



ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

About This Report

Sun Hung Kai & Co. Limited (stock code: 86), commonly referred to as SHK & Co., along with its subsidiaries (collectively known as the Group), is delighted to present its Environmental, Social, and Governance (ESG) Report for the year 2023. This Report sets out the Group's sustainability approach, policies, initiatives, and performance, focusing on the period from 1 January 2023, to 31 December 2023 (referred to as the Reporting Period).

This Report is prepared noting the latest Environmental, Social, and Governance Reporting Guide (ESG Guide) outlined in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the Stock Exchange), as well as the Global Reporting Initiative (GRI) Standards 2021.

SHK & Co.'s activities in credit (formerly known as financing), investment management, and funds management businesses in Hong Kong and Mainland China are covered by this Report, other than those without physical operations or joint venture companies in which the Group has no operational control. Unless stated otherwise, the Report encompasses the offices and branches of 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)

The information provided in this Report has been carefully compiled using data and information gathered within the Group. The Group maintains internal control and review processes to check the accuracy and reliability of all information presented. The Board of Directors (the Board) has reviewed and approved this Report. Throughout its preparation, we have adhered to the 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 of the Group.

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

Balance This Report presents SHK & Co.'s 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, to allow for meaningful comparison of ESG data over time. There was no significant change with the reporting scope of this Report from last year. For further details of the quantification methodologies, please refer to the "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:

Sun Hung Kai & Co. Limited
40/F., Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong
Tel: (852) 3748 2823
Email: investor.relations@shkco.com

Awards and Recognitions

Award Name	SHK & Co. Awarding Institution
Listed Company Awards of Excellence (2018-2023)	Hong Kong Economic Journal
Listed Enterprises of the Year (2018-2023)	Bloomberg Businessweek/Chinese Edition
Listed Enterprises – Best Corporate Governance	Bloomberg Businessweek/Chinese Edition
Asian Excellence Awards – Asia’s Best CFO	Corporate Governance Asia
Asian Excellence Awards – Best Investor Relations Company	Corporate Governance Asia
Asian Excellence Awards – Best Corporate Communications	Corporate Governance Asia
Asia’s Top 15 In-House Teams	Asian Legal Business
Gold Award of Corporate ESG Awards (2013-2018, 2020, 2022-2023) Titanium Award of Corporate ESG Awards (2019, 2021)	The Asset
Green Office Awards Labelling Scheme – Green Office and Eco-Healthy Workplace (2021-2023)	World Green Organisation
Good MPF Employer (2014-2023)	Mandatory Provident Fund Schemes Authority
Caring Company (2016-2023)	The Hong Kong Council of Social Service
Happy Company Award (2021-2023)	Happy Index Foundation and Hong Kong Productivity Council
Partner Employer Award (2022-2023)	Hong Kong General Chamber of Small and Medium Businesses
The Racial Diversity and Inclusion Charter for Employers (since 2022)	Equal Opportunities Commission
Supporter of Task Force on Climate-related Financial Disclosures (TCFD) (2022-2023)	The Financial Stability Board

Award Name	UAF Awarding Institution
Caring Company (2005-2023)	The Hong Kong Council of Social Service
Manpower Developer (2012-2028)	The Employees Retraining Board
Social Capital Builder Awards (2016-2024)	Community Investment and Inclusion Fund
Happy Company Award (2017-2023)	Happy Index Foundation and Hong Kong Productivity Council
Good MPF Employer 2023	Mandatory Provident Fund Schemes Authority
The Racial Diversity and Inclusion Charter for Employers (since 2020)	Equal Opportunities Commission
Privacy-Friendly Awards (Gold Award) (2023)	Office of the Privacy Commissioner for Personal Data (PCPD)
“New Mastercard Product Launch” & “New Mastercard Member Onboarded” Prestigious Recognition (2023)	Mastercard
The Asset Triple A Awards: Best payments and Collections Solution Hong Kong (2023)	The Asset
Best SME’s Partner Award (2022-2023)	The Hong Kong General Chamber of Small and Medium Business
Kam Fan Awards (Bronze Award) (2022)	The Association of Accredited Advertising Agencies of Hong Kong
DigiZ Awards: Best Effective Search Campaign (2022-2023)	Marketing-Interactive
DigiZ Award: Best Use of Real-Time Marketing (2023)	Marketing-Interactive
PR Awards: Best Use of Content (2023)	Marketing-Interactive
Yahoo Asia Big Idea Chair Awards: Best Acquisition Campaign (2022-2023)	Yahoo Asia
HGC Digital Technology Excellence Award (2023)	HGC Global Communications Limited
HGC FinTech and Innovation Award (2023)	HGC Global Communications Limited

SHK Credit

Award Name	Awarding Institution
The Most Popular Mortgage Company on Internet (2017-2023)	iChoice Award
Excellence Award for Mortgage Service (2021-2023)	Sky Post Banking & Finance Awards supported by Hong Kong Economic Times Holdings Limited
Headline No. 1 Awards 2023 “No.1 in Loans and Financing Services”	Sing Tao Limited

