

2022

ESG REPORT



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 pleased to present its Environmental, Social and Governance (“ESG”) Report 2022 (the “Report”). This Report demonstrates the Group’s sustainability approach, policies, initiatives and performance, covering the financial year from 1 January 2022 to 31 December 2022 (the “Reporting Period”).

This Report is prepared in accordance with 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”) and the Global Reporting Initiative (“GRI”) Standards 2021.

With SHK & Co.’s market presence in financing, investment management and funds management businesses in Hong Kong and Mainland China, 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 in this Report 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 with accuracy and reliability. This Report has been reviewed and approved by the Board of Directors (the “Board”). In the preparation of this Report, we have 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 (“KPI”) 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 “Our Environment” section.

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

Opinion and Feedback

We value your comments and suggestions on our sustainability performance shared in this Report. Please get in touch or share your views at:

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Awards and Recognitions

Award Name	SHK & Co. Awarding Institution
Listed Company Awards of Excellence (2018-2022)	Hong Kong Economic Journal
Listed Enterprises of the Year (2018-2022)	Bloomberg Businessweek/Chinese Edition
The 6th Golden Hong Kong Stocks Awards – Best Financial Stock Company (2021-2022) – Best IR Team (2021)	Zhitong Finance/Hithink RoyalFlush Information
Hithink RoyalFlush Corporate Official Accounts Annual Award – IR Pioneer Award (2022)	Hithink RoyalFlush Information
WIND Best Listed Companies Roadshow Awards – Best Investor Relations (2022)	WIND Financial Terminal
Gold Award of Corporate ESG Awards (2013-2018, 2020, 2022) Titanium Award of Corporate ESG Awards (2019, 2021)	The Asset
Green Office Awards Labelling Scheme – Green Office and Eco-Healthy Workplace (2021-2022)	World Green Organisation
Good MPF Employer (2014-2022)	Mandatory Provident Fund Schemes Authority
Caring Company (2016-2022)	The Hong Kong Council of Social Service
Happy Company Award (2021-2022)	Happy Index Foundation and Hong Kong Productivity Council
Partner Employer Award (2022)	Hong Kong General Chamber of Small and Medium Businesses
The Racial Diversity and Inclusion Charter for Employers (2022)	Equal Opportunities Commission

Award Name	UAF Awarding Institution
Caring Company (2005-2022)	The Hong Kong Council of Social Service
Charter on External Lighting (2016-2022)	The Environment Bureau
Good Employer Charter (2018-2022)	Workplace Consultation Promotion Division of the Labour Department
Happy Company Award (2017-2022)	Happy Index Foundation and Hong Kong Productivity Council
Manpower Developer Award (2012-2022)	The Employees Retraining Board
Racial Diversity & Inclusion Charter for Employers (2020-2022)	Equal Opportunities Commission
Social Capital Builder Awards (2016-2022)	Community Investment and Inclusion Fund (CIIF), Labour and Welfare Bureau
Volunteer Movement Participating Organisation (2016-2022)	Social Welfare Department
Wastewi\$e Certificate (2016-2022)	Environmental Campaign Committee
DigiZ Awards – Best Effective Search Campaign (2022)	Marketing – Interactive
MARKies Awards – Best Use of SEM Strategy (2022)	Marketing – Interactive
MARKies Awards – Customer Engagement (2022)	Marketing – Interactive
Best SME’s Partner Award (2022)	The Hong Kong General Chamber of Small and Medium Business (HKGCSMB)
Yahoo Asia Big Idea Chair Awards (2022)	Yahoo Asia
Headline No. 1 Awards (2022)	Headline Daily

Award Name	SHK Credit Awarding Institution
The Most Popular Mortgage Company on Internet (2017-2022)	iChoice Award
Excellence Award for Mortgage Service (2021-2022)	Sky Post Banking & Finance Awards supported by Hong Kong Economic Times Holdings Limited

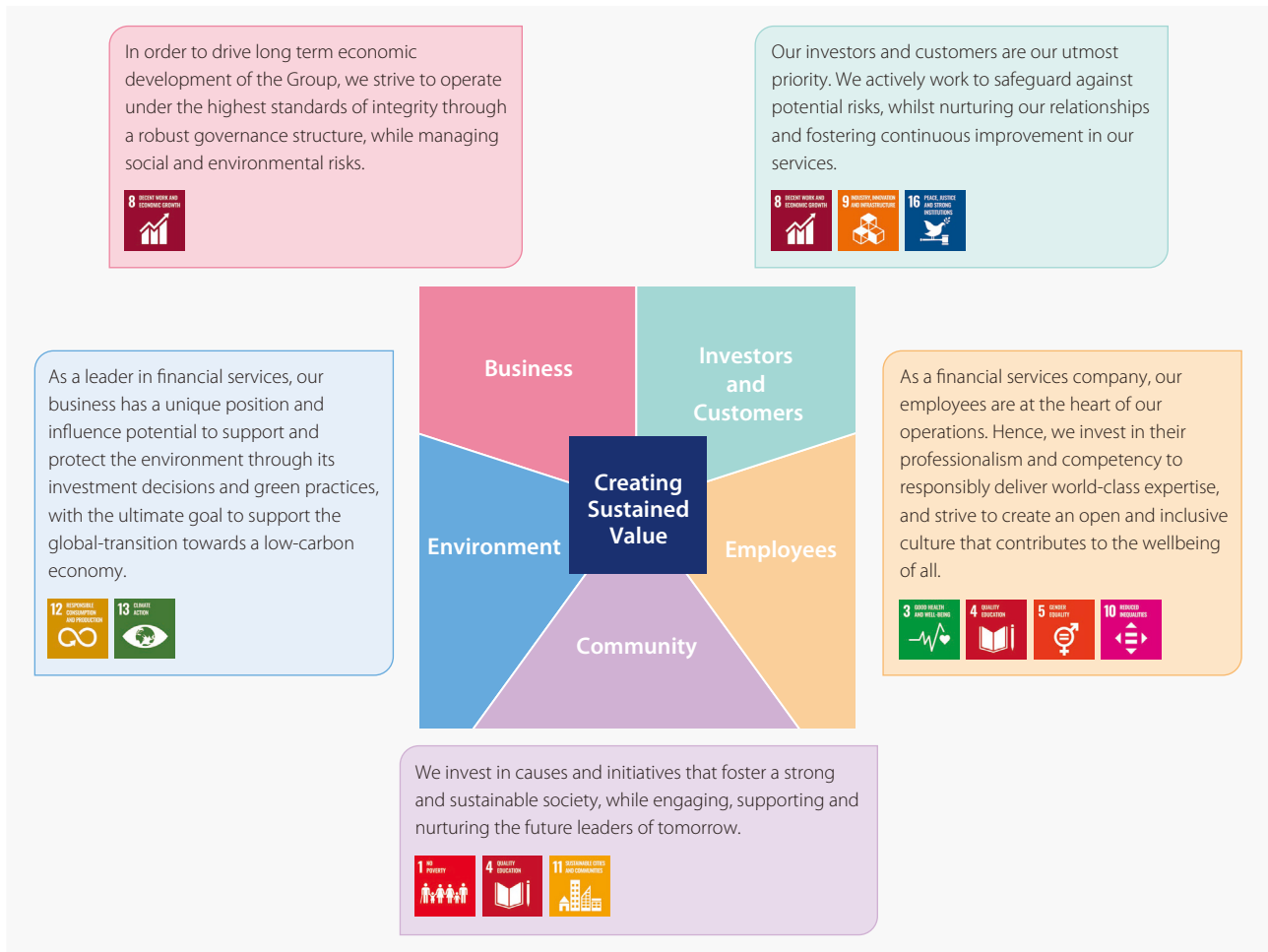
Our Sustainability Commitment

SHK & Co. has always envisioned the significance of sustainability on the long-term growth of our businesses. As such, throughout the operations of our businesses, we are committed to support the United Nations Sustainable Development Goals (“UNSDGs”) and embed these motives in our actions. Our Sustainability Policy established in 2020 outlines a set of principles that we follow to ensure that ESG aspects are comprehensively considered throughout our business activities. To become resilient in this ever-changing market, we remain vigilant and are actively bracing for future risks by reviewing our Sustainability Policy annually, that is enacted upon the approval of the Board.

Creating Sustained Value for all our Stakeholders

Over the years, we have been working towards the objective of Creating Sustained Value for all our stakeholders. Our commitment, accompanied by our core values on sustainability converges to the UNSDGs, which acts as the overarching objective of our business strategies. We understand the importance of making simultaneous effort in all these core aspects for a sustainable growth in our business because these aspects are fundamentally interrelated.

We actively align our strategies with global trends and efforts by regularly setting targets for each category and evaluating our progress to ensure that we are continuously creating sustained value for our people and the planet.



Last year, we have developed a set of targets in the environmental aspects of greenhouse gases, waste, electricity and water to demonstrate and enhance our sustainability commitments. We are well-aware of the interdependent nature of sustainability and financial performance, and we are keen to bring about positive influence and induce changes in environmental awareness and habits to alleviate climate change. We aim at regularly reviewing and tracking our progress towards these targets according to global trends and priorities to ensure that our values are clearly demonstrated in our actions and efforts are directed towards the issues that require the most attention.

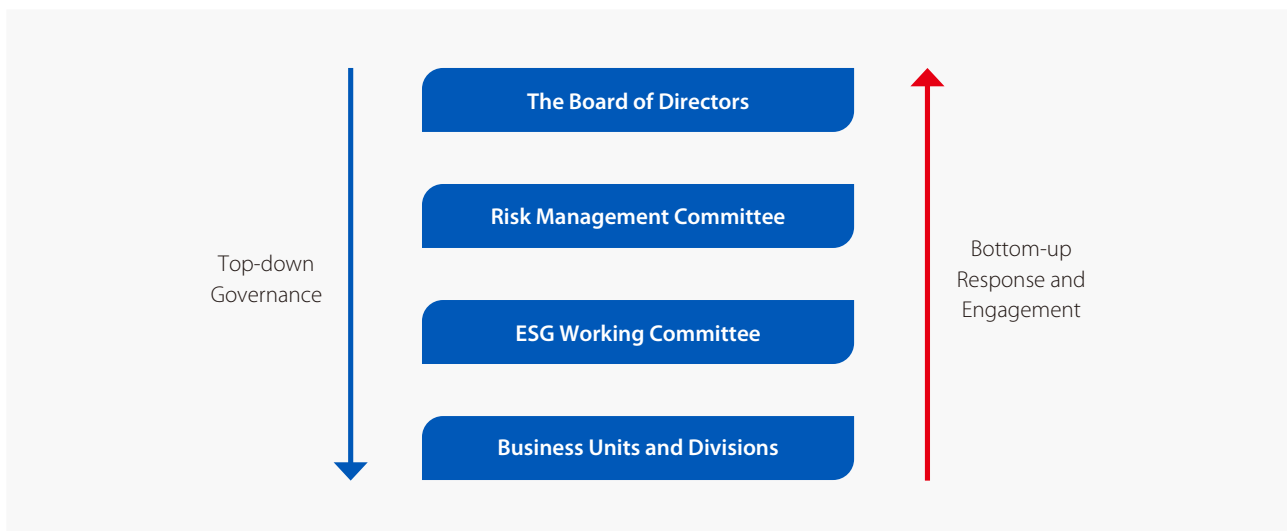
Environmental Aspect	Targets Set in 2021	Progress in 2022
Greenhouse Gases	<ul style="list-style-type: none"> By 2024, ensure that 30% of the Group's investment portfolio considers ESG aspects during investment decisions. 	Achieved
	<ul style="list-style-type: none"> By 2022, join an industry association/coalition/partnership group to promote an ESG topic in the financial industry. 	Achieved
	<ul style="list-style-type: none"> By 2022, organise an environmental initiative that reduces or offsets environmental impact. 	Achieved
Waste	<ul style="list-style-type: none"> By 2023, ensure that 80% of office paper is certified FSC or PEFC paper. 	In Progress
	<ul style="list-style-type: none"> By 2023, set up a paper waste monitoring system, to track consumption, usage and recycling data. 	In Progress
	<ul style="list-style-type: none"> By 2025, reduce absolute paper usage by 15%, compared to FY19 baseline. 	In Progress
	<ul style="list-style-type: none"> By 2025, maintain use of paper cheques issued for customer funding to be 15% or below at UAF. 	In Progress
Electricity	<ul style="list-style-type: none"> By 2025, reduce absolute electricity usage by 15% compared to FY19 baseline. 	In Progress
	<ul style="list-style-type: none"> By 2023, provide at least 1 hour energy and resource saving training for employees. 	In Progress
Water	<ul style="list-style-type: none"> By 2023, provide at least 1 hour energy and resource saving training for employees. 	In Progress

Sustainability Governance

We recognise the importance of a robust governance framework towards the Group's long-term sustainable development and ESG performance. As such, we have a well-structured governance framework to support our ESG initiatives, considerations and decisions.

