



ESG REPORT
2020

 **新鴻基有限公司**
SUN HUNG KAI & CO. LIMITED

Stock Code: 0086

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

About This Report

Sun Hung Kai & Co. Limited (stock code: 86) (the “Company” or “SHK&Co.”, together with its subsidiaries, the “Group”) is pleased to present its Environmental, Social and Governance (“ESG”) Report (the “Report”). It is prepared in accordance with the “comply or explain” provision of the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) set out in Appendix 27 of the Main Board Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), and covers the period from 1 January 2020 to 31 December 2020 (the “Reporting Period”), unless otherwise specified.

With more than 50 years of operation, SHK&Co. has established a leading presence in the financing and investment management business in Hong Kong and Mainland China. 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 (“Sun Hung Kai Credit”)

This Report sets out the ESG policies, initiatives and performances of the Group. All information has been compiled according to the data and information obtained within the Group. The Group’s internal control and formal review process are in place to ensure that all information is presented in an accurate and reliable manner. This Report has been reviewed and approved by the Board of Directors (the “Board”). The preparation of this Report strictly adheres to the reporting principles of “materiality”, “quantitative”, “balance” and “consistency”.

Materiality	This Report is structured based on the materiality of respective issues, resulting from 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 of SHK&Co., UAF and Sun Hung Kai 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 is prepared in accordance with the ESG Guide, as well as consistent methodology for the calculation of KPIs. For further details of the quantification methodology, please refer to “Environment” section.

Opinion and Feedback

We welcome feedback on the Report and our approach to sustainability. If you have any comments or suggestions, please share your views with us at:

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Awards and Recognitions

Award Name	Awarding Institution
SHK&Co.	
Listed Company Awards of Excellence (2018–2020)	Hong Kong Economic Journal
Listed Enterprises of the Year (2018–2020)	Bloomberg Businessweek/Chinese Edition
Manpower Developer Award (2018–2020)	Employees Retraining Board
Caring Company Award (2016–2021)	The Hong Kong Council of Social Service
Gold Award for Excellence in ESG (2013–2018, 2020)	The Asset
Good MPF Employer (2014–2020)	Manulife
UAF	
Best Performance of School-Company Partnership (2007–2020)	Young Entrepreneurs Development Council
Caring Company Award (2005–2021)	The Hong Kong Council of Social Service
Charter on External Lighting (2016–2021)	Environment Bureau
Drive for Corporate Citizenship & Volunteer Team (2017–2020)	Hong Kong Productivity Council
Family-Friendly Employers Award (2017–2020)	Family Council
Good Employer Charter (2018–2022)	Workplace Consultation Promotion Division of the Labour Department
Happy Company Award (2017–2020)	Happy Index Foundation
Manpower Developer Award (2012–2022)	Employees Retraining Board
Partner Employer Award (2016–2020)	The Hong Kong General Chamber of Small and Medium Business
Racial Diversity & Inclusion Charter for Employers (2020–2021)	Equal Opportunities Commission
Social Capital Builder (2016–2022)	Hong Kong Productivity Council
Volunteer Movement Participating Organisation (since 2016)	Social Welfare Department
WastewiSe Certificate (2016–2020)	Environmental Campaign Committee

For further information about the Group's awards and recognitions, please refer to our website www.shkco.com and www.uaf.com.hk.

Sustainability at SHK&Co.

As a responsible financial corporation, SHK&Co. is highly committed to addressing global sustainability challenges and using our influence to further advance the agenda of sustainable development. Our Sustainability Policy outlines the overall framework for managing ESG-related activities across the Group, including our vision and commitment, governance and framework, as well as methodology of reviewing ESG topics. In order to reflect the changes of the evolving market and better prepare for future risks, the Sustainability Policy is reviewed annually and enacted upon the approval of the Board.

Sustainability Vision and Commitment

Central to our ESG approach is our commitment to Creating Sustained Value for all our stakeholders, including shareholders and investors, employees and the broader environment and society. This vision reflects our belief that business development is inherently intertwined with delivering ESG value. As such, we strive to carry out business activities while creating a positive impact on the planet, as well as shaping a diverse and fair society for future generations to inhabit.

The Group focuses its efforts on five core areas of value creation: Business, Investors and Customers, Employees, Communities and the Environment. Along with its specific strategy, each core area corresponds to related United Nations Sustainable Development Goal(s) (“SDGs”). The SDGs are 17 overarching goals that provide an action plan for people, planet and prosperity. By embedding the SDGs into the core areas, the Group is committed to promoting universal sustainable development.



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Sustainability Governance

SHK&Co. attaches great importance to a robust governance structure in managing ESG performance. To pursue our vision, we have established a comprehensive management system across our business to govern sustainability risks and opportunities.

The Board retains the overall responsibility of stewarding the Group’s ESG management, through setting up ESG goals and targets and reviewing the ESG performance on an annual basis. To facilitate the decision-making process, the Risk Management Committee is delegated to identify ESG-related risks and determine the appropriate risk profile for the Group.

To provide additional oversight and direction, in this year’s review of the Sustainability Policy, the Board has approved the establishment of an ESG Working Committee under the Risk Management Committee. The ESG Working Committee is tasked to advise the Risk Management Committee by setting out the Group’s ESG vision, objectives and strategy. In addition to integrating and addressing ESG issues, the ESG Working Committee is responsible for monitoring and reviewing the Group’s operations to ensure compliance with relevant laws and regulations and international standards. Monitoring ESG project budgets and performance progress is also a responsibility of the ESG Working Committee and is reported to the Risk Management Committee regularly.



For further information about our corporate governance, please review the Corporate Governance Report and Annual Report.

Stakeholder Engagement

Stakeholder opinions are crucial for the continuous improvement of the Group's ESG performance. We strongly believe that stakeholder engagement is vital to understand the interest and expectations of our stakeholders, as well as to help us prioritise ESG topics that may ultimately serve the Company. To this end, we engaged with our stakeholders through multiple communication channels as summarised below.

Key Stakeholder Groups

Engagement Channels

Shareholders/Investors

- General meetings
- Press releases
- Annual/interim reports
- Circulars and announcements
- Meetings and correspondence

Employees

- Business meetings
- Conferences
- Performance appraisal meetings
- Departmental meetings and briefings
- Surveys and comment boxes
- Trainings and orientation programmes
- Newsletters
- Informal staff events

Customers

- Personal contact
- Social media
- Satisfaction survey
- Meetings and correspondence

Suppliers

- Site visits
- Meetings and correspondence

Community Groups

- Charity activities
- Volunteering opportunities
- Sponsored events and projects

Media

- Interviews
- Press releases
- Meetings and correspondence

Government Bodies

- Site visits

Banks

- Annual/interim reports
- Meetings and correspondence
- Compliance reports

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Materiality Assessment

To identify and prioritise material issues for the Group, an independent sustainability consultant was commissioned to conduct a formal stakeholder engagement exercise. We defined material stakeholder groups as those who we have frequent connections, significant financial and operational influence, and form a long-term and strategic relationship with the Group. After conducting a materiality screening, our material stakeholders are identified as: the Board, management, shareholders/investors, employees, customers and community partners.

The materiality assessment was conducted through the following stages:

1. Identification

Through industry peer benchmarking and a discussion held with senior management, a list of 18 material issues were identified. These material issues also took into account corporate values and made reference to the Global Reporting Initiatives Standards.