Our Sustainability Commitment

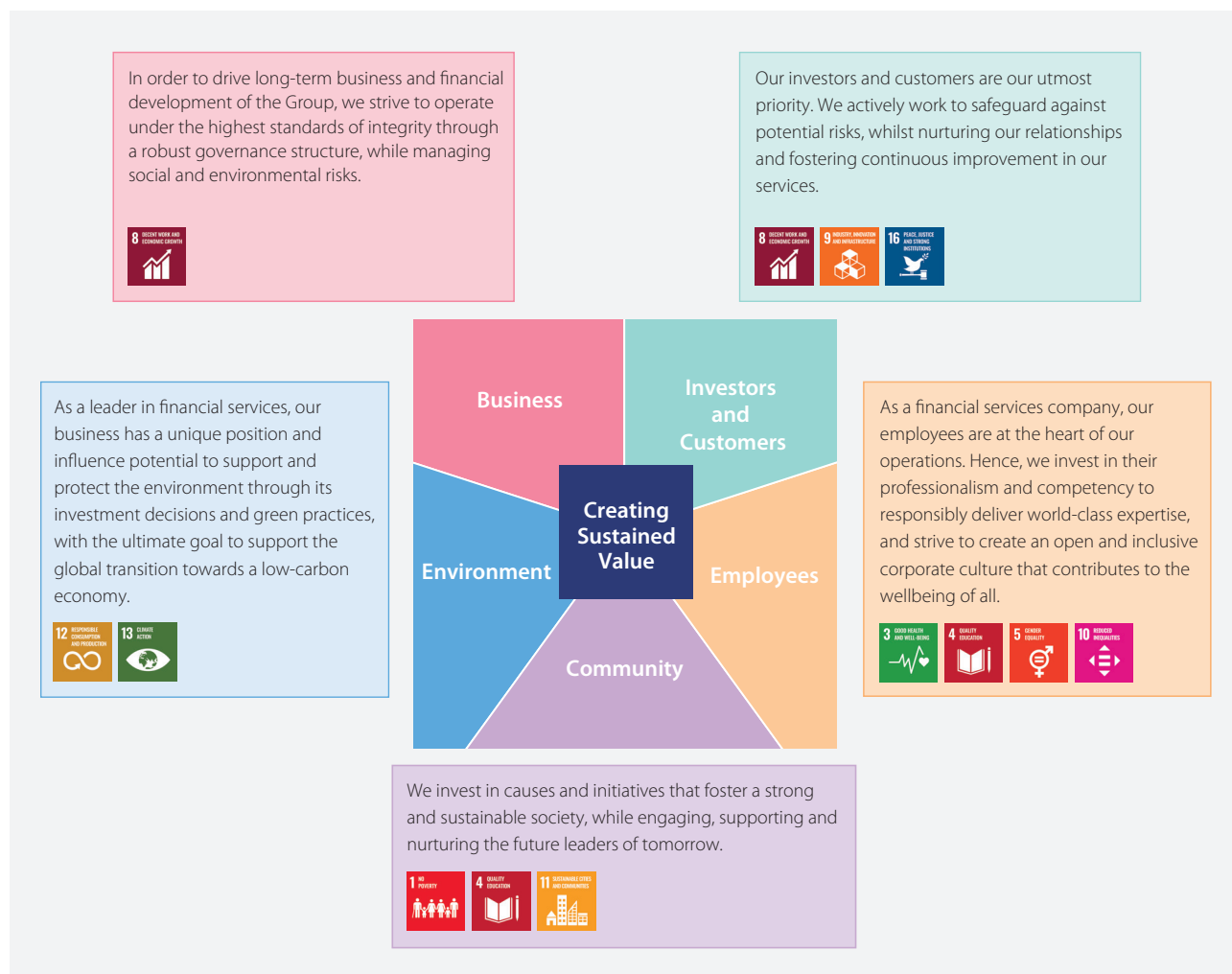
At SHK & Co., we recognise the vital role sustainability plays in driving the long-term growth of our businesses. With this understanding, we remain dedicated to supporting the United Nations Sustainable Development Goals (UNSDGs) and integrating these objectives into our operations. In 2020, we introduced our Sustainability Policy, which serves as a guiding framework outlining a set of principles that we adhere to across all aspects of our business activities. We believe that by integrating ESG factors into our decision-making process, such as adopting UNSDGs into our existing Private Assets Portfolio Management System to track our sustainable investment alignment, we can contribute to a sustainable future.

To ensure our ongoing resilience in an ever-changing market, we maintain a proactive approach by regularly reviewing and updating our Sustainability Policy. We remain vigilant and prepared to address future risks, adapting our strategies to align with emerging sustainability challenges and opportunities.

Creating Sustained Value for all our Stakeholders

Over the years, our primary aim is to Create Sustained Value for all our stakeholders. This commitment is strengthened by our unwavering adherence to core sustainability values that align with the UNSDGs, serving as the guiding force behind our business strategies. We recognise the interconnectedness of various core aspects and understand that simultaneous efforts in these areas are essential for achieving sustainable growth.

In pursuit of our goals, we proactively align our strategies with global trends and initiatives. We have established targets for each ESG category and annually assessed our progress to ensure that we are consistently Creating Sustained Value for our colleagues, partners, communities and the planet. By embracing this holistic approach, we strive to make a positive and lasting impact on our stakeholders, society and environment.



In this year's ESG report, we are pleased to present our renewed and expanded targets, reflecting our ongoing commitment to sustainability. Building upon the progress made last year, we have reviewed and renewed our targets. We will actively seek out innovative solutions and implement environmentally responsible strategies throughout our operations to further reduce our environmental resource footprint. Recognising the interconnectedness between sustainability, business resiliency and growth, we aim to create a greater impact by setting and delivering on more ambitious targets.

Environmental Aspect	Targets	Progress in 2023
General & Greenhouse Gases	• Maintain at least 50% of the Group's investment portfolio with alignment to UNSDGs annually.	In Progress
	• Participate in an ESG/sustainability-related activity in financial industry annually.	Achieved
	• Organise an environmental initiative that reduces or offsets environmental impact annually.	Achieved
Waste	• Ensure that 90% of office paper is certified FSC or PEFC paper annually.	Achieved
	• By 2023, set up a paper waste monitoring system, to track consumption, usage and recycling data.	Achieved
	• By 2025, reduce absolute paper usage by 35%, compared to FY19 baseline.	In Progress
	• By 2025, maintain use of paper cheques issued for customer funding to be 10% or below at UAF.	In Progress
	• By 2024, reduce individual desk bin by 25% and increase recycling points at SHK & Co.	In Progress
	• By 2024, eliminate the use of single-use tableware in office.	In Progress
	• By 2024, deliver a 1-hour training session to staff on waste generation and management.	In Progress
Electricity	• By 2023, provide at least 1 hour energy and resource saving training for employees.	Achieved
	• By 2025, reduce absolute electricity usage by 25% compared to FY19 baseline.	In Progress
	• Maintain energy-efficient and smart office facilities installation strategically.	In Progress
Water	• By 2023, provide at least 1 hour energy and resource saving training for employees.	Achieved
	• Minimise the consumption of bottled/barrel water.	Achieved

Stakeholder Engagement

SHK & Co. actively engages its stakeholders to gain a comprehensive understanding of our stakeholders' satisfaction towards our business and expectations. This process is important for our continuous improvement and development in our operations. With a better understanding of our stakeholders' views, we can identify and focus on the ESG topics that our stakeholders consider most important, and align our business practices and decisions accordingly. The following table summarises the major communication channels that were used when engaging 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 • ESG reports • 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 • Circulars through internal information sharing platform • 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 values the views of both its internal and external stakeholders.