The Board oversees the Group's ESG vision, objectives, strategies and risk management. At the top of our governing hierarchy, the Board takes up the ultimate responsibility of the Group's ESG performance, including the management of ESG issues, target-setting and progress of ESG commitments. The Risk Management Committee (the "RMC"), as appointed by the Board, takes accountability of ESG-related risks identification, analysis and management according to the Group's risk appetite and capacity. The Risk Management Committee is further responsible for issuing recommendations, such as risk management strategies, and reporting its findings to the Board.

The ESG Working Committee (the "ESG Committee"), appointed by the Risk Management Committee, is tasked with the establishment and execution of the Group's ESG vision, objectives and strategies with close reference to international standards. The ESG Committee also takes up the role of ensuring compliance with the relevant laws and regulations within the scope of operations. With these responsibilities, the ESG Committee reports to the RMC on the progress of ESG targets, initiatives and project budgets. Along with the Group's Chief Financial Officer as the Chair of the ESG Committee, the senior management of key business units and divisions meet annually to review the Group's ESG strategies and develop plans in accordance with latest trends, expectations and standards.



Stakeholder Engagement

SHK & Co. actively engages with its stakeholders consistently over the years to gain a comprehensive understanding of our stakeholders' satisfaction towards our business and expectations. This process is vitally important for our continuous improvement and development throughout our different divisions of operations. With a better understanding of our stakeholders' views, we could identify material ESG topics that our stakeholders consider with utmost importance, and further align our business practices and make highly informed decisions. The following table summarises the major communication channels that were used with both internal and external stakeholders in the previous year.

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

Materiality Assessment

The Group places high value on views and opinions of both its internal and external stakeholders. Through the processes of assessing materiality, we are presented with a clearer picture of the most important issues that should be managed and addressed at a higher priority.

In 2022, we have continued to commission an external ESG consultant to perform a formal stakeholder engagement exercise to gather feedback from our stakeholders in terms of the Group's ESG performance and identify the sustainability issues that our stakeholders consider to be most material. With these results, we are better equipped to align our business practices, efficiently utilise resources and refine our strategies to address the utmost priorities first. Our material stakeholders were identified as Directors and Management, Employees, Fund and Business Partners, Shareholders and Investors, Financial Counterparts and Suppliers, Community Partners and Non-governmental Organisations (NGOs) and the Media.

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 21 material 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 referencing Global Reporting Initiative Standards ("GRI Standards")¹.

2. Prioritisation

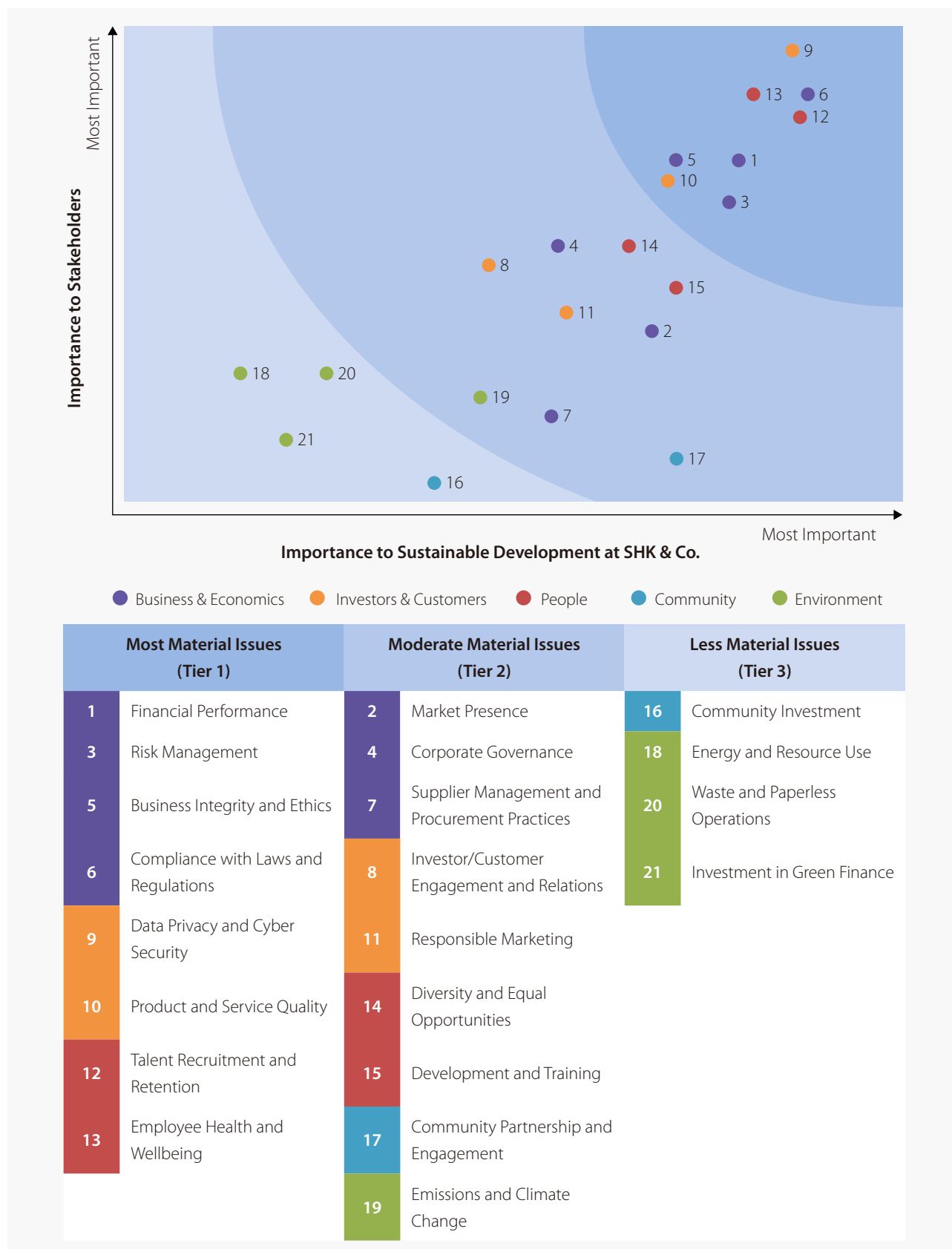
Feedback from material stakeholder groups was collected through the completion of an online survey, ranking material ESG issues by their importance. 8 members of the Board and management were invited to rank the importance of material issues for the Group's sustainable development, whilst 268 other stakeholders, including shareholders/investors, employees, fund/business partners, financial counterparts/suppliers, community partners/NGOs and media 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.

¹ Compared to 2021, we have added 3 material issues (Financial Performance, Market Presence, and Supplier Management & Procurement Practices) to align with GRI Standards.

The following materiality matrix presents the relative importance of the material issues to our stakeholders and to the sustainable development of the Group. The material issues are subsequently grouped under three tiers of importance in the table below.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

The 8 most material issues in the matrix will be detailed in this Report in accordance with the relevant GRI Standards where applicable.

The 21 material issues identified above, covering aspects of business & economics, investors & customers, people, community and the environment, are summarised in the table below along with their impact boundary.

Aspect	Issue	Impact Boundary						
		Directors/Management	Employees	Fund/Business Partners	Shareholders/Investors	Financial Counterparts/Suppliers	Community Partners/Non-governmental Organisations	Media
Business & Economics	Financial Performance (new topic)	•	•	•	•	•	•	•
	Market Presence (new topic)	•	•	•	•	•	•	•
	Risk Management	•	•		•	•	•	•
	Corporate Governance	•	•		•	•	•	•
	Business Integrity and Ethics	•	•		•	•	•	•
	Compliance with Laws and Regulations	•	•		•	•		•
	Supplier Management & Procurement Practices (new topic)		•		•	•		
Investors & Customers	Investor/ Customer Engagement and Relations	•	•	•	•	•	•	•
	Data Privacy and Cyber Security	•	•		•	•		•
	Product and Service Quality	•	•		•	•	•	•
	Responsible Marketing	•	•		•	•	•	•
People	Talent Recruitment and Retention	•	•		•	•	•	•
	Employee Health and Wellbeing	•	•	•	•	•	•	•
	Diversity and Equal Opportunities	•	•		•	•		•
	Development and Training	•	•	•	•	•	•	•
Community	Community Investment (e.g. investment in community projects)			•		•	•	
	Community Partnership and Engagement (e.g. sponsorship, donation, volunteering)	•		•			•	•
Environment	Energy and Resource Use	•	•			•		•
	Emissions and Climate Change					•		
	Waste and Paperless Operations	•	•			•		•
	Investment in Green Finance				•	•		

Our Business and Governance

Our business structure, governance framework and economic prospects set out the fundamentals of our sustainable business operations. We actively manage and refine our governance structure, risk management control and ethical corporate culture to build up our reputation as a more reliable and resilient financial institution. We are dedicated to operating as a responsible corporation by upholding the highest standards of ethics and compliance with integrity across our business operations.

Financial Performance

We place a primary focus on both our financial performance and our management of ESG issues. We have included ESG considerations in our investment processes and achieved our target of 30% ESG investment portfolio² by the end of 2022, which went beyond the target set out last year. We are proactively addressing climate-related risks and creating metrics to measure them by 2023. More information on our financial performance can be found in our 2022 Financial Statements and Annual Report.

Risk Management

Members of the RMC, appointed by the Board, analyse and define potential risks for the Group. RMC reports to the Board on major incidents that pose substantial risk or loss exposure and meets at least quarterly. We manage investments for long-term returns, which Sun Hung Kai Capital Partners Limited introduced an Environmental Risk Management Policy in 2022 to meet Hong Kong SFC requirements. The Policy covers governance, risk assessment, investment management, and a focus on environmental risks and financial impacts.