2. Prioritisation

Key stakeholder groups were invited to complete an online survey ranking material ESG issues by their perceived importance. Whilst 10 members of Board and management were asked to rank the importance of material issues towards the Group, 333 other stakeholders, consisting of shareholders/investors, employees, customers and community partners were surveyed to rank based on their preferences and perceptions. The survey received a total of 343 responses.

3. Validation

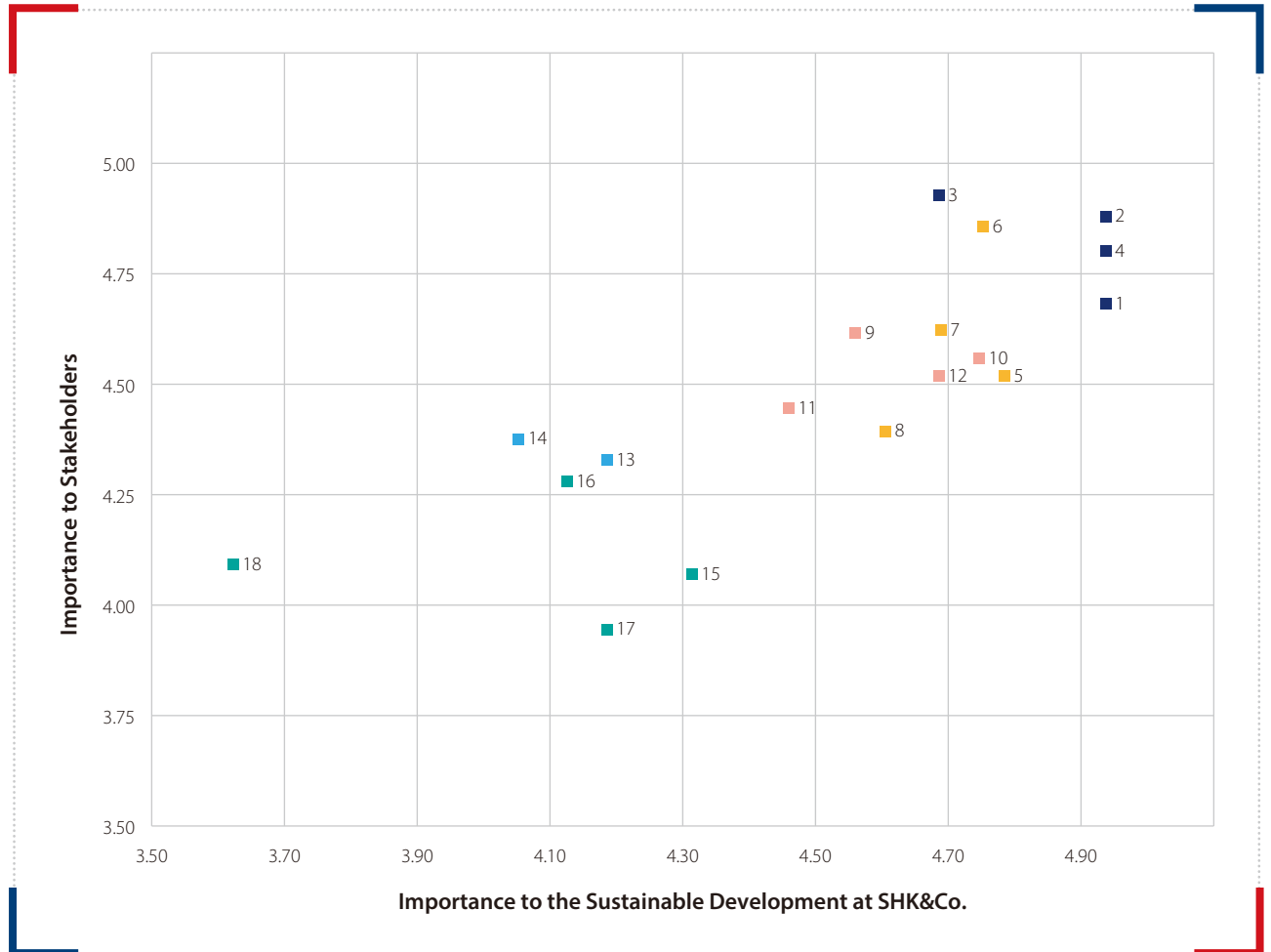
Once stakeholder input was analysed, the Group's senior management confirmed the list of material topics. The material aspect list was plotted in a matrix to illustrate the views of stakeholders against the sustainable development of SHK&Co.

4. Review

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 reflects the relative importance of each issue to the sustainable development of SHK&Co. against stakeholder views.



Value to our Business

- 1. Corporate Governance
- 2. Business Integrity and Ethics
- 3. Compliance with Laws and Regulations
- 4. Risk Management

Value to our Community

- 13. Community Investment and Engagement
- 14. Community Partnership

Value to our Investors and Customers

- 5. Customer Engagement and Relations
- 6. Data Privacy and Security
- 7. Product and Service Quality
- 8. Responsible Marketing

Value to the Environment

- 15. Climate Change Adaptation
- 16. Energy and Resource Use
- 17. Paperless Operations
- 18. Investment in Green Finance

Value to our People

- 9. Talent Recruitment and Retention
- 10. Development and Training
- 11. Diversity and Equal Opportunities
- 12. Employee Health and Wellbeing

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Business

The Group’s long-term success and sustainable growth is founded on its strong, responsive, and accountable governance body. We believe in acting with integrity and adhering to the highest standard of ethics and compliance to safeguard against relevant risks, while strengthening our business for operational excellence. Through sound management across our business, we aim to provide financial security to all.

Anti-Corruption

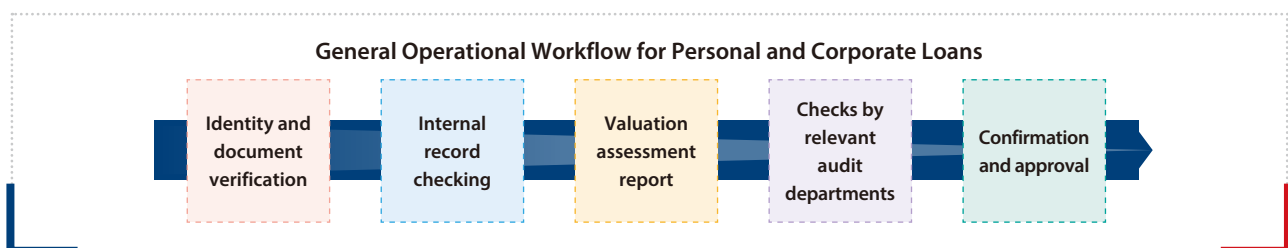
The Group understands it is vital to act with probity, accountability and transparency in order to achieve our long-term objectives. Through our Code of Conduct, we require our employees to understand their responsibilities and obligations with respect to their work duties. We maintain a zero tolerance attitude to soliciting or accepting advantages, as well as any form of bribery, extortion, fraud, or money laundering in our operations. This is included in the orientation training for new hires as well as the conditions of employment for all our employees. It is our policy to comply in full with applicable laws and regulations, including the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong).

Our Whistle Blowing Policy ensures that employees avoid engaging in any improper financial or other reporting, unlawful or improper practices, or wrongful conduct. Where a suspected non-compliance or misconduct is discovered, it shall be reported to the relevant committee or department through designated channels. All suspected cases are assessed with extensive investigative measures, including obtaining relevant documents for examination, preparing an investigative report, and discussing with relevant departments deemed necessary to the investigative matter reported. Shall the case be confirmed as improper, appropriate disciplinary actions would be taken accordingly. All new staff are 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 both our Code of Conduct and Whistle Blowing Policy. During the Reporting Period, the Group received no complaints or legal cases alleging any form of corruption.

