potential challenges and risks of climate change and have started strengthening our governance structure in disclosing climate-related issues in reference to the Task Force on Climate-Related Financial Disclosures (TCFD). To this end, the Group has conducted a preliminary climate-related risk analysis according to the TCFD framework. During the self-assessment, we identified 14 climate-related physical and transition risks that are material to the Group's operations and concluded through further analysis that all physical and transition risks have a low risk level.

**Green Action**

We make every effort to utilise our influence to foster a culture that champions environmentally-friendly practices within our operations as well as the broader society.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

**Connecting Through Education**

In support of a circular economy, employees of SHK & Co. volunteered to create lanterns for the Mid-Autumn Festival using upcycled materials, along with intellectually disabled students and our partnering organiser HandsOn Hong Kong. Leveraging materials such as recycled paper, disposable chopsticks and leaves, the activity not only taught employees the ease of repurposing existing materials, but also raised awareness of the significance of waste in our everyday lives.



Building on our concerns of waste, SHK & Co. teamed up with Clean Up Hong Kong Trails to enable employees to participate in a hiking trail clean-up day. With 30 volunteers joining the clean-up day and 10 bags collected, we not only helped rid the trails of the increasing pollution and waste, but the activity illustrated the responsibility that humans possess to respect the environment through daily consumption habits.



*"It really is an eye opener to see how much trash is discarded on the trails in Hong Kong. It's sad that we sometimes don't respect our nature enough to keep it clean and tidy so that all people can enjoy it. I am very grateful to have the opportunity today with family and friends to make a real practical difference in cleaning up a trail, whilst enjoying the beautiful scenery."*

**Brendan McGraw, Group Chief Financial Officer of SHK & Co.**

We also strive to enhance the awareness of food consumption habits that are contributing to climate change. Co-organised with Green Monday, we held a Lunch and Learn event for SHK & Co. employees, which consisted of an informative session of environmentally conscious eating behaviour followed by a "Build Your Own Burger" workshop. Through the session, we aim to stimulate our employees to be more conscious of their eating habits and encourage them to seek alternative food choices.



**Supporting Environmental Causes**

Collaboration and partnering with organisations, NGOs and external programmes are imperative to drive meaningful change in the society. The Group takes a proactive stance toward supporting environmental causes we believe in and does this through the Foundation. Organised annually by the World Wide Fund for Nature, during the Reporting Period, we joined the global Earth Hour movement to empower millions of people to take a moment to reflect their commitment to protecting the planet. Through the Foundation, we also participated in various initiatives to mobilise environmental change, such as the Enough Plastic movement campaign in 2018, led by Eco Drive Hong Kong and Youth Energy Hong Kong that educated the public of the damaging effects of using single-use plastic. Moreover, we

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

supported the Great Barrier Reef Foundation in 2019 through funding projects that accelerate the protection and restoration of the Great Barrier Reef and coral reefs around the world. We endeavour to continue supporting initiatives and organisations that promote a sustainable future.

## Laws and Regulations

During the Reporting Year, the Group was not aware of any material non-compliance with any relevant laws and regulations that have a significant impact on the Group. The following table communicates all material laws and regulations that the Group adheres to.

### Business

- Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong)
- Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong)
- Trade Marks Ordinance (Cap. 559 of the Laws of Hong Kong)
- Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
- Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap. 615 of the Laws of Hong Kong)
- Competition Ordinance (Cap. 619 of the Laws of Hong Kong)
- Guiding Opinions of the China Banking Regulatory Commission
- Model Code for Securities Transactions by Directors of Listed Issuers
- Prevention and Suppression of Bribery in the Private Sector (Law No. 19/2009)
- Prevention and Suppression of Money Laundering Crimes (Law No. 2/2006)
- People's Bank of China on the Pilot Operation of Small Loan Companies
- Special Rectification Documents
  - Notice on Regulating and Rectifying the "Cash Loan" Business 《關於規範整頓“現金貸”業務的通知》
  - Notice on the Implementation Plan for the Special Rectification of the Risks of the Online Small Loan Business for Companies that Print and Distribute Small Loan (Online Loan Rectification Letter [2017] No. 56) 《關於印發小額貸款公司網絡小額貸款業務風險專項整治實施方案的通知》(網貸整治辦函[2017]56號)
  - Notice on the Special Rectification Work for the P2P Network Lending Risks (Online Loan Rectification Letter [2017] No. 57) 《關於做好P2P網絡借貸風險專項整治整改驗收工作的通知》(網貸整治辦函[2017]57號)