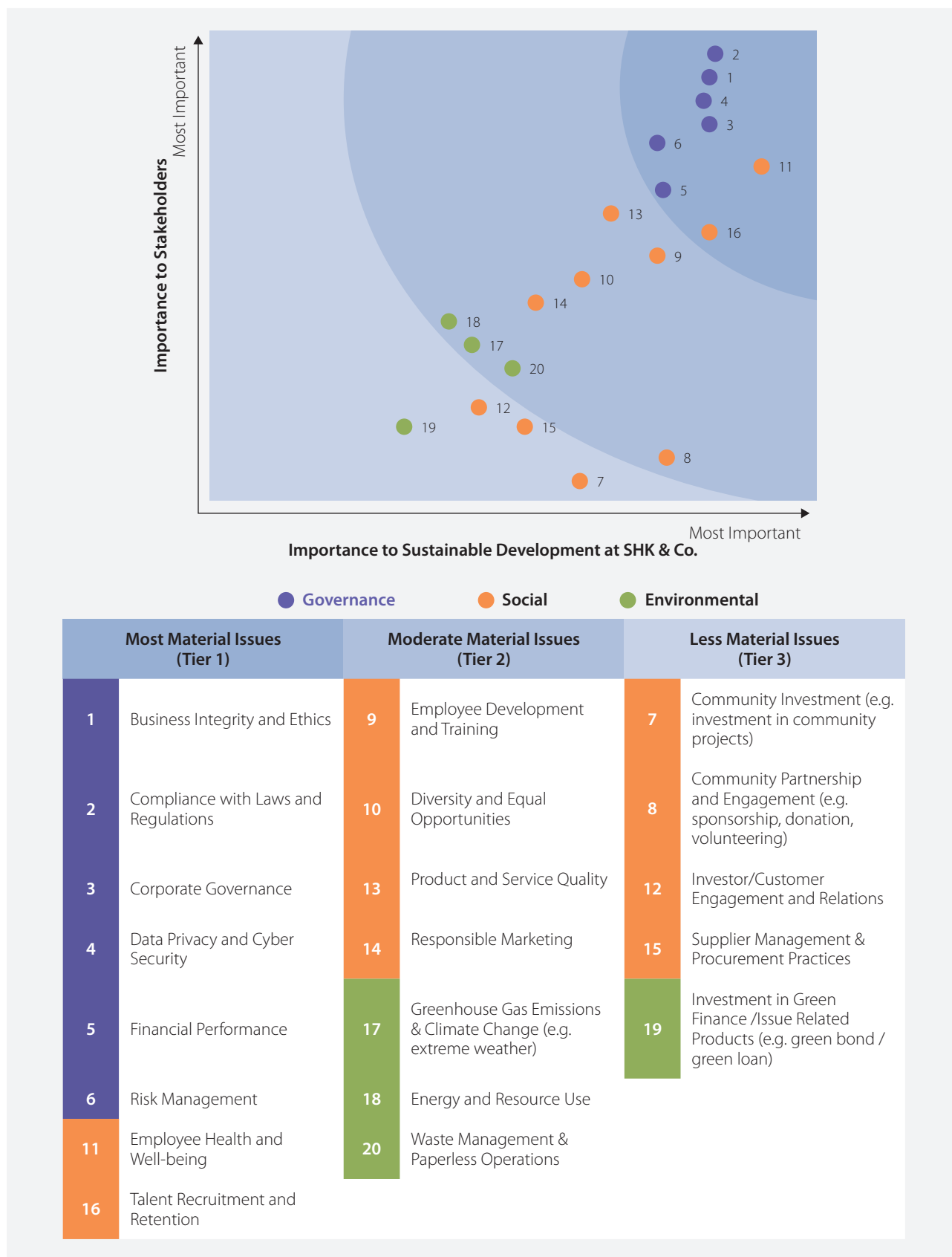
In 2023, we again commissioned an independent sustainability consultant to solicit and gather feedback from our stakeholders as to the Group's ESG performance and to identify the sustainability issues that our stakeholders consider most material. With these results, we are better equipped to align our business practices, efficiently utilise resources and refine our strategies to address the top priorities. Our key stakeholders were identified as Directors and Management, Employees, Fund and Business Partners, Shareholders and Investors, Financial Counterparts and Suppliers, Investees/Portfolio Companies, Community Partners and Non-governmental Organisations (NGOs) and the Media.

We adopted a three-step approach to assess the materiality of ESG issues:

<p>1. Identification</p>	<p>Based on last year's materiality assessment, a total of 20 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 reference to Global Reporting Initiative Standards ("GRI Standards")¹.</p>
<p>2. Prioritisation</p>	<p>We collected feedback from material stakeholders via online survey, ranking material ESG issues by their perceived importance. 11 members of the Board and management were invited to rank the importance of material issues for the Group's sustainable development, whilst 732 other stakeholders, including shareholders/investors, employees, fund/business partners, financial counterparts/suppliers, investees/portfolio Companies, community partners/NGOs, and the media were surveyed to rank based on their preferences and perceptions.</p>
<p>3. Validation</p>	<p>The list of material topics and materiality assessment results were presented to senior management for input and validation and then for consideration by the ESG Committee and the Board of SHK & Co., with a view to advancing our sustainability performance and meeting stakeholder expectations.</p>

¹ Compared to 2022, we have deleted 1 material issue (Market Presence) due to its lack of relevance to SHK & Co's sustainable development.

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.



In 2023, governance-related issues have dominated the materiality ranking, while in 2022, more focus was put on people and staff well-being. This shift may be attributed to the economic downturn and market volatility experienced in 2023, resulting in a number of company bankruptcies due to inadequate risk control. As a result, stakeholders' concerns regarding corporate governance and risk management increased.

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 governance, social and 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
Governance	Financial Performance	•	•	•	•	•	•	•
	Risk Management	•	•		•	•	•	•
	Corporate Governance	•	•		•	•	•	•
	Business Integrity and Ethics	•	•		•	•	•	•
	Compliance with Laws and Regulations	•	•		•	•		•
	Data Privacy and Security	•	•		•	•		•
Social	Supplier Management & Procurement Practices		•		•	•		
	Investor/ Customer Engagement and Relations	•	•	•	•	•	•	•
	Product and Service Quality	•	•		•	•	•	•
	Responsible Marketing	•	•		•	•	•	•
	Talent Recruitment and Retention	•	•		•	•	•	•
	Employee Health and Well-being	•	•	•	•	•	•	•
	Diversity and Equal Opportunities	•	•		•	•		•
	Development and Training	•	•	•	•	•	•	•
	Community Investment (e.g. investment in community projects)			•		•	•	
	Community Partnership & Engagement (e.g. sponsorship, donation, volunteering)	•		•			•	•
Environment	Energy and Resource Use	•	•			•		•
	Greenhouse Gas Emissions & Climate Change (e.g. extreme weather)					•		
	Waste Management & Paperless Operations	•	•			•		•
	Investment in Green Finance/Issue Related Products (e.g. green bond/green loan)				•	•		