To strengthen business ethics and to keep updated in relation to regulatory requirements, all relevant staff in Hong Kong are required to complete the Anti-Money Laundering and Counter-Terrorist Financing e-learning course. Also organised annually by the Group, training sessions are conducted for the Board members, senior management, all new hires and existing staff by invited representatives from the Independent Commission Against Corruption (ICAC) in Hong Kong. However, due to the coronavirus epidemic (“COVID-19”), we had to cancel in-person training this year and instead designed an e-learning course on Anti-Bribery. Through this course, staff enhanced their understanding on the Prevention of Bribery Ordinance and increased their awareness of the corruption risks businesses face. During the Reporting Period, 88 employees of UAF completed 44 hours of Anti-Money Laundering and Counter-Terrorist Financing training while 611 employees of UAF completed 305.5 hours of anti-bribery training through our learning management system.

Anti-Money Laundering

To actively fulfil our anti-money laundering responsibilities as a financial institution, all of our loan businesses in Hong Kong follow the Prevention of Money Laundering and Terrorist Financing Guidance Manual (the “Group AML Guidance Manual”). The Group AML Guidance Manual sets out the procedures to manage and mitigate risks when handling loan applications from individuals and businesses, and is designed in strict compliance with applicable laws and regulations. During the customer onboarding process, we perform comprehensive due diligence, risk assessment and verification of documents to safeguard the interests of the customers as well as our business. In addition to ongoing monitoring obligations, suspicious activity reporting and regular reviews of customer’s information are appropriately conducted. At Sun Hung Kai Credit, we place strict monitoring protocols for the loan application process to facilitate early detection of fraudulent activities and maintain high standards of service. We have developed a general operational workflow for mortgage loans in which all staff are expected to follow.



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Regular training and internal communications ensure that employees are informed of the latest regulatory developments and that ethical conduct is upheld. This year at Sun Hung Kai Credit, employees underwent compliance training on sanction to keep abreast of the increasing global regulatory rigor in enforcing these requirements. At UAF, all Hong Kong employees attended compliance training on sanctions in order to understand the core principles.

Intellectual Property

We respect intellectual property rights, including but not limited to trademarks, patents and copyrights. As stipulated in the Information Security Policy, employees shall not privately use or allow outside parties to possess and exploit intellectual property, unless permission has been obtained by copyright owners. Employees are required to notify the department head before the use of any name, slogan or mark for any product, program or service. To safeguard our own intellectual property, the Information Technology Department carries out a regular inspection of employees' computers, thus ensuring that genuine software is installed. By the end of this Reporting Period, the Group has 46 registered trademarks in Hong Kong and Mainland China.

Supply Chain Management

We work with a range of service providers across the Group, spanning areas including but not limited to information technology, legal, marketing, agents, consultants and office equipment suppliers. In general, suppliers are selected based on their pricing, reputation, track record of good practices and value-added service to the Group. As for UAF, we also consider whether they have 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 are then reviewed periodically by relevant departments. These basic requirements are in place to guarantee the delivery of quality products and services.

In regards to the sustainability risks present in the procurement practices, our suppliers do not pose significant environmental or social risks to the Group. However, we promote environmentally friendly technology in our supply chain. For example, UAF actively procures through digital media agencies, in order to market our products through electronic platforms rather than through traditional marketing channels. This is expected to grow alongside our pursuit of introducing more innovative products with advanced technology.

In our loan business segment which comprises UAF and Sun Hung Kai Credit, we appoint external debt collection agents to assist in the recovery of overdue debts. We pride ourselves on maintaining a strong market position through the sincerity of agents. To this end, agents are carefully selected based on performance and reputation, among other factors, and are added to our Authorised Agents list. To certify the authenticity of Authorised Agents, they are required to provide relevant certifications, qualifications and business performance reports. All Authorised Agents are obliged to follow the Authorised Agents Manual that details the procedures for general business ethics, know-your-customer, data privacy, and customer confidentiality. The Code of Conduct also extends to our agents, in which they are required to abide by relevant laws and regulations, uphold information data protection and avoid conduct that undermines the integrity and goodwill of UAF and Sun Hung Kai Credit.

For continuous improvement of quality of service, the performance of our Authorised Agents is annually assessed on the basis of several criteria, as stated in the evaluation form. Such criteria include, but are not limited to, service effectiveness, operational behaviour and data handling. In addition, surveys are regularly distributed to customers and the public in order to receive feedback on service quality. During the Reporting Period, we engaged with 68 Authorised Agents across various countries including Hong Kong, Mainland China, Philippines and Indonesia.

Labour Standards

The Group respects all basic human rights and forbids any forms of child or forced labour practice. During the recruitment process, we require all personnel to provide valid personal identification documents for verification purposes, while background checks will also be carried out whenever necessary. In the unlikely event that false information or a false identity is discovered, the Group will address the situation by closely following the necessary procedures in accordance with 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 labour standards. Additionally, no cases of child or forced labour were reported.

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Investors and Customers

SHK&Co. is dedicated to bringing value to our investors and customers through quality products and services. To achieve our vision of Creating Sustained Value requires that we engage in a meaningful way with customers and investors and ensure that their interests are being reflected and protected. We take pride in our long history of developing excellent customer relationships and value the reputation we have received of being a trustworthy, caring and professional financial service company. The Group will continue to develop robust procedures to meet stakeholders expectations and drive better results.

Client Protection

Protecting the general interest of our customers is our utmost priority. Hence, we are committed to incorporating industry best practices and influencing policy development to maintain the stability of the money lending industry as well as to safeguard our customers' rights.

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, collection and recovery and data privacy. Through practicing 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. Apart from the participation of the Code, UAF is also a member of a special task force for the Multiple Credit Reference Agency, a project led by The Hong Kong Association of Banks ("HKAB"). Additionally, we contribute to efforts that enhance consumer education, in order to raise awareness of issues caused by unsustainable debt and the importance of sound financial management.

In recognition of our customers who have been severely impacted by the repercussions of COVID-19, UAF has joined the Interbank Debt Relief Plan in 2020, a framework agreement jointly formulated by HKAB, The DTC Association and LMLA, which aims to alleviate the 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.

Data Privacy

It is our legal obligation to safeguard the interests of our stakeholders by maintaining high standards of data protection. The Group's Privacy Policy explains how we collect, manage and protect data, which closely follows the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) and Code of Practice on Consumer Credit Data. Compliance is not only the prime management objective, but also the direct responsibility of every staff member of the Group. To preserve the confidentiality of our customers, personal data will only be collected for necessary purposes by lawful and fair means. We implemented appropriate physical and electronic management measures to ensure that personal data is protected against unauthorised or accidental access, and processing or erasure. To further monitor the safety of our customers when using online services, encryption technology is employed for sensitive data transmission. If customer data is needed for operational or marketing purposes, we ensure that formal consent is provided. For instance, during the loan application process, customers are issued a 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.

The Code of Conduct in the Staff Handbook further outlines the Group's expectations on handling confidential information. The Group prohibits the extraction of any unauthorised electronic and hard copies of information from company computer networks, systems, programs or databases. In addition, appropriate controls to monitor the use of portable storage devices are also established to maintain information privacy, including strict control over usage, storage, disposal and loss of data.

At UAF, employees closely follow the Information Classification Policy, which provides mandatory guidelines for establishing, implementing, maintaining and continually improving information security management systems. To enhance cybersecurity awareness, e-learning courses on information security training were provided to non-IT staff, covering 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.