### People

- Employment Ordinance (Cap. 57 of the Laws of Hong Kong)
- Employment of Young Persons (Industry) Regulations (Cap. 57C of the Laws of Hong Kong)
- Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong)
- Occupational Retirement Schemes Ordinance (Cap. 426 of the Laws of Hong Kong)
- Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong)
- Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong)
- Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong)
- Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong)
- Family Status Discrimination Ordinance (Cap. 527 of the Laws of Hong Kong)
- Race Discrimination Ordinance (Cap. 602 of the Laws of Hong Kong)
- Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong)
- Labour Contract Law of the PRC
- Labour Relations Law (Law No. 7/2008)
- Regulation on Prohibition of Illegal Work (Regulation No. 17/2004)
- Law for the Employment of Non-resident Workers (Law No. 21/2009)

### Investors and Customers

- Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong)

### Environment

- Motor Vehicle Idling (Fixed Penalty) Ordinance (Cap. 611 of the Laws of Hong Kong)

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## Performance Data Table

Key Performance Indicators	Unit	2021			
		SHK & Co.	UAF	SHK Credit	Total
<b>Environmental</b>					
<b>Air and GHG Emissions</b>					
Nitrogen Oxide Emissions	kg	6.66	10.40	N/A	17.06
Sulphur Oxide Emissions	kg	0.27	0.26	N/A	0.53
Particulate Matter Emissions	kg	0.49	0.77	N/A	1.26
GHG Emission — Scope 1	tCO <sub>2</sub> -e	48.30	47.29	N/A	95.59
GHG Emission — Scope 2	tCO <sub>2</sub> -e	81.94	2,161.96	29.65	2,273.55
Total GHG Emissions (Scope 1 -2)	tCO <sub>2</sub> -e	130.24	2,209.25	29.65	2,369.14
GHG Emission Intensity by Revenue	tCO <sub>2</sub> -e/ HK\$' Million	N/A	N/A	N/A	0.55
GHG Emission Intensity by Workforce	tCO <sub>2</sub> -e/person	1.61	1.36	0.96	1.36
<b>Energy Use</b>					
Petroleum Usage	Litre	18,156.91	17,730.63	N/A	35,887.54
Electricity Usage	kWh	115,402.61	3,034,787.03	48,027.23	3,198,216.87
Total Energy Usage	MJ	1,025,158.44	11,520,627.82	172,898.02	12,718,684.28
Energy Usage Intensity by Revenue	MJ/HK\$' Million	N/A	N/A	N/A	2,941.42
Energy Usage Intensity by Workforce	MJ/person	12,656.28	7,085.26	5,577.36	7,318.00
<b>Water Use</b>					
Water Usage <sup>2</sup>	m <sup>3</sup>	N/A	4,960.40	N/A	4,960.40
Water Usage Intensity by Revenue	m <sup>3</sup> /HK\$' Million	N/A	N/A	N/A	1.15
Water Usage Intensity by Workforce	m <sup>3</sup> /person	N/A	3.05	N/A	2.85
<b>Waste</b>					
Paper Consumed	kg	1,164.15	68,987.85	1,252.77	71,404.77
Paper Consumed	pages	229,000.00	14,863,940.00	251,046.00	15,343,986.00
Paper Recycled	kg	1,715.00	N/A	890.00	2,605.00
Paper Recycled	bags	N/A	505.00	N/A	505.00
Paper Intensity per Employee	pages/ employee	2,827.16	9,141.41	8,098.26	8,828.53
Paper Intensity per Customer	pages/ customer	N/A	78.70	434.34	79.78
Office Furniture and Office Equipment for Recycling	pieces	N/A	648.00	N/A	648.00