Our Business and Governance

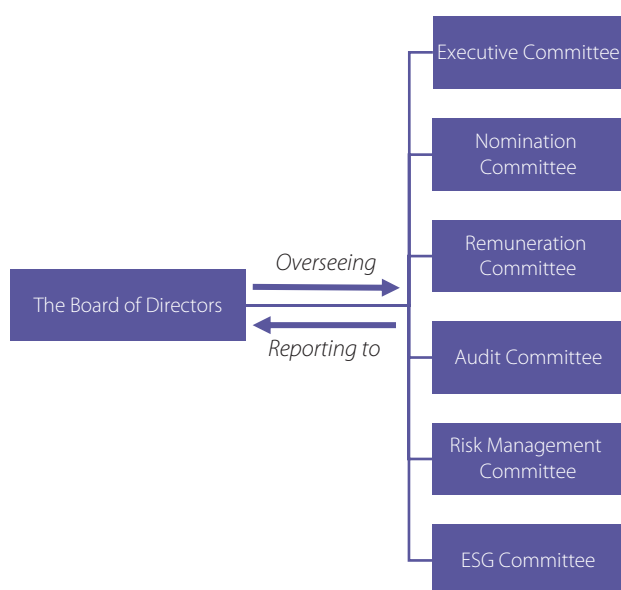
ESG considerations are being integrated into our strategy for sustainable business operations, supported by robust governance and proactive management. Through our governance framework and business ethics, we reinforce our commitment to building a financial institution with reliability, integrity, and resilience at its core.

Corporate Governance

Governance Structure

In the long-term interests of stakeholders, the Group upholds high standards of business ethics and corporate governance, with an emphasis on integrity, accountability, and equity. Our approach to corporate governance is stated in our Corporate Governance Code (the "CG Code"). The framework details the composition and responsibilities of Board of Directors, Remuneration Committee, Nomination Committee, Risk Management Committee, Environmental, Social and Governance Committee (ESG Committee), and other crucial aspects of corporate governance practices.

The ESG Committee covers all key business units and divisions of the Group. Reflecting the increased importance and focus of its work, the ESG Committee is now comprised of management and executive and independent directors and reports directly to the Board.



We firmly believe that diversity is vital for ensuring effective performance of the Board. That is the main reason our Board Diversity Policy encompasses several objectives, including a balance of skills and experience, the selection of candidates for directorship, as well as the promotion of independent judgement.

- For further information of our governance structure: see our Corporate Governance Code.

Policy Commitments

Our board level ESG Committee and Board of Directors are responsible for ESG policy implementation. Our policy commitments are communicated to our employees, business partners and other stakeholders through a variety of engagement channels: emails, information sharing platforms, meetings and correspondences, employee orientations, townhalls and contract signings. Materials are saved in our intranet for internal reference. Extract of the policies is also available on the SHK & Co. website.

Whistleblowing Policy

The Group is dedicated to achieving a high standard of openness, probity, and accountability. In this regard, the Whistleblowing Policy provides a channel for reporting misconduct or irregularities. This Policy is applicable to not only employees, but also to contractors, temporary staff, seconded staff, and directors, allowing them to express grievances by submitting written reports via post or email. The Policy specifically addresses serious issues that could impact the Group, including incorrect financial reporting, violations of the Group's policies or laws, and substantial improper conduct. Mechanisms of how these reports will be investigated are outlined in the policy document. To ensure the protection of whistleblowers' rights and interests, any form of retaliation against individuals or departments involved in the disclosure of whistleblowing materials is strictly prohibited.

- For further information on our whistleblowing channel: see our Whistleblowing Policy.

Conflict of Interest

Conflict of interest arises when the private interest of an employee competes or is in conflict with the interest of the Group. Our Group Code of Conduct requires employees to adhere to our business ethics. This applies in situations including when an employee's connected person is employed by the Group, the employee's connected person is employed by a competing company, or the employee or his/her connected person has an economic interest in the client, supplier, or competitor of the Group. Employees must obtain prior written authorisation before engaging in any potential conflict of interest situations. Additionally, employees must declare non-group interest annually and inform the management about potential conflicts for guidance.

Financial Performance

The Group has owned and operated market-leading platforms in financial services for decades. We appreciate returns over the longer term, including the need for sustainability and preservation of future value, being aware of climate change related risks and incorporating ESG considerations into our business decisions and strategy. We have been an avid supporter of the Task Force on Climate-Related Financial Disclosures (TCFD) under the Financial Stability Board ("FSB") since 2022. We have updated the measurement metrics of climate-related risk and opportunities in 2023 and proactively adopted various methods to manage the risks.

- For further information of our financial performance: see our Financial Statements in 2023 Annual Report.

Risk Management

Our Risk Management Policy sets out risk management process and procedures that identify, assess, manage, report, and monitor the enterprise risks. We have adopted a Three-Line Model as our risk governance structure. The Model provides clear definitions of roles responsibilities, and oversight mechanism for risk management and decision-making.

First Line

Business functions and their respective line managers own and manage risks and controls across the processes they operate.

Second Line

Risk Management and Compliance, supplemented by other overseeing functions, such as Finance.

Third Line

The Internal Audit function provides independent assurance over the 1st and 2nd lines. The Group may employ external consultants to perform or support the internal audit reviews.

Additionally, our Enterprise Risk Management ("ERM") was established to meet the requirements of The Securities and Futures Commission of Hong Kong (SFC) and the Stock Exchange. The primary objectives of ERM covers setting goals and strategic objectives, integrating risk assessment, and a focus on environmental risks and financial impacts.

- For further information of our risk management principles and approaches: see our Group Enterprise Risk Management Policy.

Enterprise Risk Management (ERM)

During the year, notable accomplishments were made in the Group's risk management practices:

- **Strengthening of Controls:** Implemented additional controls and enhanced existing ones, resulting in reduced overall risk.
- **Staff Awareness on Risk and Controls:** Conducted risk training sessions and introduced an Enterprise Risk Management quarterly bulletin.
- **Refinement of Risk Heat Map and Risk Appetite:** Reviewed and fine-tuned the risk heat map and risk appetite.
- **Implementation of an Electronic Risk Management System:** Established an electronic system to record and monitor all risks.
- **Proactive Risk Monitoring:** Through regular Risk Committee meetings, the Group proactively monitors both emerging and existing risks. In-depth discussions address high-priority risks.