Responsible Marketing

We ensure that investors and customers are informed with complete product information to protect the risks and rights of individuals. The publicity and promotion of our materials is in 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). To uphold strict risk management, all advertisement materials relating to our money lending business include a telephone hotline for handling complaints and risk warning statements. This is displayed in a clear, consistent and understandable manner to ensure that individuals understand the terms and conditions and are able to make conscious financial decisions.

The Group prohibits any false or misleading information that deceive or mislead customers in the purchasing of financial products. To this end, we have implemented various measures to inform customers of lending scandals. At UAF, the Beware of Money Lending Scam leaflet is available on its website, which warns customers of the signs to look out for when communicating with a fraudster. Moreover, the Note to Intending Borrowers is available online and provides guidance and precautions about applying for loans.



Customer Service

The Group's quality customer service has helped us deliver long-term value for all stakeholders and maintain sound customer relations. We care about our customers and we serve them with the most professional, comprehensive and caring experience. To this end, we strive to recognise customer needs, enhance corporate brand connection and the overall customer experience.

UAF has conducted Customer Satisfaction Survey to enable honest feedback on a variety of our products and services. This enables us to assess the efficiency and accuracy of services and communications, as well as the ability to meet timelines and expectations. In this Reporting Period, 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 Customer Service Department.

Resources are also in place to address customer complaints, which are spearheaded by our dedicated Customer Service Department ("CSD"). CSD conducts a standard procedure to investigate and rectify situations appropriately and professionally. The procedures outline measures to handle complaints according to different levels of severity and by seniority of handling officers. All complaints are appropriately recorded and filed for follow-up and future references. Relevant staff are responsible for investigating each complaint, evaluating possible causes, providing detailed response to the customer, and issuing corrective actions if appropriate. To understand how we can enhance the customer experience, complaints are reviewed regularly and analysed for improvement. During the Reporting Period, two complaint cases were reported in relation to products and services whilst nine complaint cases in Hong Kong and four complaint cases in Mainland China were reported relating to debt collections. All cases have been resolved with due care by the CSD and Debt Collection Unit.

Customer Feedback Channels

- Customer service hotline
- Written letters, email or fax
- Consumer Council channel
- Media platforms
- In-person feedback at branches
- Authorised Agents

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Employees

As a financial service company, our employees are the most important asset to drive long-term development and sustainability of the Group. Hence, we are committed to creating a supportive working culture and investing in the development of our employees to demonstrate their fundamental role in growing and prospering with the Group. Our human resources practises are governed by the Employee Handbook, which documents guidelines and conditions of employment, recruitment and selection, working conditions, benefits and remuneration, code of conduct, as well as training and development. It is regularly reviewed according to any changes in the Company policy or any legal requirements.

Talent Recruitment and Retention

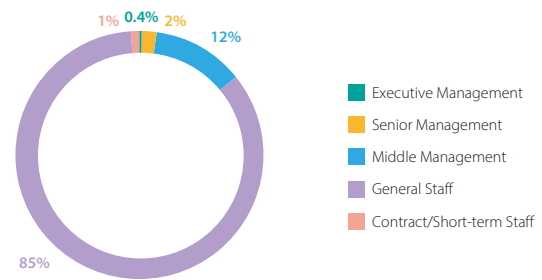
Since our founding, we have strived to uphold the values that underpin our growth. Trust is at the core of our interactions in the workplace as we believe that when given flexibility, employees will respond with a deeper ownership of their work. Established in 2018 in SHK&Co., the ground-breaking Unlimited Paid Leave approach has continued to empower employees to produce exceptional results through better control over their work-life balance. The head office also developed an intranet system that allowed employees to arrange flexible hours, work remotely, and remain productive during COVID-19 restrictions. Looking ahead, we aim to continue embracing modern working styles to foster employee engagement.

The Group attaches great importance to the recruitment and retention of our workforce. We offer highly competitive salaries, and are reviewed annually to maintain our competitive advantage. Moreover, staff are entitled to extra remuneration packages and additional benefits in recognition of their performance. Attributing to our exemplary employee benefits, SHK&Co. is honoured to be named as a “Good MPF Employer” by Manulife for over six years.

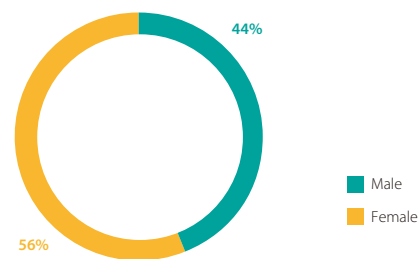
In order to foster an engaging and productive workforce, whilst valuing high-flying performers, the SHK&Co. head office continues to utilise the Incentive Program Policy. In UAF, a Long Service Award scheme is also adopted to reward individuals who completed significant years of service. During the Reporting Period, UAF continued to sign the “Good Employer Charter” organised by the Labour Department, recognising our outstanding human resource management. As of 31 December 2020, the Group employed 2,219 (2019: 2,318) employees.

Workforce Breakdown

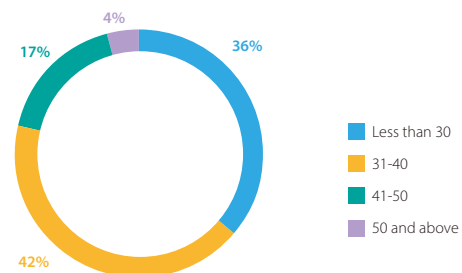
By Employment Category



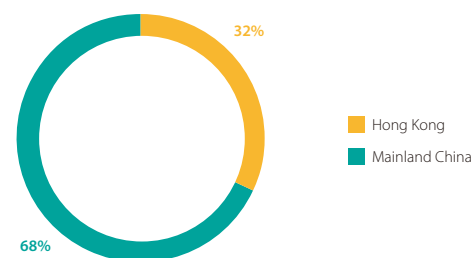
By Gender



By Age Group



By Geographical Region



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Diversity and Equal Opportunities

We believe a diverse talent pool enables us to create value to our stakeholders and makes SHK&Co. a great place to work. As an equal opportunity employer, we strictly prohibit any form of discrimination of employees and job candidates on the grounds of gender, race, colour, nationality, religion, sexual orientation, disability, military service or marital status and other status protected by law. Guided by the Employee Handbook, our approach to inclusion is addressed in the recruitment and selection of our candidates, where we incorporate a diversity and inclusion clause in all our job postings and assess candidates based on competency and performance. In addition, during the Reporting Period, UAF continued to pledge to “The Racial Diversity and Inclusion Charter for Employers,” run by the “Equal Opportunities Commission”, advocating our support for diversity, equality and inclusion in the workplace.

Development and Training

The development of our employees is our strategic priority as we want our employees to realise their potential. Our culture promotes lifelong self-development, encouraging employees to acquire professional knowledge outside the workplace to develop new skills and attain qualifications that will help with their career development.

All new employees are required to undergo orientation training organised by the Human Resources (“HR”) department to better comprehend our core values, business goals, as well as code of conduct. We provide a wide spectrum of internal and external training with some examples including anti-corruption, fraud awareness, data privacy and health and safety. To ensure that the programmes deliver value to our employees and our business,

UAF invited staff from different business functions to fill in the online training survey on their top preferences in topics annually. Each year, we also encourage employees to set their professional objectives and goals in which the HR department will provide the necessary support to meet these targets.