<sup>2</sup> Limited to 22 branches in Hong Kong, and offices and branches in Beijing, Dalian, Fuzhou, Harbin, Nanning, Qingdao, Shenzhen and Yunnan in Mainland China.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

Key Performance Indicators	Unit	2021			
		SHK & Co.	UAF	SHK Credit	Total
<b>Social</b>					
<b>Workforce</b>					
Total Workforce	person	81	1,626	31	1,738
<b>Workforce By Gender</b>					
Male	person	43	709	19	771
Female	person	38	917	12	967
<b>Workforce by Age</b>					
≤30 Years Old	person	7	421	1	429
31–40 Years Old	person	30	780	13	823
41–50 Years Old	person	27	337	12	376
>50 Years Old	person	17	88	5	110
<b>Workforce by Employment Category</b>					
Executive Management	person	4	4	0	8
Senior Management	person	18	22	10	50
Middle Management	person	22	217	4	243
General Staff	person	37	1,353	17	1,407
Contract/Short-term Staff	person	0	30	0	30
<b>Workforce by Geographical Location</b>					
Hong Kong	person	72	609	31	712
Mainland China	person	0	1,017	0	1,017
Overseas	person	9	0	0	9
<b>Turnover Rate <sup>3</sup></b>					
Total Turnover Rate	%	16.55	44.94	7.14	43.37
<b>Turnover Rate by Gender</b>					
Male	%	20.93	56.56	5.26	53.31
Female	%	7.89	48.31	8.33	46.23
<b>Turnover Rate by Age</b>					
≤30 Years Old	%	14.29	86.94	0.00	85.55
31–40 Years Old	%	20.00	50.64	15.38	48.97
41–50 Years Old	%	14.81	19.58	0.00	18.62
>50 Years Old	%	5.88	19.32	0.00	16.36
<b>Turnover Rate by Geographical Region</b>					
Hong Kong	%	16.67	18.39	6.45	17.70
Mainland China	%	N/A	71.98 <sup>4</sup>	N/A	71.98
Overseas	%	0.00	N/A	N/A	0.00

<sup>3</sup> Number of permanent staff who left during the year divided by the average total number of staff employed by the Group over the same timeframe.

<sup>4</sup> High turnover rate was due to the reduction in the number of branches of UAF China.

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Key Performance Indicators	Unit	2021			Total
		SHK & Co.	UAF	SHK Credit	
<b>Social</b>					
<b>Percentage of Employees Trained</b>					
<b>Total Percentage of Employees Trained</b>	%	88.89	97.72	100.00	97.35
<b>Percentage of Employees Trained by Gender</b>					
<b>Male</b>	%	81.40	98.73	100.00	97.80
<b>Female</b>	%	97.37	96.95	100.00	97.00
<b>Percentage of Employees Trained by Employment Category</b>					
<b>Executive Management</b>	%	100.00	100.00	N/A	100.00
<b>Senior Management</b>	%	72.22	68.18	100.00	76.00
<b>Middle Management</b>	%	86.36	98.16	100.00	97.12
<b>General Staff</b>	%	97.30	98.15	100.00	98.15
<b>Contract/Short-term Staff</b>	%	N/A	96.67	N/A	96.67
<b>Average Training Hours<sup>5</sup></b>					
<b>Total Average Training Hours</b>	hours/person	3.19	9.85	4.00	9.44
<b>Average Training Hours by Gender</b>					
<b>Male</b>	hours/person	2.63	12.41	4.00	11.66
<b>Female</b>	hours/person	3.82	7.87	4.00	7.67
<b>Average Training Hours by Employment Category</b>					
<b>Executive Management</b>	hours/person	4.75	13.63	N/A	9.19
<b>Senior Management</b>	hours/person	3.33	2.27	4.00	3.00
<b>Middle Management</b>	hours/person	4.14	18.88	4.00	17.30
<b>General Staff</b>	hours/person	2.38	8.60	4.00	8.38
<b>Contract/Short-term Staff</b>	hours/person	N/A	6.12	N/A	6.12
<b>Work-Related Incident</b>					
<b>Work-Related Injury Rate</b>	per 1,000 employees	0.00	0.62	0.00	0.58
<b>Lost Days Due to Work-Related Injury</b>	no. of days	0	0	0	0
<b>Suppliers by Geographical Region</b>					
<b>Hong Kong</b>	number	81	110	58	249
<b>Mainland China</b>	number	0	405	0	405
<b>Others</b>	number	13	6	0	19