Enterprise Risk Management (ERM)

During the year, with the assistance of an external consultant, the Group completed various tasks to enhance the ERM practices and risk management framework:

- ERM maturity assessment
- Enhancing the existing framework
- Defining risk appetite
- Preparing a risk dashboard and risk registers
- Designing and implementing an ERM system platform

Work planned to be done in 2023:

- Enhance the ERM system
- Design and implement new relevant policies
- Arrange training to enhance staff awareness

Corporate Governance

Governance Structure

The Board believes that a good corporate governance is essential to the success of the Company and to the enhancement of shareholders' value. The Group has a Corporate Governance Policy that outlines roles and responsibilities of the Board, its interaction and formation or use of Board Committees, Company Secretary, Management and Staff and Risk Management and Internal Control, External Auditors and Communications with our Shareholders.

We embrace board diversity, and as such we have a Board Diversity Policy in place to enhance the quality of performance through the use of differences in skills, regional and industry experience, cultural and educational background, knowledge, race, gender and other qualities. More information can be found in our Corporate Governance Report in our Annual Report.

Policy Commitments

The Board acts as the approver of our policy commitments across the Group. Our policy commitments are communicated to our employees, business partners and other relevant parties in the form of emails, correspondences, employee orientation, townhall and contract signing, to the extent relevant/ applicable. Relevant policies are further saved in our intranet for internal reference but are not publicly disclosed due to confidentiality.

Whistleblowing Policy

The Group has a whistle-blowing policy for reporting misconduct or irregularities to the Executive Committee or Audit Committee. Employees or outsiders can report grievances, including non-compliance with internal policies, incorrect financial reporting, or unlawful practices. Compliant whistle blower reports will be investigated and instructions for rectification will be given by the Executive Committee or the Audit Committee, as applicable. The investigation report will be reported to the Board.

² Investment portfolio components that are in alignment with the UNSDGs.

Conflicts of Interest

The Group Code of Conduct requires all employees to act in the Company's best interest and avoid conflicts of interest. This includes, but is not limited to, circumstances in which:

- i. the Employee's connected person is employed by the Company;
- ii. the Employee's connected person is employed by a competing business; or
- iii. the Employee or his or her connected person has an economic interest in a client, supplier or competitor of the Company, such as the holding of shares.

While employed by the Company, employees should not engage in any activities for another company without prior written authorisation. Employees must declare non-group interests annually and disclose potential conflicts to the management for guidance.

Compliance with Laws and Regulations

The Group complies with all applicable laws and regulations in the respective jurisdictions of the businesses and operations.

Anti-Corruption

The Group has ethical standards of conduct outlined in the Code of Conduct, including prohibiting bribery, fraud, and money laundering. An anti-bribery policy was implemented in 2022 in accordance with the updated Corporate Governance Code of the Listing Rules and mandatory training was provided to all employees. The Group complies with all anti-corruption laws and regulations, including the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong), and regularly increases employee awareness and knowledge of business ethics. 100% of SHK Credit and UAF employees in Hong Kong received anti-bribery training from the Independent Commission Against Corruption (ICAC). 205 UAF employees and over 96% of employees in SHK & Co. attended the training.

Anti-Money Laundering

As a diversified financial institution, we are dedicated to upholding anti-money laundering and counter terrorism financing laws and regulations. All Group operations, including SHK Credit and UAF, have dedicated Anti-Money Laundering ("AML") and Counter-Terrorist Financing ("CTF") Policy (collectively referred to as "Group AML Policies") in place with due diligence requirements, risk assessment, and document verification procedures. We assess and report suspicious activities and have implemented monitoring protocols for loan applications and subsequent transactions. All employees received mandatory training on anti-money laundering and terrorism financing. UAF employees also received compliance training on financial crimes, fraud awareness, and sanctions. Additional information on the Group's adherence to laws and regulations can be found in the "Laws and Regulations" section of this Report.

Market Presence

The Group is committed to provide our employees with competitive salary packages that are well above the minimum wage requirements in our respective jurisdictions. We also target to hire a majority of individuals from the local community to form our senior management in order to better understand the needs of our local community.

Business Integrity and Ethics

Intellectual Property

The Employee Culture Guide and Handbook, which is reviewed annually, outlines the standards for respecting the intellectual property rights of our clients and other third parties, including but not limited to trademarks, patents, and copyrights. Employees are forbidden from using our intellectual property for personal gain or allowing third parties to use it, without copyright owners' consent. Before using any name, slogan, mark for any product, programme, or service, permission must be obtained in order to avoid potential infringement. The Information Technology Department regularly checks employees' laptops to make sure only legitimate software is loaded. All of our employees are expected to safeguard the Group's other exclusive intellectual properties as well as trade secrets. The Group has 72 (2021: 46) trademark registrations in Hong Kong and Mainland China, and 57 trademarks overseas as of the end of this Reporting Period.

Human Rights

The Group is dedicated to upholding fundamental human rights and taking a zero-tolerance stance against using forced or child labour in any capacity. All employees are subject to background checks as a preventative measure, and during the hiring process, they must all present legitimate personal identification credentials for verification. In the odd event that fraudulent information is found, the Group will take appropriate action by carefully adhering to all applicable laws and regulations. There were no substantial violations of applicable laws or regulations relating to labour standards or human rights such as child labour or forced labour during the Reporting Period. Our suppliers are also committed to follow the Supplier Code of Conduct (SCoC) which includes prohibition of child labour and forced labour.

Additionally, the Group's operations and suppliers are not exposed to significant risks for incidents of child labour, young workers who are exposed to hazardous work or forced labour.

Supplier Management and Procurement Practices

All preferred/key suppliers, including contractors and subcontractors, must follow the SCoC and complete the Supplier Due Diligence (SDD) Form with an annual spend over HK\$5,000,000. Anti-corruption requirements are communicated with suppliers through the SCoC and SDD. The Group collaborates with various suppliers and chooses them based on cost, reputation, and value-added services. Suppliers are periodically evaluated and we worked with 695 of them during the Reporting Period including but not limited to those from Hong Kong, Mainland China, Singapore, United Kingdom and the United States. The loan business is supported by external debt collecting agencies who must submit certifications and are required to follow the Authorised Agents Manual. Authorised Agents are evaluated based on factors such as data management and service effectiveness. Customer and public feedback surveys are conducted to respect their opinions on service quality.

Our People

At SHK & Co., we value our people as our greatest asset and as such we put our people at one of our highest priorities. Recognising the importance of being an employer that upholds equality, appreciates diversity and empowers talents, we have embedded policies and initiatives within our operations to create an inclusive and agile workplace for our employees. We are also committed to providing appropriate training and development opportunities to set a stage for employees to explore further interests.

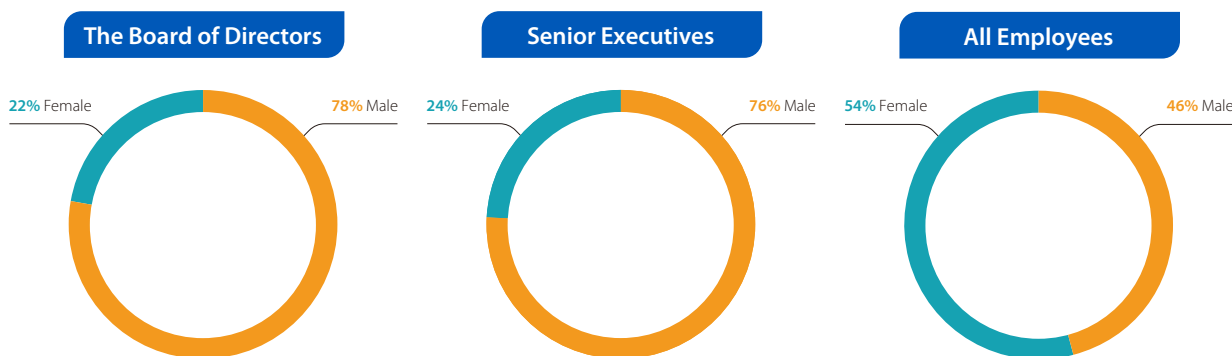
The Employee Culture Guide and Handbook is an overarching guideline for the management of our People & Culture department. The Handbook is regularly reviewed by the People & Culture department according to changes in Company policy or any legal requirements, and it consists of sections on conditions of employment, recruitment and promotion, working conditions, benefits and remuneration, code of conduct, as well as training and development.

Diversity and Equal Opportunities

We are an equal opportunity employer who hire based on candidates' capabilities without discrimination. We believe that diverse backgrounds bring in a range of ideas and experiences for mutual learning among employees. The Group applies diversity and equal opportunity in the workplace and recruitment processes and signed The Racial Diversity and Inclusion Charter for Employers initiated by the Equal Opportunities Commission in 2022. The Anti-Discrimination Policy is approved by the Board and the Group does not tolerate any form of discrimination, including but not limited to gender, age, race, etc.

As of 31 December 2022, the Group employed 1,608 (2021: 1,738) employees.

Gender Diversity



Recognising and Rewarding Talents

We actively listen to the opinions of our talents to ensure that they feel valued and cared for. The trust between the Group and our employees originates from being interdependent in functions. Through building mutual trust and actively listening to the opinions of our employees, we could better understand the strengths of our employees and provide a platform for our employees to unleash their full potential.

We also recognise the importance of rewarding our talents as a way to show appreciation and ensure that our employees feel valued for their work. The salaries of our employees are reviewed annually to ensure that they remain competitive, and we offer a range of employee benefits and remuneration packages to safeguard the wellbeing and enhance the development of our employees. For example, we offer a comprehensive package of benefits including unlimited paid leave, insurance and health care benefits coverage, parental leave, retirement provision and stock ownership and for employees at our SHK & Co. and SHK Credit’s Hong Kong office. Top up MPF employer contributions are also provided to SHK & Co’s employees. At UAF, employees of the Hong Kong office also enjoy recreation leave, birthday leave and family-friendly leave on top of life insurance and health care benefits.

Unlimited Paid Annual Leave Policy

We believe that high performance individuals should be rewarded for their valuable work. Performance shall not be measured according to the time spent on work, but instead the value-added during the process and final product.

- Allow employees to strive a good work-life balance in a flexible way
- Built on the trust and appreciation we have for our employees
- Creates positive impact of upholding employee wellbeing and enhancing work efficiency

“Our flexible working policy is based on the mutual trust between the company and employees. We trust our employees to be responsible and professional in their role to take leave for personal needs and work-life balance because they know that the company places trust in them.” – Ms. Samantha Che, Head of People & Culture of SHK & Co.

Cultivating Young Talents

We value the innovative and creative ideas that young talents could bring us, and at the same time we are dedicated to expanding their capacity and exposure while working with us. As such, SHK & Co. partnered with HKSI to provide on-the-job training opportunities in our alternative investment business. UAF has also been running a Graduate Trainee Programme since 2014 to provide opportunities for graduates from local universities who are interested in the consumer finance industry to acquire the necessary background knowledge of the industry and gain hands-on experience working with our experienced talents.



Employee Health, Wellness and Safety

We are committed to providing a healthy, safe and suitable working environment for all our employees. As such, we follow government regulations and guidelines related to occupational health and safety (“OHS”) to guarantee that we provide a decent place for employees to execute their full potential. Under the challenges of COVID-19, we have become more vigilant of the risks at the workplace, and thus we responded according to the latest government guidelines swiftly with relevant measures in place to safeguard the health and wellbeing of our employees.