We are committed to foster a culture that supports continuous improvement and opportunities to grow. As a result, we created an approach designed to aid employees performing below standard with the materials and guidance by their superior to enhance their performance, efficiency and accuracy. To promote lifelong learning, UAF employees are entitled to pursue courses, seminars, diplomas, undergraduate and post-graduate courses outside of office hours with subsidies under the Advanced Learning Allowance Policy. Owing to our dedication in cultivating employee’s talent, SHK&Co. and UAF Hong Kong were awarded the “Manpower Developer” from the Employees Retraining Board for three and eight consecutive years respectively. During the Reporting Period, the Group’s frontline and supporting employees completed 17,787 hours (2019: 14,390 hours) of training.

Every year we attract bright minds and cultivate talented individuals through UAF’s tailor-made Graduate Trainee Programme (Branch Operations). In the programme, we offer 12 months of training, during which the graduate trainees will rotate through different business functions to have an all-rounded financing experience. In addition to gaining on the job training, the programme develops critical thinking and soft skills, which are necessary skill sets for trainees to fast-track to senior positions. Graduate trainees are also given opportunities to lead, organise and participate in various corporate community events.

Gender	Total Training Hours (hours)	Average Training Hours (hours/employee)
Female	8,276.20	6.65
Male	9,510.50	9.75
Employment Category	Total Training Hours (hours)	Average Training Hours (hours/employee)
Executive Management	26.00	4.33
Senior Management	123.50	3.09
Middle Management	2,540.75	9.89
General Staff	15,003.45	7.92
Contractor/ Short-term Staff	93.00	4.23

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Health and Wellbeing

Workplace Safety

The Group is committed to creating a safe and secure environment for all our employees. To this end, employees are required to be familiarised with the location of fire alarms, fire-fighting equipment, fire escape route and emergency response protocols. Fire drills are also conducted annually in accordance with property management guidelines. Safety equipment including first-aid boxes, earmuffs and trolleys for heavy goods is accessible in the workplace. In addition, to maintain good indoor 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.

Due to the nature of our business activities, our employees are rarely exposed to high-risk hazards that may cause serious physical injuries. Nevertheless, we have established safety precautions as specified in the Employee Handbook following guidelines issued by the Labour Department. Any work-related injuries and personal accidents that occur during and outside office hours are required to be reported to the HR department through a superior. In this Reporting Period, two cases of workplace related accidents from out of office hours were reported, resulting in 21 lost days. In addition, no work fatalities were reported for the past three years. Moving forward, we aim to conduct regular safety assessments to minimise potential workplace injuries.

COVID-19 Response

At the beginning of the Reporting Period, Hong Kong and Mainland China were among the first regions to be impacted by COVID-19. To protect our employees' health and well-being while maintaining business-as-usual, the Group reacted quickly to implement a set of measures at the offices and branches to minimise risks as much as possible. Through monitoring the situation stringently and keeping informed of local and regional guidelines, we adjusted our updates and advice on a regular basis.

At the head office, we swiftly adapted to work at home arrangements, which were supported by our flexible work culture and highly developed intranet system. During periods where employees were required to attend matters at the office, teams were arranged to work at the office on alternate days to avoid overcapacity and align with government regulations. We also offered free masks when none were available publicly and provided self-testing kits to increase accessibility for our employees. In addition, at SHK&Co. and Sun Hung Kai Credit, we supported junior staff who were bearing the risks in their daily duties with a hardship allowance during the early parts of the year.

To safeguard our employees and customers at the UAF branches, we ensured that stringent procedures were in place. With the periodic closures and constantly changing guidelines, we developed a decision-tree and checklist for different risk scenarios to help employees determine whether it was appropriate to proceed business-as-usual. During the different waves of COVID-19, UAF implemented split operations for separating critical departments into two teams in order to address business continuity scenario for confirmed case in the workplace. Among daily activities, we maintain 1-metre distance from each other at all times, offer masks to guests, and place signs and posters to raise awareness of personal hygiene and safety. The following table details additional key control measures that were practised across our operations.

Checklist to Decide Business-as-usual

1. Any recent travel to foreign country
 2. Any close contact to suspected case
 3. Living in buildings undergoing mandatory home quarantine
 4. Living in a confirmed case building
 5. Individual is a confirmed case
-

Key control measures

Head Offices and Branches (SHK&Co., Sun Hung Kai Credit and UAF)

- Conducting body temperature screening for staff and guests
 - Hand sanitiser was made accessible and replenished whenever necessary
 - Frequently replenishing the supply of masks for all staff
 - Frequently cleaning and disinfecting meeting rooms
 - Restricting the number of occupants in meeting rooms, and encouraging use of digital forms of meeting instead
 - Require mask wearing and performing hand hygiene for all guests before entering
 - Clean and disinfect frequently touched surfaces, including reception counters and doors every two hours
-

Head Offices and Branches (UAF)

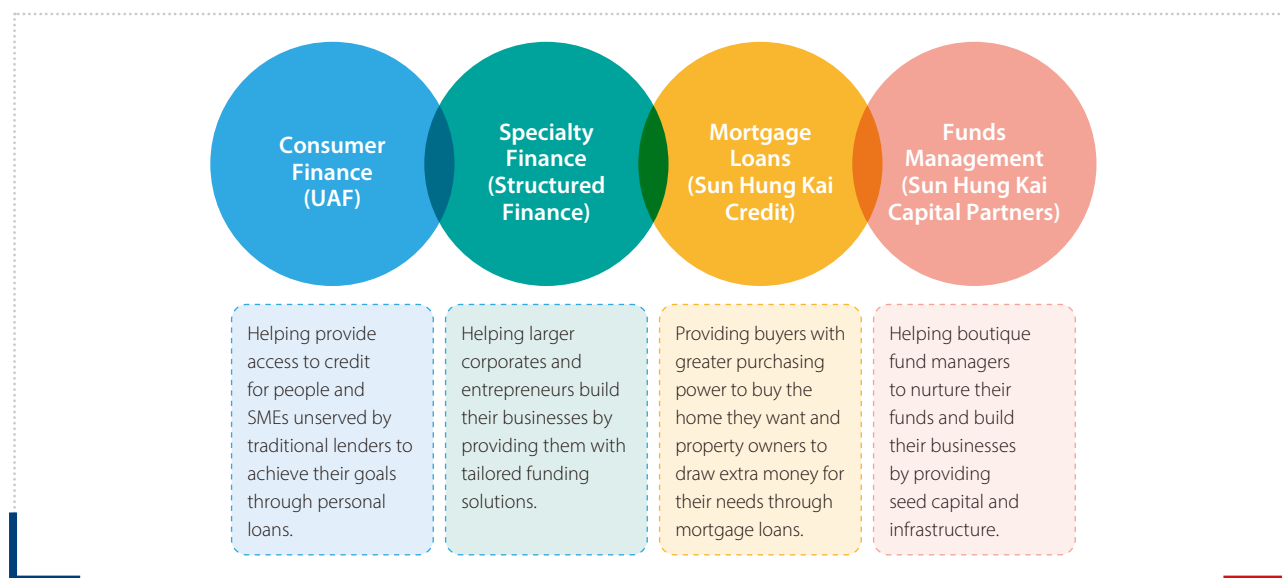
- Frequently replenish supply of masks for guests
 - Require mask wearing for all staff at workplace
 - Perform body temperature checks for all incoming staff and guests
 - Provide digital thermometers, hand sanitisers, face shields and masks
-

Community

We care about making contributions to our local community to create an inclusive and sustainable society. In light of COVID-19, we had to postpone or cancel many community activities in consideration of the health and safety of our staff as well as our community members. In an effort to promote a caring and sustainable community, the Group will continue to actively participate in local community projects and invest in causes and initiatives that we believe in.