<sup>5</sup> Total training hours divided by the number of full-time employees as of 31 December 2021.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

## Stock Exchange ESG Reporting Guide Content Index

### Aspects, General Disclosures and KPIs

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
<b>Mandatory Disclosure Requirements</b>		
<b>Governance Structure</b>		
	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> <li>i) a disclosure of the board's oversight of ESG issues;</li> <li>ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and</li> <li>iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.</li> </ul>	<p>Approach to Sustainability — Sustainability Framework and Priorities, Sustainability Governance Stakeholder Engagement, Materiality Assessment</p>
<b>Reporting Principles</b>		
	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG Report:</p> <p>Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.</p> <p>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be discussed.</p> <p>Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>	<p>About This Report; Approach to Sustainability — Stakeholder Engagement, Materiality Assessment; Performance Data Table</p>
<b>Reporting Boundary</b>		
	<p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change</p>	<p>About This Report</p>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
<b>A. Environmental</b>		
<b>Aspect A1: Emissions</b>		
<b>General Disclosure</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environment — Environmental Stewardship, Climate Change, Green Action; Laws and Regulations
<b>KPI A1.1</b>	The types of emissions and respective emissions data.	Environment — Climate Change; Performance Data Table
<b>KPI A1.2</b>	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environment — Climate Change; Performance Data Table
<b>KPI A1.3</b>	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	The Group did not generate hazardous waste during the Reporting Period
<b>KPI A1.4</b>	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environment — Environmental Stewardship; Performance Data Table
<b>KPI A1.5</b>	Description of emissions target(s) set and steps taken to achieve them.	Approach to Sustainability — Sustainability Framework and Priorities
<b>KPI A1.6</b>	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Approach to Sustainability — Sustainability Framework and Priorities; Environment — Environmental Stewardship

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
<b>A. Environmental</b>		
<b>Aspect A2: Use of Resources</b>		
<b>General Disclosure</b>	Policies on the efficient use of resources, including energy, water and other raw materials.	Environment — Environmental Stewardship
<b>KPI A2.1</b>	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environment — Environmental Stewardship; Performance Data Table
<b>KPI A2.2</b>	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environment — Environmental Stewardship; Performance Data Table
<b>KPI A2.3</b>	Description of energy use efficiency target(s) set and steps taken to achieve them.	Approach to Sustainability — Sustainability Framework and Priorities
<b>KPI A2.4</b>	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Approach to Sustainability — Sustainability Framework and Priorities; Environment — Environmental Stewardship
<b>KPI A2.5</b>	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Packaging material is not applicable to the nature of our operations as a financial service company.
<b>Aspect A3: The Environment and Natural Resources</b>		
<b>General Disclosure</b>	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environment — Environmental Stewardship, Climate Change, Green Action
<b>KPI A3.1</b>	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment — Environmental Stewardship, Climate Change, Green Action
<b>Aspect A4: Climate Change</b>		
<b>General Disclosure</b>	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environment — Climate Change
<b>KPI A4.1</b>	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Environment — Climate Change