Occupational Health and Safety

We closely follow the Labour Department’s guidelines of “A Guide on Employer Safety Policy” and “Occupational Safety and Health Ordinance” as use such documents as a framework for ensuring occupational health and safety at our workplace. It also covers how we could identify OHS risks in general office settings.

Our People & Culture Department has dedicated employees who closely monitor OHS in our offices. Our administrative employees conduct monthly site walks to inspect office facilities to ensure all facilities are safe and in a good working condition, minimising any potential adverse health and safety impacts that are related to our daily operations. Employees could also report to our site walk inspectors if he/she identifies a potential OHS risk. Air purifiers are also used at the workplace to remove contaminants and to improve overall air quality at office buildings.

Ensuring Safety from Fire Hazards

- Annual inspection of the fire system, fire extinguishers and emergency exit plans
- Fire safety online seminar organised by the Building Management Office
- Annual fire drills
- Team fire marshalls
- Awareness communication to all employees on fire exit, escape path and evacuation process
- Clear signage of escape maps in visible locations

Our exposure to high-risk occupational hazards is rather low in normal daily operations due to our business nature. We make clear records of all workplace related accidents, and as reported by our People & Culture department, 1 (2021: 1) case of workplace related accidents from out of office hours was reported, resulting in 43 (2021: 0) lost days during the Reporting Period. In addition, no work fatalities were reported for the past three years.

Wellness Promotion

In terms of wellness promotion, we have held over 5 major activities at SHK & Co., including a Health Talk about Anti-aging, a HIIT Workout Event, a Steps Challenge activity, monthly Friday at Five employee gathering events and Hearty Green Food Box Deliveries on World Earth Day. Our Steps Challenge aims at helping our employees to keep up with the habit of walking at least 10,000 steps a day to reduce the risk of cardiovascular disease, improve physical endurance and help reduce carbon emissions.

“The company should listen to the needs of its employees, enhance communication and provide a better work environment for its employees with the aim to bring about a sense of belonging.” –

Ms. Alison Yeung, Vice President of Corporate Communications of SHK & Co.



Promoting Physical and Mental Health – 7 Wellness Programmes at UAF:

- Positive Psychology Workshop
- Abandon Meat – Become a Part-Time Vegetarian
- Office Tea Menu – Chinese Practitioner on Making Health Tea
- Fighting Pneumonia – Relieving Symptoms and Post-illness Conditioning
- Healthy Approaches to Keep Fit
- Traditional Chinese Medicine Beauty and Wellness
- The Way to Quality Sleep

棄肉轉素 – 成為Part-time素食者
Go Green - Be a Part-time Vegetarian

- 半素食主義 - 什麼是彈性素食主義?
Be a Flexitarian- Eat a Semi-Vegetarian Diet
- 是日Plant-based diet - 如何靈活自訂無肉日
Build Your Own Diet Plan
- 素肉比例 - 教你如何進行Part-time素食
What and How to Eat It Right



Managing COVID-19

In 2022, we have continued to safeguard the health and wellbeing of our employees under the COVID-19 pandemic. On top of maintaining communication with our employees on protection and preventive measures, guidelines and notices, we have also implemented a set of hygiene and sanitation measures in offices to control the spread of disease. Other than allowing flexible work from home arrangements for units wherever feasible to reduce face to face contact, UAF and SHK Credit branches are also well-equipped with protection measures such as hand sanitisers and COVID-19 control signs to ensure safe for both our employees and customers.

Our Disaster Recovery Plan (DRP):

Our DRP has been updated in 2022 to ensure business process continuity and resilience in the face of unplanned incidents such as natural disasters, power outages, cyber-attacks, and other disruptive events. The DRP outlines detailed instructions for response and escalation procedures and defines Recovery Point Objective (RPO) and Recovery Time Objective (RTO) for various systems.

Completed in 2022

1. Update DRP document
 - Identify Critical Operations
 - Evaluate Disaster Scenarios
 - Communication and Escalation Plan
 - Data Backup and Recovery Plan
2. Drill test to validate the DRP
 - Prepare resilience site using Microsoft Azure Virtual Desktop (AVD)
 - Update drill test plan based on actual operation and different level of disaster scenarios
 - Involved member from different teams to complete the drill test with result and passing rate recorded
3. Split operations
 - Split business and operation departments from one operating location into two separate sites

To be Completed in 2023

1. Annual review of DRP
2. Another round of drill test as annual activities
3. Alternate sites testing

Business continuity plans have also been developed across the Group to keep up with changing pandemic requirements and restrictions while maintaining services for our customers. This ensures that we could deliver our services with minimised business disruptions and speedy responses in face of sudden changes under the pandemic. For example, a decision tree acts as a checklist and guideline for a range of scenarios where employees could follow and determine whether to remain normal operations.

Development and Training

Continuous learning is the key to improvements and sustainable development. We highly value the process of learning as a vital component to remain competitive, while keeping up with the latest global trends and the ability to integrate personal skills acts as a resilience tool for our employees.

Training topics provided across the Group include but are not limited to:

	Valuation approach		ESG training
	Financial markets		Health insurance
	Legal documentation knowledge		Customer service
	Insights discovery		Design thinking
	Taxation		Fraud awareness
	Information security awareness		Loan systems
	Compliance (including anti-bribery, anti-money laundering and counter-terrorist financing)		

At SHK & Co., we hold orientation training for all new joiners to help them understand our core business values, areas of operations, company culture, employee benefits, and most importantly, to familiarise themselves at the new working environment. In particular, we have held an ESG training for our Board, covering topics on background of ESG, ESG ratings and compliance with laws/regulations. Furthermore, to demonstrate our commitment in encouraging mutual learning, we rolled out a new Learning & Development Policy to encourage personal development, held "Lunch at work" events to create a platform between employees to communicate and exchange experiences, as well as to learn about ideas from different business functions.

UAF is also committed to encourage the development of its employees, and thereby offers an advanced learning allowance for all general employees and superior employees that is renewed yearly.

We also regularly appraise the performance of our employees to recognise the value of their work, help identify areas of personal development and build their capacity to brace for future challenges. Not only does this help us clearly understand the unique skills of our employees and improve our operational performance, but it also enhances the satisfaction of our employees.

Further details on training, performance reviews and other employment aspects of the Group are summarised in the Performance Data Table in this Report.

Our Investors and Customers

SHK & Co. has been at the forefront of addressing emerging investors and customer's needs, with our solid foundation in the financial industry. As a reliable and compassionate professional corporation, we are dedicated to providing prime services and cultivating excellent relationships with our investors and customers. Thus, we endeavour to safeguard our operational functions, consistently improve our engagement strategy, and spot growth prospects in order to maintain the quality of our services.

Financial Protection and Inclusion

UAF is committed to safeguarding its customers' financial protection and inclusivity. As a founding member and executive committee member of the HKSAR Licensed Money Lenders Association ("LMLA"), UAF played a role in drafting the Code of Money Lending Practice, a thorough framework of market practices and standards in the lending industry. The Code covers important topics such as customer relationships, anti-money laundering, credit evaluation, debt collection and recovery, and data privacy. By adhering to the Code, UAF aims to increase customer confidence and foster a fair corporate culture in the financial industry.

In addition to its involvement in the LMLA, UAF is also a prominent contributor to the lending industry and a member of several projects run by the Hong Kong Association of Banks (HKAB), including a special task force for the Multiple Credit Reference Agency and a task force for Alternative Payment Solutions ("APS") for property transactions.

Furthermore, UAF strives to better serve its customers' changing needs and promote financial stability in the community. UAF provided financial assistance during the COVID-19 pandemic through the Interbank Debt Relief Plan, which aimed to ease the financial struggles of borrowers by providing debt relief plans, and has also launched a personal loan service to customers to improve financial accessibility.

Meanwhile, SHK Credit has a mortgage scheme that allows customers to obtain mortgage loan approval within 24 hours.

Sustainable Investment

SHK & Co. is committed to sustainable investing and supporting businesses that positively impact society while providing returns for investors. We have invested in various next-generation technology projects such as sustainable buildings, electric vehicles, energy management, and digital learning.

SHK & Co.'s Sustainable Investments

Sustainable Buildings	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.
Electric Vehicles	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.
Energy Management	A technology solutions provider that focuses 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.
Digital Teaching & Learning	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.
NewGlobe Education	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%.

We also educate investors on sustainable investing trends and help them identify investment opportunities and risks. As a socially conscious company, we are developing our responsible investing strategy to integrate ESG concerns into decision-making and mobilise capital sustainably.

Customer Service

We aim to provide exceptional service by understanding our customers' needs and exceeding their expectations. UAF performs customer satisfaction surveys to measure its service and quality, and has a dedicated support hotline to improve the customer experience. Its Customer Service Department ("CSD") is trained to handle situations professionally, sensibly, and quickly.

UAF Customer Satisfaction Survey

3,194

respondents



~189% increase in responses vs 2021



98.68% positive response rate

For managing customer complaints, we have standardised procedures and remedies that are overseen by the CSD. Upon receiving a complaint, the employee will investigate and take corrective action if necessary. During the Reporting Period, we recorded a total of 1 complaint about products/service and 6 debt collection complaints. Every complaint case has been inspected and resolved by the CSD and Debt Collection Unit assiduously and meticulously.

Data Privacy and Confidentiality

Data Protection

The Group adheres to relevant laws and regulations, such as the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) and the Code of Practice on Consumer Credit Data, when gathering personal information from customers. The confidentiality and privacy of client data is a top priority, and the Group's Information Security Policy outlines the responsible management of data. The Group uses encryption technology and obtains formal consent for data usage to protect personal information, and has strict standards in place to prevent unauthorised access and use of data.

Apart from that, the Group provides information security training to employees to protect against cyber security threats. The Information Classification Policy ensures that sensitive information is managed properly, and the use and monitoring of portable storage devices is guided by specific guidelines. Information security training covers current concerns and control measures to prevent security issues.

IT Resilience

The Group invests in its infrastructure and cyber security to address the increasing IT risks. They have a secure information system with backup features and located offsite at managed data centres. The cyber security is strengthened through external audit and benchmarking against the industry standard of National Institute of Standards and Technology ("NIST") Cybersecurity Framework. In addition, UAF has an Information Security Management System ("ISMS") in compliance with ISO 27001 to secure information and reduce risks. The Information Security Policy, which is a component of the ISMS, sets minimum standards for employees to follow. The ISMS is made more effective through employee adherence to security requirements.

Responsible Marketing

UAF and SHK Credit use responsible marketing practices and adhere to the Trade Description Ordinance and Guidelines on Additional Licensing Conditions of Money Lenders Licence to provide accurate information to investors and customers. Risk warnings are included in promotional materials and a hotline is provided for reporting illegal publicity. The information is presented clearly and consistently to ensure comprehension. False or misleading information is prohibited, and advisory documents are available on the website for customers' perusal.