Helping People Grow

The Group believes in the value of ‘Helping People Grow’, whether it be through offering financial assistance to individuals or by contributing to capital through investment management. This same philosophy guides our attitude towards community investment, where we believe in strengthening community partnership to build lasting relationships, nurture future leaders and alleviate the challenges experienced by the most vulnerable members of society. Through this approach, SHK&Co. inherently supports the society and communities through all walks of life. In the past six years, the Group has donated over HK\$45.6 million in ESG initiatives through the Sun Hung Kai & Co. Foundation (the “Foundation”).



In recognition of the contributions made towards our community, SHK&Co. has been named a “Caring Company” for the 5th consecutive year, and UAF for the 16th consecutive year, demonstrating our Group’s effort and involvement in community development and creating a more inclusive society. In 2020, the Company was also recognised for its outstanding performance in environmental, social and governance through attaining a “Gold Award” in The Asset ESG Corporate Awards.

Empowering the Underprivileged

SHK&Co. has established a long history of philanthropic giving through the Foundation. The Foundation, sponsored by the Company, serves as a significant platform for the Group, its business associates and partners to contribute to the communities. Over the past several years, the Foundation has

continuously sponsored initiatives benefiting communities that focus on alleviating the challenges of the underprivileged and improving the environmental health of our communities. To help our communities in need, particularly those affected by COVID-19, SHK&Co. provided support to the Crossroads Foundation, a Hong Kong-based NGO who serve people in a world of need. One of their key service is to collect high-quality goods from donors and donate them to people in need, locally and internationally.

In order to bring growth and progress in society, we believe in promoting and offering equal access to quality education. To this end, we established the Sun Hung Kai & Co. Foundation Fellowship Fund to sponsor the Harvard Business School’s need-blind admission initiative to help exemplary MBA students pursue their dream to study in an internationally renowned institution. The Foundation also supported the Dalton School of Hong Kong, a non-profit dual-language and multicultural primary school, to provide quality education to younger generations in Hong Kong.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



"Since being named one of the Sun Hung Kai & Co. Foundation Fellowship recipients, my lifelong dream of attending Harvard Business School (HBS) became a reality. The Fellowship has allowed me to concentrate on learning without worrying about finances."

Andi Zhao, HBS MBA 2021

"In my two years of school, thanks to the generous donation of Sun Hung Kai & Co. Foundation, I was able to fully focus on self-discovery and take advantage of all the resources on campus to figure out what I wanted to do in the next chapter of my life as a professional and as a human being. Through the academic training, summer internship, and various school activities in HBS, I found my passion on mental health."

Alex Xu, HBS MBA 2020

Supporting Youth Development Through Sport

Following our belief that sailing nurtures great life skills, the Foundation established an initiative, the Sun Hung Kai Scallywag Foundation ("SHK Scallywag Foundation"), to provide sailing opportunities for underrepresented youth and build on Hong Kong's rich sailing legacy. In partnership with Sailability Hong Kong and Hebe Haven Yacht Club, a number of introductory courses and taster days were offered to develop sailing skills and team building skills. Despite COVID-19 restrictions that inhibited the number of days in the water, we still managed to have 52 children aged 10-18 years old complete 112 sailing days during the Reporting Period. We also welcomed a mixture of disadvantaged youth and young adults to give them a flavour of the sailing programme, which contributed to an additional 26 individuals who completed 42 days of sailing. To strengthen

sailing passions, sponsorship is provided to youth who have demonstrated exceptional talent and desire to pursue sailing further. In the hope of making sailing widely accessible and enjoyable for all, we are committed to expanding our sailing events geographically across Hong Kong.

The spirit of competitive sailing echoes our core values of endurance, adaptability, and excellence, as such we are the main sponsor for the Sun Hung Kai Scallywag race team, Hong Kong's professional offshore sailing team. Competing on behalf of Hong Kong in the Volvo Ocean Race 17-18, the race team enduringly journeyed more than 45,000 nautical miles across four oceans. The ultimate goal is to raise awareness and inspire adventurous youth in Asia and internationally of the incredible sport of sailing. To further our agenda, we look forward to sailing in global events in the future.



Industry Organisations and NGO Participation

Beyond our charitable activities, our senior management are involved in a variety of professional associations, Chambers, and non-profit organisations. We are honoured to have supported and contributed to these various organisations below.

Position	Institution
SHK&Co.	
Treasurer	Australian Chamber of Commerce in Hong Kong
Committee Member	The Listing Committee of The Stock Exchange of Hong Kong Limited
Committee Member	Chamber of Hong Kong Listed Companies
UAF	
Founding member, Chairman, Executive Committee Member and Secretary	The HKSAR Licensed Money Lenders Association Limited
Honourable Chairman	Taiwan Business Association (HK) Ltd
Vice Chairman	Yunnan Province Microcredit Association
Executive Director	Tianjing Association of Microcredit
Director	HK & Macau Taiwanese Charity Fund Ltd
Director	Shenzhen Microfinance Industry Association
Director	Liaoning Microcredit Company Association
Director	Dalian Association of Microcredit
Director	Heilongjiang Microcredit Company Association
Director	Nanning Microcredit Industry Association
Director	Guangxi Microcredit Company Association
Member	Chongqing Microcredit Association
Member	Chongqing Association of Enterprises with Foreign Investment
Member	Sichuan Association of Microcredit
Member	Chengdu Microfinance Association
Member	Beijing Microfinance Industry Association
Member	Liaoning Microcredit Company Association
Member	Wuhan Association of Microfinance
Member	Hubei Microcredit Company Association
Member	Shanghai Association of Microcredit
Member	The Chamber of Commerce of Beicai Town, Pudong, Shanghai
Member	Qingdao Microcredit Cooperation Development Association
Member	Shandong Microcredit Association
Member	Shenzhen Internet Finance Association
Member	Liaoning Area Financing Guarantee Association

 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environment

We recognise that our influence extends to the environment and society in which we operate. For this reason, we are committed to advancing the global environmental agenda by striving to improve our environmental performance within our operations. Our Sustainability Policy sets out the commitments to mitigating environmental impacts, reducing emission and waste, improving energy efficiency, managing paper usage and recycling, and raising environmental awareness. As we are primarily office based, we also aim to adopt various environmental practices that cultivate a green workplace. During the Reporting Period, there were no cases of non-compliance in relation to environmental practices that would have a significant impact on the Group.

Responsible Use of Resources

Part of our global responsibility is to ensure that all resources are used responsibly and efficiently. We strive to minimise our consumption in paper, energy and water, thereby reducing the carbon emissions of our operations.

Paperless Operations

We have long considered the importance of paper usage and have made it a priority in the last few years to digitalise our operations and reduce the reliance of paper. At SHK&Co. head office, we implemented an employee self-service system to allow employees to complete administrative forms such as reimbursements and leave notice online. Electronic and digital mediums are also extensively used and have substituted paper for the issuing of invoices and bills for vendors and suppliers, as well as for all internal communications. For example, internal company publications are digitised and electronic documents are distributed before the commencement of meetings.