Compliance with Laws and Regulations

Compliance plays a vital role in corporate governance. The Group adheres to all applicable national, regional, and local laws and regulations where we do businesses.

Anti-Bribery and Anti-Corruption

The Group has an Anti-Bribery and Anti-Corruption Policy that outlines the principles and requirements to manage corruption risks. All business units of the Group are required to implement the Policy and develop their tailored policy to address specific requirements such as any licensing requirements, extra-territorial legal obligations, and specific business requirements. We comply with all anti-corruption laws and regulations, including the Prevention of Bribery Ordinance (*Cap. 201 of the Laws of Hong Kong*). Any breach, or suspected breach of this Policy will be investigated, disciplinary actions (including termination of employment) may be instigated and appropriate action (which may include reporting to the appropriate authorities) will be taken as necessary. In 2023, 96.7% of our employees were trained on anti-corruption and compliance.

- For further information on our anti-bribery and anti-corruption principles: see our Anti-Bribery and Anti-Corruption Policy.

Anti-Money Laundering

The Group is serious about preventing and detecting money laundering and terrorist financing under applicable laws and regulations. Our Anti-Money Laundering (“AML”) and Counter-Terrorist Financing (“CTF”) Policy (collectively referred to as “Group AML Policies”) apply to the Group and all its subsidiaries. Money laundering involves numerous transactions including placement, layering, and integration. We check for suspicious activities and implement monitoring protocols for loan applications and subsequent transactions. By 2023, all our employees have received the mandatory training on anti-money laundering and counter-terrorism financing. The employees of UAF have also received specific compliance training on financial crimes, fraud awareness, and sanctions.

- More information on the Group’s adherence to laws and regulations can be found in the Laws and Regulations section of this Report.

Business Integrity and Ethics

Intellectual Property

The Group highlights the standards of the intellectual property rights in the Employee Culture Guide and Handbook, which is subject to review on an annual basis. Employees are prohibited from using our intellectual property for personal gain or granting unauthorised third parties to use it. Prior permission must be attained before the use of the Group’s name, slogan, mark for any product, programme, or service. As for technology support, our Information Technology Department conducts regular checks on employees’ computers to check that only legitimate software is installed. By the end of 2023, we have had 74 (2022: 72) trademark registrations in Hong Kong and Mainland China, and 55 trademarks overseas.

Human Rights

We believe that human rights are fundamental to sustainable value creation. We would not tolerate child labour or forced labour in our operations or the businesses that supply us or in which we invest.

With the purpose of measure control, we require all our employees to undertake background checks and disclose valid personal identification documents for verification during the hiring process. During the Reporting Period, there were no violation of relevant laws or regulations, and we are not aware of any case in regard of labour or human rights abuses. Additionally, our Supplier Code of Conduct (SCoC) requires all our suppliers to follow law and regulations that are applicable to ethical, human rights, equality, and employment standards.

Supplier Management and Procurement Practices

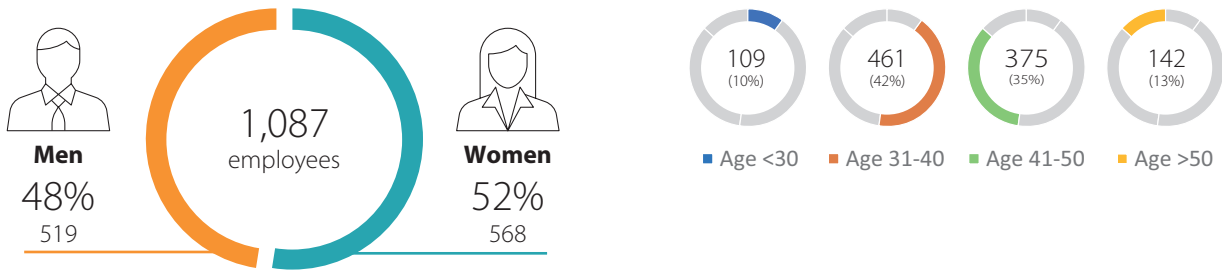
The Group Procurement Policy incorporates ESG considerations into our procurement processes. This Policy is applicable to all suppliers, data providers, service providers, contractors and subcontractors excluding financial counterparties. They are asked to submit the Supplier Due Diligence (SDD) Form when their annual spend is over HKD5,000,000. We specify the criticality for suppliers, defined key and non-key suppliers, and requires due diligence on key suppliers. We also collaborate with a variety of suppliers and carefully select them based on criteria such as cost, reputation, and value-added services. By the end of 2023, we have worked with 650 suppliers, including those from Hong Kong, Mainland China, Singapore, the UK (United Kingdom) and the US (United States). We also cooperate with external debt collecting agencies to support our loan business, who are required to submit certifications and follow the Authorised Agents Manual. Authorised Agents will undergo regular evaluation that consider factors such as data management and service effectiveness. To value customer and public feedback regarding service quality, surveys are conducted.

Our People

As a company devoted to creating long-term value, our employees and communities are our core asset. We build on a culture that is flexible, diverse, inclusive, and open. By providing essential training, reward schemes and well-being safeguard measures, we empower our employees to develop their skills and offer them opportunities for growth.

Being the fundamental guideline for people management, the Employee Culture Guide and Handbook documents condition of employment, recruitment and promotion, working environment, benefits and remuneration, code of conduct, as well as training and development. Our People & Culture department regularly reviews and update the Handbook to align with any changes in Company policy or legal requirements.

Our Workforce at a Glance



Diversity and Equal Opportunities

Our group is committed to providing equal opportunities to employees and maintaining a work environment free from discrimination. Our hiring standards are based on candidate capabilities without discrimination. We firmly believe in the value of diverse backgrounds and mutual learning among employees. To achieve the goal, we proactively promote diversity and equal opportunity in both our workplace and recruitment processes.

Our Group strictly adheres to the Anti-Discrimination Policy issued by the Equal Opportunities Commission (EOC), which highlights our zero-tolerance to any form of discrimination, including but not limited to gender, age, race, etc. We have signed The Racial Diversity and Inclusion Charter for Employers initiated by EOC to support and promote racial diversity and inclusion in the workplace. Also, we will continue to make reasonable accommodations for those with disabilities and encourage employees to report any unlawful discrimination, harassment, victimisation, or vilification. Moreover, we have the Board Diversity Policy that helps promote board experience and diversity at the highest management level.

Recognising and Rewarding Talents

The trust between the Group and our employees sets the backbone for high productivity and performance. We not only prioritise listening to our employees’ voices, but also provide flexibility in our workplace, which is exemplified by our Unlimited Paid Leave Policy. By understanding the needs of our employees and fostering open communication, we can boost the overall performance of our employees and motivate them to unleash their full potential.