Anti-Money Lending Scam Guidance Documents

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

Our Community

SHK & Co. utilises its resources and capabilities to help the communities becoming more resilient and have more secure livelihoods. Our Sustainability Policy outlines our strategies in creating a diverse and fair society and investing in our communities in alignment with the UNSDGs. The Sun Hung Kai & Co. Foundation (the "Foundation") was established as a significant platform for the Group, business partners, and collaborators to support and enhance our underserved communities. Programmes that aid economically underprivileged families, nurture future leaders, and enable young people to thrive through athletics are some of the activities we support. After being restricted by social distance last year, we have stepped up our community initiatives this year. The Group has given more than HK\$50 million to ESG initiatives through the Foundation since its founding in 2015, and UAF has given more than HK\$8.1 million since 2020 to advance community wellness.

Enhancing Education for Underprivileged Students

Together, SHK & Co. and Crossroads Foundation have been promoting and supporting the communities since 2021. The Computer Refurbishment Programme, which gives used computers to underprivileged students and families so that they have access to e-learning during the COVID-19 pandemic measures, is one project in which both have been involved. A total of 600 computers – 240 desktops and 360 laptops – have been distributed throughout the project. To support underprivileged families, an additional 41 agencies received computers from the Computer Refurbishment Programme as well, including but not limited to: Against Child Abuse, Caritas Project Hyacinth, Eden Ministry Ltd, Social Welfare Department – Family and Child Protective Services Unit, Grassroots Future, Holy Trinity Lutheran Church, HK Family Welfare Society, Lok Sin Tong, New Life Psychiatric Rehabilitation Association, Po Leung Kuk, and Social Welfare Department.

"The Computer Refurbishment Programme has not only allowed the Company to reach out and support the unprivileged population of Hong Kong, but also maximise the use of each computer. This programme reduces carbon footprint whilst encouraging responsible technology refurbishment and reuse. This sustainable approach not only reduces CO₂ into the atmosphere and waste to landfills, but also reduces demand for new equipment." – **Mr. Brendan McGraw**, Group Chief Financial Officer of SHK & Co.



Bolstering Growth through Sailing

The Sun Hung Kai Scallywag Foundation established in 2019, together with Sailability Hong Kong, has continued to support 1,463 sailors over 203 days until 2022. During the process, we hope to help our young sailors improve their endurance, adaptability, communication skills, self-esteem, confidence, and mental wellness through our activities. We also place a focus on particularly providing opportunities for underprivileged youth, such as sailors from low-income families and ethnic communities to experience freedom and inclusivity.

The Sun Hung Kai Scallywag Foundation has continued to organise various sailing camps for the general public from 2021 to 2022 during the school breaks as part of its “One-for-One Charitable Scheme”, where the proceeds of funding raised by a participant is used to support the underprivileged youth in sailing. In this scheme, participants could learn to give back to the community and help those in need.

We have partnered with the Royal Hong Kong Yacht Club for two consecutive years to title sponsor the “Sun Hung Kai & Co. Around the Island Race”. We have also provided support to Hebe Haven Yacht Club’s Open Dinghy Regatta since 2020 in effort to further encourage youths to take up sailing and help bring the sailing community in Hong Kong together.



Caring for the Elderlies and Homeless

In partnership with ImpactHK, employees from SHK & Co. and SHK Credit, as well as SHK & Co.’s fund partner ActusRayPartners, organised a “Kindness Walk” in the Tai Kok Tsui neighbourhood to provide the area’s homeless residents with rice dumplings and other essentials (light meals, water, and Covid-relief items). The rice dumplings that were given out to the homeless community were bought from Ki Lung Restaurant, a civic-minded local eatery that has been giving out free meals to the elderly and homeless people on the streets for the past 20 years.

“I am grateful to have the opportunity today to participate in this Kindness Walk. Life is difficult for the homeless especially with the Covid-19 pandemic. Some of them have been unemployed for months and struggles daily for necessities such as food and water. For some, it’s their first time to sleep on the streets. At the height of the pandemic, publicly accessible bathrooms were closed, services by some meal providers and sleeping areas were suspended which affected them particularly. We hope the Kindness Walk will bring the homeless some warmth and the wider society can understand the hardship of the homeless community and lend a hand to people in need.” – Ms. Phoebe Yuen, Group Head of Legal & Compliance at SHK & Co.



Nurturing Future Leaders

We believe that one of the finest ways to nurture future leaders who want to make the world a better place is via education, and we are enthusiastic supporters of organisations that provide fair access to quality education and lifelong opportunities. As one of the founding sponsors of the Dalton School of Hong Kong, a non-profit dual-language and multicultural primary school that aims to foster learners and thinkers with a global perspective, we aspire to promote opportunities for youth in Hong Kong to receive high-quality education.



The Sun Hung Kai & Co. Foundation Fellowship Fund has been a major sponsor of Harvard Business School's need-blind admission programme since 2018. This initiative supports outstanding MBA students in achieving their aspirations and improving their lives by making prestigious education more accessible to young talents.

"Thank you so much Sun Hung Kai & Co. Foundation Fellowship Fund for making my HBS experience possible, and for making higher education accessible to other young talents in the Greater China and Southeast Asia region. Your generosity truly embodies the school's spirit of paying it forward and inspires me to do the same in the future." – **Phuong Nguyen, HBS MBA 2024**

Supporting Family Bonding

In November 2022, the employees of UAF took part in the Community Chest New Territories Walk for Millions 2022 – Cross Bay Link Tseung Kwan O to support 24 member agencies in providing "Family and Child Welfare Services". 45 volunteers participated in this 6km route with the aim to support agencies in maintaining and strengthening family bonding, encouraging mutual support relationship among family members, helping them prevent and cope with individual or family problems, as well as providing services for their unmet needs.



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:

SHK & Co.	
Position	Institution
Committee Member	Chamber of Hong Kong Listed Companies
Task Force on Climate-Related Financial Disclosures (TCFD) Supporter	The Financial Stability Board
UAF	
Position	Institution
Founding Member, Chairman, Executive Committee Member and Secretary	The HKSAR Licensed Money Association
Honourable Chairman	Taiwan University Alumnus Association
Honourable Chairman	Taiwan Business Association (Hong Kong) Limited
Director	HK and Macau Taiwanese Charity Fund Limited
Trustee Member	New Asia College, The Chinese University of Hong Kong
Committee Member	Committee on Student Exchange Programme with Universities in Japan, New Asia College, The Chinese University of Hong Kong
Member	Advisory Board, College of Management, National Chung Cheng University, Taiwan
Director	Shenzhen Microfinance Industry Association
Director	Liaoning Microcredit Company Association
Member	Chongqing Microcredit Association

Position	UAF Institution
Member	Chongqing Association of Enterprises with Foreign Investment
Executive Director	Tianjin Association of Microcredit
Member	Sichuan Association of Microcredit
Member	Chengdu Microfinance Association
Member	Beijing Microfinance Industry Association
Vice Chairman	Yunnan Province Microcredit Association
Director	Dalian Municipal Association of Local Financial Institutions
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
Director	Heilongjiang Microcredit Company Association
Director	Nanning Microcredit Industry Association
Director	Guangxi Microcredit Company Association
Member	Qingdao Microcredit Cooperation Development Association
Member	Shandong Microcredit Association
Member	Jinan Folk Financing and Microcredit Association
Member	Shenzhen Internet Finance Association

Our Environment

We acknowledge the importance of our role in defending the environment as well as level of commitment required to induce behavioural change.

During the Reporting Period, there were no cases of non-compliance in relation to environmental practices that have a significant impact on the Group.

Our Policies Dedicated to Upholding Environmental Sustainability:

- Sustainability Policy
- Green Office Guidelines
- Group Procurement Policy
 - Supplier Code of Conduct
 - Supplier Due Diligence Form
 - Sustainable Procurement
- Climate Change Policy

Connecting with Nature

Volunteers from SHK & Co., UAF and SHK Credit participated in the "Tree Partner Programme" organised by the World Green Organisation in August 2022. The activity involves hiking and tree planting at Tai Lam Country Park, and the Group is committed to demonstrate our efforts in raising the awareness of climate issues across our employees to the broader society.



Green Eating Habits

SHK & Co. collaborated with Green Monday as our "EARTH MONTH PARTNER" to encourage green eating habits and sustainable lifestyle. A customised "Green Common Hearty Food Box" was curated to be delivered to every employee's home.



Sustainable Consumption

The Group has maintained its efforts to ensure resources such as paper, electricity and water were consumed sustainably while reducing the amount of waste generated. We make an effort to procure office supplies and furnishings from vendors who have received relevant local and international environmental certification requirements in order to promote green products. Additionally, we have been purchasing Forest Stewardship Council ("FSC") paper whenever possible for the past few years.

Digitised Operations



Paper Consumption



~3.4%

compared to 2021 levels

We have been gradually transitioning towards digitised operations as our paper has remained a key resource consumed in our operations. The Group adopts a two-pronged approach: control at source and adopt digitisation technologies.

While paper usage may not currently be avoided entirely, our newly published Group Procurement Policy controls our source of paper by prioritising the purchase of environmentally friendly paper such as 100% recycled paper and sustainably sourced FSC certified paper to minimise its upstream impact. FSC paper has especially been applied to annual reports and business cards. Printers across various departments at SHK & Co. head office have been centralised and reduced in number to minimise the urge to print at will. Printers have also been defaulted to duplex printing to maximise the use of paper.

Major Digitised Initiatives:

- Digital business cards
- Electronic correspondences and circulation of materials
- Digital employee self-service platform for administrative paperwork
- Digital management process
- Online learning management system
- Electronic platforms as marketing channels
- Use of digital media firms
- Digital loan application services

Since the launch of UAF's "YES UA" app in 2020, customers can make loan originations through the app, which has given customers a more streamlined paper-free loan application and identity verification process, thus reducing carbon footprint from paper consumption.

Energy Conservation



Electricity Usage



~8.7%

compared to 2021 levels



Petrol Usage



~29.4%

compared to 2021 levels

The Group's most significant source of our operational carbon footprint comes from energy consumption, more specifically petrol for the company cars and electricity for powering the UAF offices and branches in both Hong Kong and Mainland China. Therefore, we strive to conserve energy through energy efficient installations, retrofitting or replacements, and advocating energy saving practices in the workplace.

We have set a target to reduce absolute electricity usage by 15% compared to FY19 baseline by 2025. As such, we have implemented light zones through centralised control panels and encouraged increased utilisation of the power-saving functions of the computer screens in our head office to enhance energy efficiency. On top of these measures, our head office happens to be situated in a Final-Platinum-certified building under Hong Kong's BEAM Plus Existing Buildings Certification (Commercial Building), which indicates that the building experiences excellent energy performance.

Energy Saving Measures at UAF:



- Use of only LED, T5 or compact fluorescent lamps, refrigerating appliances, and servers that come with energy labels (i.e. EMSD's Grade 1 and 2 or equivalent)
- Affix on/off switch stickers on lighting control panel
- Lights switched off when not in use or after office hours
- Regular maintenance of electrical appliances such as lamps, computers, water dispensers, fridges and fans to ensure optimal efficiency
- Prioritise multi-functional devices that incorporate printing, scanning, photocopy and fax
- Switching off external lighting for decorative, promotional, and advertising billboards and signages after midnight
- Light control zones and installation of motion-sensing light bulbs and LED light bulbs

Water Efficiency



~42.5%
compared to 2021 levels

Apart from energy, clean freshwater is another valuable resource vital to our health and survival. We did not encounter any issues in sourcing water during the Reporting Period as the water consumed at our Hong Kong office comes from the municipal water supply. While we do not have any water-intensive operations, we have remained committed to our water conservation efforts and targets to reduce water usage.