To optimise workflow and effective communication between staff at the head office and extensive branch network, we use an electronic platform to facilitate internal communications and

administrative documents. Documents such as company internal circulars, employee handbook, relevant company policies as well as lending guidelines are made easily accessible. Moreover, the HR department utilises human resources information system that enables efficient processing of leave applications, staff performance review and management of employee profiles. In 2020, UAF has developed its own learning management system that enables all Hong Kong employees to complete the entire training process on one platform, including enrolment, attendance, examination, evaluation as well as the issuing of certification. The online document management system used by UAF and Sun Hung Kai Credit effectively stores, retrieves, and manages documents to facilitate our business activities. We are constantly striving to minimise our paper consumption, hence we are looking to implement paperless initiatives and monitoring methods to track improvements and continue efforts over time.

UAF developed various innovative products that not only offer flexible loan solutions, but also encourage customers to use various digital channels for loan applications in Hong Kong and Mainland China. Launched in 2020, the “YES UA” mobile app became the first app by a financing company in Hong Kong that offers authentication from 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 device. Loan application requests are also made possible through the “No Show” Personal Loan service, where customers could apply for loans through the telephone without providing physical paper documents for approval. Customers have responded positively, with about 54% making loan origination through electronic channels during the Reporting Period. To further encourage the transition to paperless operations, a service fee is charged for any paper statement request made from 2016. Looking ahead, we shall focus on digitalising more of our customer interactions to enhance service experience and reduce the amount of paper we consume.

Resource Type	Unit	2019	2020
Paper Intensity per Employee ¹	pages/employee	7,830.00	7,280.38
Paper Intensity per Customer ²	pages/customer	83.00	78.63

¹ Data in 2019 only covers consumption within head offices and branches of UAF and Sun Hung Kai Credit.

² Only covers consumption within head offices and branches of UAF and Sun Hung Kai Credit.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT **Energy Saving**

Managing energy efficiency is necessary to mitigating the impacts of climate change. Energy is primarily used in the form of petroleum for the transportation of the Group's personnel as well as electricity from our offices and branches. Whilst the majority of electricity consumption stemmed from UAF branches, due to a slight reduction in branch network across Hong Kong and Mainland China to 74 (2019: 78) during this Reporting Period, there was a decrease of electricity consumption by 8%.

The head office is located in a Final Platinum certified building under Hong Kong's BEAM Plus Existing Buildings Certification (Commercial Building), which completed several criteria assessment including good energy performance, and since has been recognised as a sustainable building. Since 2016, UAF in Hong Kong has been presented with the "Gold Award" from the "Charter on External Lighting" launched by the Environment Bureau through successfully switching off external lighting that

may affect the outdoor environment, including advertisements and shop signage after midnight.

To further mobilise energy efficiency, we adopted various energy saving initiatives with the ultimate aim to reduce energy consumption and respective air and greenhouse gas ("GHG") emissions.

Energy Saving Initiatives

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

Resource Type	Unit	2019	2020
Electricity Usage	kWh	3,767,731.00	3,484,276.98
Electricity Intensity per Employee	kWh	1,625.00	1,570.20
Petroleum Usage	L	N/A	35,271.71

Water Efficiency

We endeavour to minimise water consumption and consume water responsibly throughout our business. For Hong Kong operations, water is consumed by municipal water supply and we did not encounter any issues in sourcing water during the Reporting Period. We conducted routine inspection and maintenance on water taps, containers and pipelines to prevent leakage or other issues of the water supply system. Where appropriate, washroom taps are controlled by electronic sensors to manage water consumption. To reinforce water saving practices, water conservation practices are promoted through relevant reminders displayed in pantries and washrooms. With the disruption of COVID-19, there were fewer employees working at the offices and branches, which contributed to a decrease in water consumption by 19%.

Resource Type	Unit	2019	2020
Water	m ³	6,852.00	5,555.72

Air and GHG Emissions Emissions

We recognise the importance of reducing our GHG emissions to drive sustainable growth of our operations as well as the society. The Group's GHG sources are primarily attributed to electricity consumption and the use of company vehicles from our offices and branches.

The quantification methodology is in 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 from the Baseline Emission Factors for Regional Power Grids in China published by the Department of Climate Change of National Development and Reform Commission.

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To minimise these emissions, the use of digital teleconferencing is encouraged in replacement of business travel. In addition, we perform regular vehicle assessments and maintenance, and check fuel efficiency. We endeavour to implement effective measures to further reduce emissions reductions and to meet our emission objectives and targets in coming years.

Waste Management

The Group's non-hazardous waste consists of paper, office equipment waste, office stationery, as well as domestic waste generated from our employees. We aim to reduce the amount of waste generated by diverting useful resources from landfills to recycling or repurposing, whenever applicable.

At the offices, we have designated recycling bins placed next to printers and fax machines for paper collection. These are clearly labelled and easily accessible in order to recycle and reuse as much as possible. Meanwhile, recycling of toner, ink cartridges, plastic bottles and batteries are also encouraged. At the UAF head office, we recycled 455 units of toners, 12.96 kg of plastic bottles, 1.60kg of aluminium cans, as well as 467 bags of shredded paper. To promote a repurpose culture, staff are encouraged to preserve leftover food for later consumption and office areas are provided with umbrella stands to avoid the use of single-use umbrella bags. In recognition of active waste reduction efforts, UAF was awarded the Hong Kong Green Organisation Certification — Wastewiſe Certificate (Basic Level) in 2020 by the Environmental Protection Department. At the SHK&Co. head office, waste is collected by external licensed collectors for further handling and disposal. We aim to dispose of all waste responsibly and strive to adopt best practices.

Climate Change

The Group recognises that the long-term risks of climate change have far-reaching impacts on our operations and environment. As such, we are committed to mitigating the impacts of climate change and other environmental related risks. The largest source of impact derives from carbon emissions that result from the consumption of electricity from the office and branches. We have implemented various mitigation measures as mentioned in "Responsible Use of Resources" and "Air and GHG Emissions".

Changes in weather patterns and the increased severity of extreme weather events will likely disrupt the continuity of daily operations in terms of the ability for our staff to serve our customers and investors. For this reason, we have developed emergency protocols to handle such events, as outlined in the Employee Handbook, including procedures to approach typhoons and black rainstorms.

As a financial institution, the direct and indirect impacts of climate change can affect our stakeholders and assets. We shall continue to explore relevant risks and opportunities to develop green finance products that serve the long-term needs of the environment and consider climate resilience in our portfolios in the future.

Green Education

In efforts to champion towards a greener future, we strive to raise environmental awareness within our operations as well as the wider society. At SHK&Co., we seek to educate our staff members on how to incorporate sustainability into their everyday lives. Various practices are communicated, including but limited to the following examples:

Office Environmental Awareness

Staff are encouraged to

- Prevent unnecessary prolonged use of office appliances
- Activate energy-saving mode or switch off monitors during their lunch hour and when not in use
- Lower the brightness of their monitor screen
- Switch off lights and air conditioning after the use of a room
- Switch off and unplug all appliances when not in use
- Use reflectors when there was excessive sunlight
- Reuse packaging materials such as plastic bags and plastic boxes

Through the Foundation, we actively support and partner with programmes and organisations that educate and advance the cause of environmental conservation. For example, in 2018, we supported the Enough Plastic Movement, a campaign led by Eco Drive Hong Kong and Youth Energy Hong Kong that educated the public of the damaging effects of using single-use plastic. In hopes to preserve our ecosystem for future generations, we also supported the Great Barrier Reef Foundation in 2019 through funding projects that accelerates the protection and restoration of the Great Barrier Reef and coral reefs around the world. We shall continue our support in environmental education in the society.