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
<b>B. Social</b>		
<b>Employment and Labour Practices</b>		
<b>Aspect B1: Employment</b>		
<b>General Disclosure</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	People — Recognising and Rewarding Talent, Health and Wellness, Learning and Development, Diversity and Inclusion; Laws and Regulations
<b>KPI B1.1</b>	Total workforce by gender, employment type, age group and geographical region	Performance Data Table
<b>KPI B1.2</b>	Employee turnover rate by gender, age group and geographical region.	Performance Data Table
<b>Aspect B2: Health and Safety</b>		
<b>General Disclosure</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	People — Health and Wellness; Laws and Regulations
<b>KPI B2.1</b>	Number and rate of work-related fatalities in each of the past three years including the reporting year.	People — Health and Wellness; Performance Data Table
<b>KPI B2.2</b>	Lost days due to work injury.	People — Health and Wellness; Performance Data Table
<b>KPI B2.3</b>	Description of occupational health and safety measures adopted, how they are implemented and monitored.	People — Health and Wellness
<b>Aspect B3: Development and Training</b>		
<b>General Disclosure</b>	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	People — Learning and Development
<b>KPI B3.1</b>	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	People — Learning and Development; Performance Data Table
<b>KPI B3.2</b>	The average training hours completed per employee by gender and employee category	People — Learning and Development; Performance Data Table

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
<b>B. Social</b>		
<b>Aspect B4: Labour Standards</b>		
<b>General Disclosure</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Business — Human Rights; Laws and Regulations
<b>KPI B4.1</b>	Description of measures to review employment practices to avoid child and forced labour.	Business — Human Rights
<b>KPI B4.2</b>	Description of steps taken to eliminate such practices when discovered.	Business — Human Rights
<b>Operating Practices</b>		
<b>Aspect B5: Supply Chain Management</b>		
<b>General Disclosure</b>	Policies on managing environmental and social risks of the supply chain.	Business — Supply Chain Management
<b>KPI B5.1</b>	Number of suppliers by geographical region.	Business — Supply Chain Management; Performance Data Table
<b>KPI B5.2</b>	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Business — Supply Chain Management
<b>KPI B5.3</b>	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Business — Supply Chain Management
<b>KPI B5.4</b>	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Business — Supply Chain Management
<b>Aspect B6: Product Responsibility</b>		
<b>General Disclosure</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Investors and Customers — Financial Protection and Inclusion, Sustainable Investment, Customer Service, Data Protection, Responsible Marketing; Laws and Regulations
<b>KPI B6.1</b>	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Due to the nature of our operations as a financial service company, we do not sell products that are recalled for safety and health reasons.
<b>KPI B6.2</b>	Number of products and service related complaints received and how they are dealt with.	Investors and Customers — Customer Service
<b>KPI B6.3</b>	Description of practices relating to observing and protecting intellectual property rights	Business — Intellectual Property
<b>KPI B6.4</b>	Description of quality assurance process and recall procedures.	Investors and Customers — Customer Service
<b>KPI B6.5</b>	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Investors and Customers — Data Protection

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
<b>B. Social</b>		
<b>Aspect B7: Anti-corruption</b>		
<b>General Disclosure</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Business — Anti-Corruption, Anti-Money Laundering; Laws and Regulations
<b>KPI B7.1</b>	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Business — Anti-Corruption
<b>KPI B7.2</b>	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Business — Anti-Corruption
<b>KPI B7.3</b>	Description of anti-corruption training provided to directors and staff.	Business — Anti-Corruption; Anti-Money Laundering
<b>Community</b>		
<b>Aspect B8: Community Investment</b>		
<b>General Disclosure</b>	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community — Helping People Grow
<b>KPI B8.1</b>	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community — Helping People Grow; Caring the Underprivileged, Power of Education, Supporting Thriving Youth through Sports, Membership and Associations
<b>KPI B8.2</b>	Resources contributed (e.g. money or time) to the focus area.	Community — Helping People Grow; Caring the Underprivileged, Power of Education, Supporting Thriving Youth through Sports, Membership and Associations