Our water supply is maintained and inspected regularly to identify leakages early on so that we can respond quickly to contain and minimise the amount of water leaked. Other sources of water consumption include the water dispensers and water for plant irrigation. We have also prepared display signs in the pantries and washrooms for reminding our employees the importance of saving water and some water-saving techniques.

Waste Management

The Group's waste management approach starts with responsible consumption of resources, followed by exhausting reusing and recycling efforts before disposing them. Our most common office waste includes paper, cardboard, office furniture, computers, other electrical and electronic equipment, batteries, toner and ink cartridges as well as general waste. In order to facilitate our recycling efforts, designated recycling bins and collection areas have been provided in each office with clear signages indicating the respective recyclables, especially for confidential documents.

At the head office, we strive to maximise the lifespan of the office furniture, computers and other electrical and electronic equipment with regular maintenance and repairs until they breakdown completely. We would then donate them to specified organisations for upcycling or recycle them through recyclers authorised by the Environmental Protection Department.

In the future, we plan to provide additional waste collection points at the UAF offices to step up our recycling effort. We also keep careful monthly records of our disposed waste to monitor our waste management performance. We also ensure that both recyclable and non-recyclable wastes are collected and handled by licensed contractors.

Carbon Reduction

Recognising how greenhouse gases (GHG) are closely tied to climate change, the Group has been recording and monitoring our carbon footprint³ involving our usage of electricity, petrol for company cars and business travel by air.

Major Carbon Reduction Initiatives:

- Use of online collaboration platforms to minimise business travels
- Conduct regular inspections and maintenance work for company cars to ensure optimal fuel efficiency
- Collaborate with green organisations to advocate a low-carbon lifestyle

Climate Change

In recent years, we have experienced increasingly more severe climate events, most notably Typhoon Mangkhut back in 2018, which brought about serious damages to infrastructures and vegetations. It serves as a reminder of the far-reaching extent that climate change poses to our lives and economy. As a result, the Group is committed to reducing our carbon footprint and building up climate resilience across our operations.

As governments, regulators and corporations around the world have become increasingly aware of the climate challenges, the Group has been compelled to improve our climate disclosures in accordance with the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Task Force on Climate-Related Financial Disclosures (TCFD)

The Financial Stability Board (“FSB”) created the TCFD to improve the reporting of climate-related financial information, including climate-related risks and opportunities. It provides a set of recommendations on the types of information that companies should disclose to support investors, lenders and insurance underwriters in appropriately assessing and pricing risks related to climate change.

The Group is aware of how crucial climate change, along with its risks and opportunities, is to our position in the financial services industry. The most common physical threats are those related to climate change with increases in the frequency of extreme weather occurrences. On the other hand, transition risks are associated with pressures in policy and market changes in response to the quick move to a lower-carbon economy and climate change mitigation.

As a TCFD Supporter, we have conducted a climate risk assessment for both physical and transition risks and opportunities in 2022 to better understand the potential financial impact of climate change to our business operations.



³ Further details related to our carbon emissions can be found under the “Performance Data Table” of this Report.

Governance	Strategy	Risk Management	Metrics and Targets
The Group's governance around climate-related risks and opportunities	Actual and potential impacts of climate-related risks and opportunities on the Group's businesses, strategy, and financial planning	The Group's identification, assessment and management of climate-related risks	The metrics and targets used to assess and manage relevant climate-related risks and opportunities

Governance

The Group has also implemented a Climate Change Policy in 2022 to demonstrate the Group's commitments and measures to reduce and manage climate risks.

Our sustainability governance structure is formulated with a top-down integration of sustainability factors, climate threats, and economic prospects, enabling efficient management and oversight by the Board.

Detailed information on the Group's sustainability governance can be found under "Our Sustainability Commitment" section of this Report.

Strategy

Our Board is keen to identify climate-related physical and transition risks as we are aware of the hazards and possibilities that climate change poses to our Company. This process is crucial to assist us in designing future mitigation and resilience strategies.

Our Climate Change Policy sets out our commitments and strategies in the aspects of corporate sustainability, climate resilient investments, stakeholder engagement and transparency and disclosure that should be followed across the Group. Over the past few years, SHK & Co. has also invested in a large number of initiatives utilising next-generation technologies as detailed in the "Sustainable Investment" section of this Report.

We have worked with an external ESG consultant to provide ESG training to the Board and facilitated communication on climate change and its related impacts and issues to better understand potential risks that the Group is facing. This helped the Group to acquire a more comprehensive understanding of TCFD concepts as well as the current challenges of climate change. The consultant provided a list of potential climate risks following extensive discussions, and the climate risks were prioritised in order of business importance to reveal the most significant climate-related risks in our business operations.

The following table provides a summary of the most material risks to the Group:

Type	Climate-related Risks	Potential Impacts in the Future
Policy	Future implementation of carbon pricing or emissions reduction policies Stricter local (e.g. HKEX, SFC) and global laws and requirements	<ul style="list-style-type: none"> – Asset depreciation or climate-related asset stranding of investment projects affecting investment returns – Increased operating expenses (e.g. carbon taxes and allowances, consultancy fees, higher compliance costs and increased insurance premiums) – Company is at risk of being investigated or fined if deemed non-compliant to relevant laws and regulations
Technology	Transition to low-carbon technologies	<ul style="list-style-type: none"> – Increase in technological upgrade expenditures, such as adoption of green and low-carbon office equipment and use of renewable energy – Decrease in value of fixed assets

Market	Changes in investor preferences to greener investments	<ul style="list-style-type: none"> – Shift in investor preferences may result in a decrease in revenue due to inability to offer green investments – Material cost: cost to adopt/ deploy new practices and processes – Existing non-ESG portfolios will depreciate
	Increased public expectations on disclosure	<ul style="list-style-type: none"> – Company needs to put more resources into analysing investment projects and disclosing data
Reputation	Investor concerns in climate change and sustainability	<ul style="list-style-type: none"> – Decrease in investments: customers will divest from the Company due to inability of meeting investor’s values and criteria in disclosing climate change-related information

Risk Management

Having identified a range of potential physical and transition risks, we have located the most relevant and important risks to our businesses, assessed their potential financial impact, and designed mitigation measures to manage these risks. Our Risk Management Committee takes responsibility for identifying, assessing and managing ESG-related risks according to the Group’s risk appetite, ERM Framework and resiliency.

Summary of Potential Mitigation Measures:

- Set targets to reduce electricity consumption and regularly monitor and review progress
- Gradually replace less efficient equipment with more energy efficient ones
- Perform investment portfolio screening and set targets to ensure a portion of our investment portfolio considers ESG aspects
- Ensure compliance with all applicable legal requirements and regulatory frameworks
- Make reference to international publications and standards (e.g. GRI) in reporting processes
- Provide regular compliance training and updates to employees
- Support technological innovation to improve the sustainability of investments
- Provide ESG-related trainings to investment teams
- Publicly disclose carbon footprints, carbon reduction initiatives and status annually
- Build reputation from joining associations or global initiatives (e.g. TCFD Supporter) and collaborate with green organisations (e.g. WGO) to advocate for climate change initiatives (e.g. tree planting)

Detailed information on the Group’s management of climate-related risks can found under “Our Business and Governance” section of this Report.

Metrics and Targets

We have existing environmental targets in the aspects of greenhouse gases, waste, electricity and water established in 2021, and we are actively working towards these targets along with close progress tracking annually. Further details of these targets can be found in the “Our Sustainability Commitment” section of this Report.

We will continue to assess the effects of climate change and gradually incorporate the analysis and assessment of climate change risks into our processes for making investment decisions, using our Climate Change Policy and Environmental Risk Management Policy for risk analysis.

Further data on our statistics related to the environment and emissions can be found in the “Our Environment” and “Performance Data Table” sections of this Report.

Laws and Regulations

During the Reporting Period, 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*)
- Trade Descriptions Ordinance (*Cap. 362 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*)
- Anti-Money Laundering and Counter-Terrorist Financing (Amendment) Ordinance 2022
- 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*
 - *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)*
 - *Notice on the Special Rectification Work for the P2P Network Lending Risks (Online Loan Rectification Letter [2017] No. 57)*

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*)

Performance Data Table

Key Performance Indicators	Unit	2022			
		SHK & Co.	UAF	SHK Credit	Total
Environmental					
Air⁴ and GHG Emissions					
Nitrogen Oxides Emissions	kg	5.29	3.62	N/A	8.91
Sulphur Oxides Emissions	kg	0.22	0.15	N/A	0.37
Particulate Matter Emissions	kg	0.39	0.27	N/A	0.66
GHG Emissions — Scope 1 ⁵	tCO ₂ -e	52.51	776.62	N/A	829.14
GHG Emissions — Scope 2 ⁶	tCO ₂ -e	81.43	1,775.27	33.99	1,890.70
GHG Emissions — Scope 3 ⁷	tCO ₂ -e	4.75	1.47	0.0026	6.22
Total GHG Emissions (Scope 1 - 3)	tCO ₂ -e	138.69	2,553.36	34.00	2,726.05
GHG Emission Intensity by Revenue	tCO ₂ -e/ HK\$' Million	0.09	0.73	0.18	0.52
GHG Emission Intensity per Employee	tCO ₂ -e/person	1.82	1.70	1.13	1.70
Energy Use					
Petrol Usage	Litre	15,072.68	10,274.03	N/A	25,346.71
Electricity Usage	kWh	114,689.00	2,757,298.94	47,877.00	2,919,864.94
Total Energy Usage ⁸	MJ	928,366.06	10,277,648.01	172,357.20	11,378,371.27
Energy Intensity by Revenue	MJ/HK\$' Million	585.16	2,937.06	934.03	2,158.94
Energy Intensity per Employee	MJ/person	12,215.34	6,842.64	5,745.24	7,076.10
Water Use					
Water Usage ⁹	m ³	0.18	2,847.95	5.71	2,853.84
Water Intensity by Revenue	m ³ /HK\$' Million	0.00012	0.81	0.031	0.54
Water Intensity per Employee	m ³ /person	0.0024	1.90	0.19	1.77
Waste¹⁰					
Paper Consumed ¹¹	kg	897.48	72,530.68	707.49	74,135.65
Paper Consumed ¹¹	sheet	179,496	14,506,136	141,498	14,827,130
Paper Recycled	kg	980.00	10,513.54	450.00	11,943.54
Paper Intensity per Employee	sheet/person	2,361.79	9,657.88	4,716.60	9,220.85
Paper Intensity per Customer	sheet/person	N/A	80.37	196.53	81.82
Toner Cartridge	piece	0	190	0	190
Fluorescent Tubes, Light Bulbs	piece	19	341	22	382
Battery	kg	0.00	0.67	0.00	0.67
Computer	piece	0	370	0	370
Monitor/Screen	piece	0	360	0	360
Printers, Scanners, Fax Machines, Shredders	piece	0	62	0	62

⁴ Calculation of air emissions is based on How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs published by the Stock Exchange.

⁵ Includes emissions from consumption/disposal of fire extinguishers, refrigerant loss and direct combustion of vehicular fuels. GHG emission factors are adopted from the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purpose) in Hong Kong issued by the EPD and EMSD in 2010.