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. 599 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)

Investors and Customers

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

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 (*Ordinance No. 17/2004*)
- Law of Hiring Non-Residents Workers (*Law No. 21/2009*)

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	2020			
		SHK&Co.	UAF	Sun Hung Kai Credit	Total
Environmental					
Air and GHG Emissions					
NOx Emissions	kg	5.63	12.31	0.00	17.94
SOx Emissions	kg	0.26	0.26	0.00	0.52
PM Emissions	kg	0.41	0.91	0.00	1.32
GHG Emission — Scope 1	tCO ₂ e	46.89	46.93	0.00	93.82
GHG Emission — Scope 2	tCO ₂ e	78.79	2,468.74	35.43	2,582.96
Total GHG Emissions (Scope 1-2)	tCO ₂ e	125.68	2,515.67	35.43	2,676.78
GHG Emission Intensity by Revenue	tCO ₂ e/ HK\$ Million	N/A	N/A	N/A	0.68
GHG Emission Intensity by Workforce	tCO ₂ e/ person	1.96	1.18	1.42	1.21
Energy Use					
Petroleum Usage	litre	17,627.87	17,643.84	N/A	35,271.71
Electricity Usage	kWh	97,269.82	3,338,064.98	48,942.18	3,484,276.98
Total Energy Usage	MJ	942,115.26	12,609,514.50	176,191.85	13,727,821.61
Energy Usage Intensity by Revenue	MJ/ HK\$ Million	N/A	N/A	N/A	3,462.42
Energy Usage Intensity by Workforce	MJ/ person	14,720.55	5,919.96	7,047.67	6,186.49
Water Use					
Water Usage ³	m ³	N/A	5,555.72	N/A	5,555.72
Water Usage Intensity by Revenue	m ³ / HK\$ Million	N/A	N/A	N/A	1.40
Water Usage Intensity by Workforce	m ³ / person	N/A	2.61	N/A	2.50
Waste					
Paper Consumed	kg	1,380.41	73,435.96	1,452.17	76,268.54
Paper Consumed	pages	274,500.00	15,590,159.00	290,500.00	16,155,159.00
Paper Recycled	bags	69.50	467.00	38.00	574.50
Paper Intensity per Employee	pages/ employee	4,289.06	7,319.32	11,620.00	7,280.38
Paper Intensity per Customer	pages/ customer	N/A	77.41	499.14	78.63
Office Furniture and Office Equipment for Donation	pieces	29.00	163.00	N/A	192.00

3 Limited to 11 branches in Hong Kong and offices and branches in Dalian, Fuzhou, Harbin, Nanning, Qingdao, Shenzhen and Yunnan in Mainland China.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Key Performance Indicators	Unit	2020			
		SHK&Co.	UAF	Sun Hung Kai Credit	Total
Workforce by Gender					
Female	person	28	1,208	8	1,244
Male	person	36	922	17	975
Workforce by Age					
<30 Years Old	person	9	785	1	795
31-40 Years Old	person	18	914	13	945
41-50	person	22	354	8	384
>50 Years Old	person	15	77	3	95
Workforce by Employment Category					
Executive Management	person	4	2	0	6
Senior Management	person	12	24	4	40
Middle Management	person	26	228	3	257
General Staff	person	20	1,856	18	1,894
Contract/Short-term Staff	person	2	20	0	22
Workforce by Geographical Region					
Hong Kong	person	64	619	25	708
Mainland China	person	0	1,511	0	1,511
Turnover Rate					
Total Turnover Rate ⁴	%	N/A	N/A	N/A	33.94
Work-Related Incident					
Work Related Injury Rate	per 1,000 employees	15.15	0.47	0.00	0.90
Lost Days Due to Work-Related Injury	no. of days	16.00	5.00	0.00	21.00

4 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.

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	Total Training Hours (hours)	Total Average Training Hours (hours/employee) ⁵
By Gender		
Female	8,276.20	6.65
Male	9,510.50	9.75
By Employment Category		
Executive Management	26.00	4.33
Senior Management	123.50	3.09
Middle Management	2,540.75	9.89
General Staff	15,003.45	7.92
Contract/Short-term Staff	93.00	4.23

⁵ Total average training hours is calculated by dividing the total training hours by the number of full time employees as of 31 December 2020.

HKEX ESG Reporting Guide Content Index

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
A. Environmental		
Aspect A1: Emissions		
General Disclosure	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 — Responsible Use of Resources, Air and GHG Emissions, Green Education; Laws and Regulations
KPI A1.1	The types of emissions and respective emissions data.	Environment — Air and GHG Emissions; Performance Data Table
KPI A1.2	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 — Air and GHG Emissions; Performance Data Table
KPI A1.3	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.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environment — Paperless Operations; Performance Data Table
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	The Group shall analyse emission patterns based on a 3-year timeline and consider implementing emission targets and relevant initiatives, where material.
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	The Group shall consider analysing material waste records and implementing reduction targets, where material.

 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
A. Environmental		
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environment — Responsible Use of Resources
KPI A2.1	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 — Responsible Use of Resources; Performance Data Table
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environment — Responsible Use of Resources; Performance Data Table
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them..	The Group will analyse our energy use patterns based on a 3-year timeline and consider implementing energy efficiency targets and relevant initiatives, where material.
KPI A2.4	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.	Environment — Responsible Use of Resources. The Group will analyse our water efficiency patterns based on a 3-year timeline and consider implementing water efficiency targets and relevant initiatives, where material.
KPI A2.5	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.
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Our Environment — Responsible Use of Resources, Air and GHG Emissions, Climate Change, Green Education
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Our Environment — Responsible Use of Resources, Air and GHG Emissions, Climate Change, Green Education
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Our Environment — Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Our Environment — Climate Change

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	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.	Employees — Talent Recruitment and Retention, Diversity and Equal Opportunities, Development and Training; Laws and Regulations
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Employees — Talent Recruitment and Retention; Performance Data Table
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	N/A
Aspect B2: Health and Safety		
General Disclosure	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.	Employees — Health and Wellbeing; Laws and Regulations
KPI B2.1	Number and rate of work-related fatalities.	Employees — Health and Wellbeing
KPI B2.2	Lost days due to work injury.	Employees — Health and Wellbeing; Performance Data Table
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Employees — Health and Wellbeing
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employees — Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	N/A
KPI B3.2	The average training hours completed per employee by gender and employee category	Employees — Development and Training; Performance Data Table

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Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
B. Social		
Aspect B4: Labour Standards		
General Disclosure	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 — Labour Standards; Laws and Regulations
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Business — Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Business — Labour Standards
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Business — Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Business — Supply Chain Management
KPI B5.2	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
KPI B5.3	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
KPI B5.4	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

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Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
B. Social		
Aspect B6: Product Responsibility		
General Disclosure	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 — Client Protection, Data Privacy, Responsible Marketing, Customer Service; Laws and Regulations
KPI B6.1	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.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Investors and Customers — Customer Service
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Business — Intellectual Property
KPI B6.4	Description of quality assurance process and recall procedures.	Investors and Customers — Customer Service
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Investors and Customers — Data Privacy
Aspect B7: Anti-corruption		
General Disclosure	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
KPI B7.1	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
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Business — Anti-Corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Business — Anti-Corruption; Anti-Money Laundering

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Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
B. Social		
Community		
Aspect B8: Community Investment		
General Disclosure	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
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community — Empowering the Underprivileged, Supporting Youth Development, Industry Organisations and NGOs
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community — Helping People Grow, Empowering the Underprivileged, Supporting Youth Development, Industry Organisations and NGOs