We value our employees' contributions and provide a supportive and rewarding benefit system to our talents. Specifically, we offer competitive salaries and a range of employee welfare and remuneration packages to our employees. Such schemes encompass insurance and healthcare benefits coverage, parental leave, retirement provision, and stock options for employees at our SHK & Co. and SHK Credit Hong Kong office. In October 2023, UAF was awarded with the "Good MPF Employer Award" by the Mandatory Provident Fund Schemes Authority (MPFA), which demonstrated its outstanding performance in employee retirement benefits and MPF administrative management. Moreover, UAF has been named the "Caring Company" for 18 consecutive years.



Unlimited Paid Annual Leave Policy

SHK & Co. encourages employees to take time off to recharge and have therefore launched the Unlimited Paid Annual Leave Policy in 2018, which removed the limit on employees' paid annual leave. This Policy is the outcome of extensive research on global employee engagement practices that align with an innovative and results-driven workplace. Under this policy, employees can attain better work-life balance in a flexible way and focus on delivering exceptional achievements.

Cultivating Young Talents

We persist in attracting, retaining, and rewarding most talented youth by providing training and career advancement in a merit-based environment. We promote equal access to quality education for promising talents and equip the youth with important skills. For instance, SHK & Co. partnered with Hong Kong Securities and Investment Institute (HKSI) to provide job training opportunities in our core business sector, alternative investment.

Employee Health, Wellness and Safety

To help our employees thrive, we are committed to creating a healthy, safe, and comfortable working environment. We respect government regulations and guidelines related to occupational health. Moreover, by creating an atmosphere that supports employee well-being, we go the extra mile to foster a positive and engaging work culture. We are dedicated to providing our employees with the resources and supports they need to thrive, both professionally and personally.



Occupational Health and Safety

According to the Hong Kong Labour Department's guidelines "A Guide on Employer Safety Policy" and "Occupational Safety and Health Ordinance," we establish a framework which guides our evaluation and assessment of occupational health and safety. Moreover, this framework covers details of how we measure and manage Operational Health and Safety (OHS) risks in general office settings.

Our People & Culture Department actively monitors OHS in our offices. Through monthly site walks conducted by the administrative employees, we inspect office facilities for safe working conditions to minimise the risk of adverse health and safety concerns. We also encourage our employees to report potential OHS risks to relevant departments once they identify any. Furthermore, air purifiers are installed at our workplace to enhance indoor air quality and remove contaminants in our office buildings.

Ensuring Safety from Fire Hazards

- Employees are familiar with the location of fire alarms, fire-fighting equipment, and escape routes.
- Annual inspection of the fire alarm system, fire extinguishers and emergency exit plans.
- Building Management Office organises fire safety online seminars.

Given the nature of our business, we are exposed to comparatively low occupational hazards in normal daily operations. During the Reporting Period, the Group identified zero OHS cases in Hong Kong and one OHS case in the Mainland China Division.

SHK & Co. prioritises employee wellness and is dedicated to continually enhancing and investing in the well-being of our workforce. In 2023, we took proactive steps to address safety and health considerations by replacing all workstations with adjustable desks, enabling employees to switch between sitting and standing positions. This flexibility helps overcome ergonomic challenges associated with static desks, promoting improved employee health and well-being.

Additionally, we have introduced a greater number of plants throughout our office space, aligning with our commitment to sustainability and creating a healthier indoor environment. This exquisite step aims to enhance oxygen levels and provide a more rejuvenating workspace for our employees.

By prioritising the safety, health, and well-being of our employees, we foster a positive work environment that supports their overall productivity and satisfaction.

Work-Life Balance and Well-being Support

SHK & Co. is proud to cultivate a culture that prioritises the well-being and happiness of its employees. The company recognises the importance of maintaining a healthy work-life balance and believes that a supportive and inclusive work environment is crucial for overall employee satisfaction and sustainable performance.

As part of our commitment to employee well-being, SHK & Co. organises various employee events throughout the year. Our events provide opportunities for employees to connect with their colleagues, create lasting memories, and strengthen personal relationships while prioritising their wellness through physical activities. Additionally, we hosted a Charity Poker Event this year to raise funds for charitable causes, demonstrating our dedication to making a positive impact in our community. Moreover, we have conducted Investment Talk sessions to provide financial knowledge and promote financial wellness among our staff.

At SHK & Co., we strive to offer ample opportunities for employees to engage in leisure activities. Our monthly “Friday at Five” employee gathering event fosters a sense of community and engagement within our organisation. This commitment to caring for our employees’ well-being and happiness distinguishes SHK & Co. as an employer that genuinely values its staff and their holistic needs.



SHK & Co.'s Wellness Activities in 2023

- Monthly Friday at Five
- Charity Poker Event
- Tea Meditation
- Health Talk
- Handcraft Workshops
- Steps Challenge
- Annual Dinner
- Staff Retirement Dinner



"Employee wellness is a priority for our company, we are committed to continuously improving and investing in the well-being of our employees. By implementing a variety of initiatives and activities, we aim to cultivate a work environment that promotes happiness, health, and personal growth for all our employees at SHK & Co." – **Ms. Samanthe Che, Head of People and Culture**

UAF's Wellness Activities in 2023

- Movie night
- Staff Outing
- Festive Celebrations
- Annual Dinner

Post-COVID-19 Flexible Working Arrangement

Although we have returned to normal operation in 2023, we regularly communicate with our employees regarding the protection and preventive measures, guidelines, and notices on the pandemic protocol. We continuously implemented hygiene and sanitation measures at our office. Moreover, we continue to adopt flexible work arrangements when needed, such as working from home for certain units.

Our Disaster Recovery Plan (DRP):

We reviewed and updated our DRP in 2023 to safeguard the continuity and resilience of our business processes in the event of unplanned incidents, including 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 system.

1. Regular review and update DRP document according to the latest system architecture and team structure.
 - Identify Critical Systems and Operations
 - Evaluate Disaster Scenarios
 - Communication and Escalation Plan
 - Data Backup and Recovery Plan
2. Another round of DRP Drill test as annual exercise to validate the DRP
 - Prepare resilience site using Virtual Desktop
 - Update drill test script to include newly implemented application system
 - Invite members from different teams to participate in the drill test with result and passing rate recorded
 - Prepare drill test report for management review with lesson learnt section

Development and Training

Continuous development and learning can help employees acquire new skills and foster a culture of innovation, which further improves the company's competitiveness. As financial services are constantly evolving, we keep up with industry trends and changing demands to strengthen our employees' adaptation abilities and enhance their resilience.