⁶ GHG emission factors are adopted from the Hongkong Electric Company, Limited 's Sustainability Report 2021 and the National Baseline Grid Emission Factor in China 2022 issued by the Ministry of Ecology and Environment of the PRC.

⁷ Includes indirect emissions from air travel by employees and electricity used for freshwater processing and sewage treatment. GHG emissions from air travel are calculated by International Civil Aviation Organization Carbon Emissions Calculator. Electricity consumption rates for freshwater processing and sewage treatment are obtained from the 2021 operation data published by WSD and DSD respectively.

⁸ Energy conversion factors are adopted from the UK Government Greenhouse Gas Reporting: Conversion Factors 2022.

⁹ Includes water usage as recorded from the water bills (except SHK & Co. and SHK Credit as their water supply is managed by the building/property management), bottled water and barreled water consumption.

¹⁰ Excludes waste handled/recycled by building/property management and its contractors.

¹¹ Limited to usage from office and branch's daily operations.

Key Performance Indicators	Unit	2022			Total
		SHK & Co.	UAF	SHK Credit	
Social					
Employees¹²					
Total Number of Employees	person	76	1,502	30	1,608
Employees by Gender					
Male	person	39	690	17	746
Female	person	37	812	13	862
Employees by Age					
≤30 Years Old	person	2	256	1	259
31–40 Years Old	person	30	799	14	843
41–50 Years Old	person	28	337	11	376
>50 Years Old	person	16	110	4	130
Employees by Employment Category					
Senior Management¹³	person	4	6	0	10
Senior Executives¹⁴	person	16	17	0	33
Middle Management	person	21	226	7	254
General Staff	person	35	1,253	23	1,311
Employees by Geographical Location					
Hong Kong	person	68	672	30	770
Mainland China	person	1	830	0	831
Overseas	person	7	0	0	7
Permanent Employees by Gender					
Male	person	39	680	17	736
Female	person	37	797	13	847
Temporary Employees by Gender					
Male	person	0	10	0	10
Female	person	0	15	0	15
Non-guaranteed Hours Employees by Gender					
Male	person	0	10	0	10
Female	person	0	15	0	15
Full-time Employees by Gender¹⁵					
Male	person	39	690	17	746
Female	person	37	812	13	862
Workers who are not Employees¹⁶					
Contractor	person	4	8	0	12
Self-employed	person	1	0	0	1
Intern	person	0	19	0	19

¹² Employee data are reported in headcount at the end of the Reporting Period.

¹³ Equivalent to "Executive Management" in ESG Report 2021.

¹⁴ Equivalent to "Senior Management" in ESG Report 2021.

¹⁵ We did not hire any part-time employees during the Reporting Period.

¹⁶ Contractual relationships for workers who are not employees are direct contracts and third-party contract for workers who perform clerical work, IT support and pantry assistance.

Key Performance Indicators	Unit	2022			Total
		SHK & Co.	UAF	SHK Credit	
Social					
Total Number of New Employee Hires					
Total Number of New Employee Hires	person	18	439	14	471
Rate of New Employee Hires by Gender					
Male	%	30.77%	34.93%	17.65%	34.32%
Female	%	16.22%	24.38%	30.77%	24.13%
Rate of New Employee Hires by Age					
≤30 Years Old	%	200.00% ¹⁷	55.08%	100.00%	56.37%
31–40 Years Old	%	23.33%	26.03%	14.29%	25.74%
41–50 Years Old	%	25.00%	18.69%	27.27%	19.41%
>50 Years Old	%	0.00%	24.55%	25.00%	21.54%
Rate of New Employee Hires by Geographical Region					
Hong Kong	%	50.00%	39.58%	46.67%	40.78%
Mainland China	%	0.00%	20.84%	N/A	20.82%
Overseas	%	28.57%	N/A	N/A	28.57%
Total Number of Employee Turnover					
Total Number of Employee Turnover	person	23	562	8	593
Turnover Rate¹⁸					
Total Turnover Rate	%	30.26%	37.42%	26.67%	36.88%
Turnover Rate by Gender					
Male	%	43.59%	40.14%	29.41%	40.08%
Female	%	16.22%	35.10%	30.77%	34.11%
Turnover Rate by Age					
≤30 Years Old	%	200.00% ¹⁹	54.30%	100.00%	55.60%
31–40 Years Old	%	23.33%	39.42%	7.14%	38.32%
41–50 Years Old	%	32.14%	22.26%	27.27%	23.14%
>50 Years Old	%	18.75%	30.00%	75.00%	30.00%
Turnover Rate by Geographical Region					
Hong Kong	%	29.41%	30.21%	26.67%	30.00%
Mainland China	%	0.00%	43.25%	N/A	43.20%
Overseas	%	42.86%	N/A	N/A	42.86%

¹⁷ The rate of new employee hires is above 100% as the number of new employee hires at ≤30 years old during the year exceeded the total number of employees at ≤30 years old employed at the end of the Reporting Period.

¹⁸ Number of permanent employees who left during the year divided by the total number of employees employed by the Group at the end of the Reporting Period.

¹⁹ The turnover rate is above 100% as the number of employees at ≤30 years old who left during the year exceeded the total number of employees at ≤30 years old employed at the end of the Reporting Period.

Key Performance Indicators	Unit	2022			Total
		SHK & Co.	UAF	SHK Credit	
Social					
		Parental Leave			
Total Number of Employees that were Entitled to Parental Leave	Male	39	59	17	115
	Female	37	102	13	152
Total Number of Employees that Took Parental Leave	Male	1	35	0	36
	Female	0	77	0	77
Total Number of Employees that Returned to Work in the Reporting Period after Parental Leave Ended	Male	1	33	0	34
	Female	0	68	0	68
Total Number of Employees that Returned to Work in 2021 after Parental Leave Ended	Male	1	6	0	7
	Female	0	11	1	12
Total Number of Employees that Returned to Work after Parental Leave ended that were still Employed 12 months after their Return to Work	Male	1	5	0	6
	Female	0	4	1	5
Return to Work Rate ²⁰	Male (%)	100%	94%	N/A	94%
	Female (%)	N/A	88%	N/A	88%
Retention Rate ²¹	Male (%)	100%	83%	N/A	86%
	Female (%)	N/A	36%	100%	42%
		Percentage of Employees Trained			
Total Percentage of Employees Trained	%	100.00%	100.00%	100.00%	100.00%
		Percentage of Employees Trained by Gender²²			
Male	%	51.32%	46.95%	56.67%	47.31%
Female	%	48.68%	53.05%	43.33%	52.69%
		Percentage of Employees Trained by Employment Category²²			
Senior Management	%	5.26%	0.25%	N/A	0.46%
Senior Executives	%	21.05%	0.68%	N/A	1.56%
Middle Management	%	27.63%	14.65%	23.33%	15.37%
General Staff	%	46.05%	84.43%	76.67%	82.61%
		Average Training Hours			
Total Average Training Hours	hrs/person	5.21	12.95	3.47	12.41
		Average Training Hours by Gender			
Male	hrs/person	5.38	15.33	3.44	14.53
Female	hrs/person	5.03	10.94	3.50	10.57

²⁰ Total number of employees who returned to work after parental leave divided by the total number of employees due to return to work after taking parental leave x 100%.

²¹ Total number of employees retained 12 months after returning to work following a period of parental leave divided by the total number of employees returning from parental leave in the prior reporting period x 100%.

²² The methodology used for calculating percentages of employees trained by gender and by employment category have been changed this year in alignment to How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs published by the Stock Exchange. It is calculated by the number of persons trained in the specific category divided by the total number of employees trained.

Key Performance Indicators	Unit	2022			Total
		SHK & Co.	UAF	SHK Credit	
Social					
Average Training Hours by Employment Category					
Senior Management	hrs/person	5.63	8.75	N/A	7.50
Senior Executives	hrs/person	6.69	1.12	N/A	3.82
Middle Management	hrs/person	5.33	18.70	4.79	17.21
General Staff	hrs/person	4.41	12.10	3.07	11.74
Total Training Hours by Topic					
Orientation	hrs	18.00	2,593.00	7.00	2,618.00
Anti-Corruption	hrs	89.50	1,141.00	45.00	1,275.50
Compliance	hrs	76.00	1,571.00	30.00	1,677.00
Percentage of employee receiving regular performance review					
Review Rate	%	100.00%	91.61%	100.00%	92.16%
Percentage of employee receiving regular performance review by Gender					
Male	%	100.00%	88.84%	100.00%	89.68%
Female	%	100.00%	93.97%	100.00%	94.32%
Percentage of employee receiving regular performance review by Employment Category					
Senior Management	%	100.00%	100.00%	N/A	100.00%
Senior Executives	%	100.00%	100.00%	N/A	100.00%
Middle Management	%	100.00%	94.69%	100.00%	95.28%
General Staff	%	100.00%	90.90%	100.00%	91.30%
Work-Related Injuries²³					
Number of Injuries	number	0	1 ²⁴	0	1
Work-Related Injury Rate ²⁵	per 1,000 employees	0	0.00000067	0	0.00000062
Number of High-consequence Injuries (excluding fatalities)	number	0	0	0	0
High-consequence injury rate	per 1,000 employees	0	0	0	0
Lost Days Due to Work-Related Injury	number of days	0	43	0	43
Number of Fatalities	number	0	0	0	0
Fatality Rate	per 1,000 employees	0	0	0	0
Suppliers by Geographical Region					
Hong Kong	number	17	203	131	351
Mainland China	number	0	332	0	332
Overseas	number	0	12	0	12

²³ The reported cases of work-related injuries covered external workers. There were no cases of work-related ill health that the Group is aware of during the Reporting Period.

²⁴ This incident is not a high-consequence injury. The nature of injury was fall.

²⁵ Injury rates are not calculated based on working hours as required by GRI as working hours are standardised in most cases for financial services without shifts.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

Key Performance Indicators	Unit	2022			Total
		SHK & Co.	UAF	SHK Credit	
Social					
Annual Total Compensation Ratio					
Ratio of the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual)		5.61:1	31.85:1	3.43:1	N/A
Complaints					
Products and service complaints	number	0	1	0	1
Debt collection complaints	number	0	6	0	6

GRI Content Index

SHK & Co's ESG Report 2022 is prepared in accordance with the latest GRI Standards 2021. The following table provides with either cross-references of the relevant chapters or explanation.