Training topics provided across the Group including but 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) | | |

The People & Culture Group of SHK & Co. holds orientation training for all new recruits. The goal is to help them understand our core values, business areas, corporate culture, employee welfare and benefits, as well as allow them to build networking with colleagues. Moreover, we issued the Learning and Development Policy to encourage all personal development, including license acquirement, job qualification training and other performance-oriented development.

We offer a wide spectrum of skill and knowledge training for our employees, such as data analysis, anti-corruption, and soft skills like leadership and teamwork. To enhance mutual learning among our employees, we initiated the "Lunch and Learn" events so that they can exchange their knowledge and experiences at a cross-function level. For ESG specifically, we held a training session for our Board members, to learn about the context of ESG from our different business functions.

In recognition of the value of our employees, we appraise their performance on a regular basis, help identify development areas and support them through offering necessary resources. This scheme allows us to understand unique skills of our employees and elevates our employees' job satisfaction, thus achieving higher staff retention rates and work effectiveness.

UAF's Training Workshops

At UAF, we organise a variety of training workshops to encourage our employees to develop all-around skills. After each training session, employees can provide feedback for improvement. UAF's training activities include:

- Breakaway Performance Coaches Programme
- Staff Orientation
- Team Building in the Dark
- Online Customer Service Training
- Compliance Training - ICAC Talks
- Legal Training

- More details on our training, performance reviews and other employment aspects can be found in the Performance Data Table in this Report.

Our Investors and Customers

Our reputation of being a trustworthy, compassionate, and professional financial corporation is built upon the legacy of delivering value and cultivating long-term relationships with our investors and customers. To maintain excellence, we strive to improve our operational functions, perfect our engagement strategies, and seek growth opportunities to drive greater lasting value for our stakeholders.

Financial Protection and Inclusion

Financial protection and inclusion entails expanding access to formal financial systems and empowering individuals financially to drive better economic growth. Our dedication lies in actively shaping policy development to improve the stability of the money lending industry. Furthermore, we offer products and services that improve financial accessibility for diverse customers.

UAF, the founding member and executive committee member of the HKSAR Licensed Money Lenders Association (“LMLA”), contributed to the drafting of the Code of Money Lending Practice. The Code established market practices and standards in the lending industry, encompassing fundamental topics such as customer relationships, anti-money laundering, credit evaluation, debt collection and data privacy. Following the Code, UAF aims to enhance customer confidence and promote a fair corporate culture.

As well as being an advocate of the LMLA, UAF is also a member of several projects run by the Hong Kong Association of Banks (HKAB), including a membership in the special task force for the Multiple Credit Reference Agency and a task force for Alternative Payment Solutions (“APS”) for Property Transactions.



香港持牌放債人公會



During COVID-19 pandemic, UAF provided financial assistance through the Interbank Debt Relief Plan, which is a framework agreement jointly formed by HKAB, DTC Association and LMLA. By providing financial relief plans, UAF helped ease the financial struggles of borrowers. Besides, UAF has developed a personal loan service to customers to improve financial accessibility. At SHK Credit, we are providing Hong Kong’s first Mortgage Payment Holiday, in which customers can enjoy greater flexibility especially under unforeseen circumstances.

Sustainable Investment

Financial institutions play a critical and measurable role in driving sustainable development. Therefore, the Group engages in sustainable investment and supports businesses that positively impact the society while delivering optimal risk-adjusted returns for our customers. Various next-generation technology projects have been included in SHK & Co’s investment portfolio, namely pharmacy, energy management, and digital teaching and learning.

SHK & Co.'s Sustainable Investments

Education

An education service provider has created a cutting-edge cloud-based technology platform to enhance education in frontier markets. This innovative platform has revolutionised teaching and learning, leading to significant improvements in learning outcomes. With the help of this platform, students have experienced a remarkable 70% acceleration in reading fluency, ensuring the delivery of high-quality education.

Pharmacy

A clean medicine producer focuses on developing and delivering safe, organic, and non-GMO medicines, ensuring the well-being of both individuals and the planet. The firm performs extensive research on formulas and is committed to responsibly sourcing the best quality ingredients from the most sustainable suppliers. Its products are crafted with the highest quality standards, free from harmful chemicals and unnecessary additives and artificial fillers.

Investment Management

An investment manager focuses on providing sustainable investments in the fixed income market. The firm has been growing its range of ESG funds and improving the ESG profile of investment. It is committed to engagement on both climate and global standards like the UN Global Compact, by joining collaborative engagements through groups like Nature Action 100 and Climate Action 100+, and by actively lobbying index providers to improve ESG screening on core benchmarks.

Energy Management

A technology solutions provider that focuses on creating sustainable clean energy for all. The firm works with utility companies to accelerate progress toward 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.

In the dynamic realm of sustainable investment, our group emphasises on investor education. We keep them informed of the emerging trends and help them identify investment opportunities and risks. As a socially conscious company, we are developing our responsible investment policy to integrate ESG considerations into the decision-making processes.

Customer Service

Our aim is to provide excellent service through understanding our customers' real needs and surpassing their expectations. In this regard, UAF conducts regular customer interaction via satisfaction surveys to seek feedback on our service provided, which helps guide our improvement. The employees of Customer Service Department ("CSD") are trained to deal with various situations professionally, sensibly, and swiftly.



We have systematic procedures and remedies to handle customer grievance or complaints, which is overseen by the CSD. When a complaint is received, the relevant employee would quickly investigate, evaluate, and take appropriate corrective actions. During the Reporting Period, we have recorded 1 complaint for the Mainland China Division, and 8 complaints for the Hong Kong operation. The complaints have been resolved by the CSD and Debt Collection Unit meticulously and thoroughly.

Data Privacy and Confidentiality

Data Protection

At SHK & Co., we respect data privacy and confidentiality. The Group's Information Security Policy adheres to relevant laws and regulations, including the Personal Data (Privacy) Ordinance (*Cap. 486 of the Laws of Hong Kong*) and the Code of Practice on Consumer Credit Data. Measures such as incident reporting procedures and disaster recovery planning will be implemented to minimise the damage from cyber security incidents. We maintain the trusted relationships we have built with clients and prioritise the confidentiality and privacy of our client data. As such, we use advanced encryption technology and obtain formal consent for data collection and usage from our clients.

- For further information on our cyber security procedures and approaches: see our Group Information Security Policy.