GRI Standard	Disclosure	Relevant Chapter or Explanation	Page no.
GRI 2: General Disclosures 2021			
GRI 2: General Disclosures 2021	2-1 Organisational details	About This Report	P.50
		Annual Report 2022 – About Us	P.3
	2-2 Entities included in the organisation's sustainability reporting	Annual Report 2022 – Our Business	P.4-5
		About this Report	P.50
	2-3 Reporting Period, frequency and contact point	Annual Report 2022 – Notes to the Consolidated Financial Statements	P.130-206
		About this Report	P.50
	2-4 Restatements of information	There were no restatements of information in this Report.	
		2-5 External assurance	About this Report
	Annual Report 2022 – Corporate Governance Report (Audit Committee)		P.42-43
	Annual Report 2022 – Corporate Governance Report (Accountability and Audit)		P.47
2-6 Activities, value chain and other business relationships	Annual Report 2022 – Independent Auditor's Report	P.121-125	
	This Report was not externally assured.		
2-7 Employees	Our Business and Governance	P.60-62	
	Our Investors and Customers	P.67-69	
	Our Community	P.70-74	
	Annual Report 2022 – Our Business	P.4-5	
2-8 Workers who are not employees	Our People	P.62-67	
	Performance Data Table	P.82-87	
2-9 Governance structure and composition	We did not hire any part-time employees during the Reporting Period.		
	Our People	P.62-67	
	Performance Data Table	P.82-87	
	Our Business and Governance	P.60-62	
2-9 Governance structure and composition	Performance Data Table	P.82-87	
	Annual Report 2022 – Corporate Governance Report (The Board, Board Process)	P.35-37	
	Company website: Our Leadership		

GRI Standard	Disclosure	Relevant Chapter or Explanation	Page no.
	2-10 Nomination and selection of the highest governance body	Annual Report 2022 – Corporate Governance Report (Board Process, Appointment of Re-Election of Directors, Board Diversity)	P.35-37, 39-40
	2-11 Chair of the highest governance body	Annual Report 2022 – Corporate Governance Report (Roles of Chairman and Chief Executive)	P.38
	2-12 Role of the highest governance body in overseeing the management of impacts	About This Report Our Business and Governance Annual Report 2022 – Corporate Governance Report (Roles of Chairman and Chief Executive, Corporate Governance Functions, Risk Management and Internal Control)	P.50 P.60-62 P.38, 40, 45-46
	2-13 Delegation of responsibility for managing impacts	About This Report Our Sustainability Commitment Our Business and Governance Annual Report 2022 – Corporate Governance Report (Risk Management and Internal Control)	P.50 P.53-59 P.60-62 P.45-46
	2-14 Role of the highest governance body in sustainability reporting	Our Sustainability Commitment	P.53-59
	2-15 Conflicts of interest	Annual Report 2022 – Corporate Governance Report (Board Process)	P.35-37
	2-16 Communication of critical concerns	Our Business and Governance Annual Report 2022 – Corporate Governance Report (Communication with Shareholders and Shareholders' Communication Policy) There were no incidences of critical concerns during the Reporting Period.	P.60-62 P.48
	2-17 Collective knowledge of the highest governance body	Our People Annual Report 2022 – Corporate Governance Report (Directors' Continuous Professional Development)	P.62-67 P.38
	2-18 Evaluation of the performance of the highest governance body	Annual Report 2022 – Corporate Governance Report (Remuneration Committee)	P.41-42
	2-19 Remuneration policies	Annual Report 2022 – Corporate Governance Report (Remuneration Committee)	P.41-42

GRI Standard	Disclosure	Relevant Chapter or Explanation	Page no.
	2-20 Process to determine remuneration	Annual Report 2022 – Corporate Governance Report (Remuneration Committee)	P.41-42
	2-21 Annual total compensation ratio	Performance Data Table Due to confidentiality reasons, we are unable to report the ratio of the percentage increase in annual total compensation for the organisation's highest-paid individual to the median percentage increase in annual total compensation for all employees.	P.82-87
	2-22 Statement on sustainable development strategy	Our Sustainability Commitment	P.53-59
	2-23 Policy commitments	Our Sustainability Commitment Our Business and Governance Annual Report 2022 – Corporate Governance Report (Risk Management and Internal Control)	P.53-59 P.60-62 P.45-46
	2-24 Embedding policy commitments	Our Business and Governance Annual Report 2022 – Corporate Governance Report (Corporate Governance Functions, Risk Management and Internal Control)	P.60-62 P.40, 45-46
	2-25 Processes to remediate negative impacts	Our Business and Governance Annual Report 2022 – Corporate Governance Report (Risk Management and Internal Control) Annual Report 2022 – Risk Management Report	P.60-62 P.45-46 P.29-34
	2-26 Mechanisms for seeking advice and raising concerns	Our Business and Governance	P.60-62
	2-27 Compliance with laws and regulations	Our Business and Governance Laws and Regulations There were no significant instances of non-compliance with laws and regulations during the Reporting Period, thus there were no fines nor non-monetary sanctions incurred during the Reporting Period.	P.60-62 P.81
	2-28 Membership associations	Membership and Associations	P.73-74
	2-29 Approach to stakeholder engagement	Our Sustainability Commitment	P.53-59
	2-30 Collective bargaining agreements	No current employees are covered by collective bargaining agreements.	

GRI Standard	Disclosure	Relevant Chapter or Explanation	Page no.	
GRI 201: Economic Performance 2016				
GRI 3: Material Topics 2021	3-3 Management of material topics	About This Report Our Sustainability Commitment Our Business and Governance Annual Report 2022 – Notes to the Consolidated Financial Statements	P.50 P.53-59 P.60-62 P.130-206	
	GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Our Business and Governance Performance Data Table Annual Report 2022 – Consolidated Statements and Notes to the Consolidated Financial Statements	P.60-62 P.82-87 P.126-206
		201-2 Financial implications and other risks and opportunities due to climate change	Our Business and Governance Our Investors and Customers Our Environment	P.60-62 P.67-69 P.75-80
	201-3 Defined benefit plan obligations and other retirement plans	Our People Annual Report 2022 – Consolidated Statements and Notes to the Consolidated Financial Statements In accordance with the requirements of the MPF System, employees and employers are both required to make mandatory contributions of 5% of the employee's relevant income into the employee's MPF account, subject to the minimum and maximum relevant income levels. Employees in Mainland China are covered by their local Social Insurance System. The percentage contributions cannot be reported due to confidentiality reasons. Due to confidentiality, we are unable to provide the estimated value of the liabilities of defined benefit plans.	P.62-67 P.126-206	
	201-4 Financial assistance received from government	Annual Report 2022 – Consolidated Statements and Notes to the Consolidated Financial Statements	P.126-206	
GRI 205: Anti-corruption 2016				
GRI 3: Material Topics 2021	3-3 Management of material topics	About This Report Our Sustainability Commitment Our Business and Governance	P.50 P.53-59 P.60-62	
	GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Our Business and Governance	P.60-62
205-2 Communication and training about anti-corruption policies and procedures.		Our Business and Governance Our People	P.60-62 P.63-67	
205-3 Confirmed incidents of corruption and actions taken		There were no incidents of corruption during the Reporting Period.		

GRI Standard	Disclosure	Relevant Chapter or Explanation	Page no.
GRI 401: Employment 2016			
GRI 3: Material Topics 2021	3-3 Management of material topics	About This Report	P.50
		Our Sustainability Commitment	P.53-59
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Performance Data Table	P.82-87
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Our People Disability and invalidity coverage is not provided as none of the employees is eligible during the Reporting Period.	P.62-67
	401-3 Parental leave	Performance Data Table	P.82-87
GRI 403: Occupational Health and Safety 2018			
GRI 3: Material Topics 2021	3-3 Management of material topics	About This Report	P.50
		Our Sustainability Commitment	P.53-59
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Our People	P.62-67
	403-2 Hazard identification, risk assessment, and incident investigation	Our People	P.62-67
	403-3 Occupational health services	Our People	P.62-67
	403-4 Worker participation, consultation, and communication on occupational health and safety	Our People	P.62-67
	403-5 Worker training on occupational health and safety	Our People Due to our business nature and office setting, our exposure to work-related hazards is low, hence no dedicated training is arranged.	P.62-67
	403-6 Promotion of worker health	Our People Workers who are not employees of the Group are facilitated by their employers for access to the relevant healthcare services, hence no duplication is made by the Group.	P.62-67
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Our People	P.62-67
	403-8 Workers covered by an occupational health and safety management system	Our People All employees and external workers are covered by the OHS management system in circumstances where such system is present.	P.62-67
	403-9 Work-related injuries	Performance Data Table	P.82-87
	403-10 Work-related ill health	Performance Data Table	P.82-87

GRI Standard	Disclosure	Relevant Chapter or Explanation	Page no.
GRI 408: Child Labour 2016			
GRI 3: Material Topics 2021	3-3 Management of material topics	About This Report Our Sustainability Commitment Our Business and Governance	P.50 P.53-59 P.60-62
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	Our Business and Governance None of our operations nor suppliers are at significant risk for incidents of child labour.	P.60-62
GRI 409: Forced or Compulsory Labour 2016			
GRI 3: Material Topics 2021	3-3 Management of material topics	About This Report Our Sustainability Commitment Our Business and Governance	P.50 P.53-59 P.60-62
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Our Business and Governance None of our operations nor suppliers are at significant risk for incidents of forced or compulsory labour.	P.60-62
GRI 418: Customer Privacy 2016			
GRI 3: Material Topics 2021	3-3 Management of material topics	About This Report Our Sustainability Commitment Our Business and Governance Our Investors and Customers	P.50 P.53-59 P.60-62 P.67-69
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Our Investors and Customers There were no substantiated complaints identified in relation to customer privacy during the Reporting Period.	P.67-69

Stock Exchange ESG Reporting Guide Content Index

Our ESG Report 2022 is also prepared in accordance with the ESG Reporting Guide under Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange. The following table provides cross-references of the relevant chapters or explanation.

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
Mandatory Disclosure Requirements		
Governance Structure		
	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> (i) a disclosure of the board's oversight of ESG issues; (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 (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. 	Our Sustainability Commitment
Reporting Principles		
	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: Materiality, Quantitative, Balance and Consistency.</p>	About This Report
Reporting Boundary		
	<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>	About This Report

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.	Our Environment Laws and Regulations There are no laws and regulations that have a significant impact to the Group relating to GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.
KPI A1.1	The types of emissions and respective emissions data.	Our Environment 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).	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).	Performance Data Table 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).	Performance Data Table General waste is not reported as such waste is handled by building/property management and such data could not be provided to the Group for record.
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Our Sustainability Commitment Our Environment
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.	Our Sustainability Commitment Our Environment

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.	Our Environment
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh 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).	Our Environment Performance Data Table
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Performance Data Table
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Our Sustainability Commitment Our Environment
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.	Our Environment
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
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
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
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

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.	Our People Laws and Regulations
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Our People Performance Data Table Annual Report 2022 – Corporate Governance Report
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Performance Data Table
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.	Our People Laws and Regulations
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	There were no incidents of work-related fatalities in the past three years including the reporting year.
KPI B2.2	Lost days due to work injury	Our People Performance Data Table
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Our People
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Our People
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Performance Data Table
KPI B3.2	The average training hours completed per employee by gender and employee category.	Performance Data Table

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 issuer relating to preventing child and forced labour.	Our Business and Governance Laws and Regulations
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Our Business and Governance
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Our Business and Governance
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Our Business and Governance
KPI B5.1	Number of suppliers by geographical region.	Performance Data Table
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.	Our Business and Governance
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Our Business and Governance
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Our Environment

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.	Our Investors and Customers Laws and Regulations Due to the nature of our operations as a financial service company, there are no laws and regulations that have a significant impact on the Group relating to health and safety. There were no reported incidents of non-compliance concerning privacy matters and advertising during the Reporting Period.
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.	Our Investors and Customers Performance Data Table
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Our Business and Governance
KPI B6.4	Description of quality assurance process and recall procedures.	Our Investors and Customers
KPI B6.5	Description of consumer data protection and privacy policies, how they are and monitored.	Our Investors and Customers
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.	Our Business and Governance 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.	There were no concluded legal cases regarding corrupt practices during the Reporting Period.
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Our Business and Governance
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Our Business and Governance

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
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.	Our Community
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Our Community
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Our Community