Besides the overarching guidelines, we train our employees on information security and cyber security. Our subsidiaries also work hard to emphasise the importance of security and privacy of our customers' personal data. For example, UAF employees are required to follow the Information Classification Policy, so that only authorised personnel can access certain information based on the risk level of information. We also provide e-learning courses for our non-IT staff to enhance their knowledge in data privacy, with topics like information security, threats, vulnerabilities, etc. UAF was awarded the Gold Award for privacy protection organised by PCPD in 2023 the Privacy-Friendly Awards ceremony.



IT (Information Technology) Resilience

With technological development, cyber security and IT risks have become increasingly important. The Group is equipped with advanced infrastructure and a secure information system with offsite backup. We have also strengthened our cyber security via regular external audit and benchmarking against the industry standard of National Institute of Standards and Technology ("NIST") Cyber Security Framework. UAF has implemented an Information Security Management System with an Information Security Policy to ensure the protection and security of sensitive data. Internal audits against ISO 27001 and Information Technology General Control Model are conducted regularly while ISO 27001 external audits are certified every three years.

Responsible Marketing

We believe responsible marketing is vital to the trust between the Group, investors and customers. All our marketing materials are complying with the Trade Description Ordinance and Guidelines on Additional Licensing Conditions of Money Lenders Licence. We strive to provide complete and accurate information, keep our stakeholders updated, and provide risk warnings in promotional materials. We also have a hotline for reporting illegal publicity. The information presented in our promotion materials are presented clearly and consistently, while false or misleading advertising is prohibited. At the same time, we have made our advisory documents available on our website for investors' and customers' perusal.

- Our money lending scam guidance documents: Beware of Money Lending Scams leaflet, Note to Intending Borrowers, & Financial Health leaflet.

Our Community

Sun Hung Kai & Co. Foundation (the “Foundation”) is the philanthropic arm for the Group and its partners to promote and support caring, inclusive and sustainable communities. Through leveraging on the resources and network of the Group, the Foundation takes an active interest in sponsoring initiatives that help improve the lives of the underprivileged, nurture future leaders through education and sports, as well as protect our environment.

The “Trail of World Need” Sponsored by Sun Hung Kai & Co.

In February 2023, SHK & Co. and Crossroads Foundation officially launched the “Trail of World Need” showcase at Crossroads’ site at the Gold Coast, Tuen Mun. The project was brought to life through 1.5 years of planning and construction, supported by a HK\$1 million donation made through the Sun Hung Kai & Co. Foundation.

The “Trail of World Need” provided an immersive experience for participants, allowing them to explore various global issues and reflect on ways to contribute. On the official launch day, SHK staff and their loved ones volunteered on-site, dedicating their time and effort to make a tangible difference in society.



Walking for Hong Kong's Family and Child Welfare Services

As one of the main corporate sponsors, employees from SHK & Co. and SHK Credit, joined by their family members, participated in the "Walk for Millions" organised by Community Chest at the beginning of 2023. The entire walk spanned approximately three hours, allowing participants to enjoy a fulfilling hike while raising funds for a charitable cause.

This collective effort aimed to support the "family and child welfare services" provided by the 24 member agencies of Community Chest. Every dollar raised through the Walk programme would be dedicated to enhancing the well-being of families and individuals in Hong Kong, fostering a caring community by assisting those in need.



Investing in Tomorrow's Leaders

We strongly believe that education plays a pivotal role in cultivating the next generation of leaders. As ardent advocates for equal access to quality education and lifelong opportunities, we wholeheartedly support organisations that share this mission.

The SHK & Co. Foundation Fellowship Fund has been actively supporting Harvard Business School's need-blind admission programme since 2018. This impactful initiative aims to create opportunities for outstanding MBA students to achieve their aspirations and enhance their lives. By increasing access to high-quality education, this programme opens doors for talented individuals to thrive and make a positive impact in their chosen fields.

Supporting Underserved Youth: The Sun Hung Kai (Sallywag) Foundation Programme

Since 2019, the Sun Hung Kai (Sallywag) Foundation has supported a programme of Sailability Hong Kong, aimed at providing young people in Hong Kong, particularly those who are underrepresented, with the opportunity to build self-confidence and explore sailing. This initiative offers free sailing experiences to individuals aged 7 to 22, with the goal of encouraging more community members to engage in this exhilarating activity. Since then, we have witnessed the transformation of 1901 sailors as they embarked on their sailing journeys.

The Sun Hung Kai (Sallywag) Foundation Programme believes in offering various opportunities to inspire and nurture the potential within each individual, fostering personal growth, resilience, and a love for nature. It also aims to create synergies across different communities.



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
General Committee Member	Chamber of Hong Kong Listed Companies

	UAF
Position	Institution
Vice Chairman, Yuen Long West District	Scout Association of Hong Kong
Executive Committee Member	The HKSAR Licensed Money Association

Our Environment

Our Policies Dedicated to Upholding Environmental Sustainability:

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

We recognise that both safeguarding our environment and the dedication needed to inspire a shift in behaviour towards the environment are our duties. Throughout the reporting period, no instances of non-compliance towards the environment were recorded which would notably affect our Group.

There are four key areas of focus: Waste Reduction, Energy Conservation, Water Efficiency, and Carbon Reduction. These areas represent our commitment to continuously improve our environmental performance and create positive momentum towards a more sustainable future. Through transparent reporting and stakeholder engagement, we aim to showcase our progress, initiatives, and plans in each of these areas, highlighting our dedication to environmental responsibility.

Volunteer in Renewal Energy Workshop with SEN Children

In a heartwarming collaboration, the staff volunteers of the Group participated in a renewable energy workshop. The workshop was organised in partnership with CarbonCare InnoLab (CCIL) and Heep Hong Society to create an interactive and enjoyable environment for both volunteers and children with Special Educational Needs (SEN), where they could learn about the advantages of sustainable energy and develop an awareness of climate change.

This engaging activity not only allows participants to learn how to incorporate renewable energy in their daily lives but also empowering them to embrace clean energy practices. In addition, by bringing together volunteers and the SEN children, the collaboration fostered social inclusion by understanding, compassion, and acceptance; as well as exemplified SHK & Co.'s commitment to inclusive and sustainable community development.

"The workshop educated participants about renewable energy and promoted inclusivity, empowering individuals to act for a sustainable future. It also reminded everyone about our shared responsibility for environmental protection." – **Mr. Billy Tang, Vice President of Project Management.**



Coastal Area Cleaning Volunteer Services

The Group's staff volunteers joined forces with ActusRayPartners, SHK & Co's fund partner, to participate in a volunteer service aimed at cleaning up a neglected coastal area. This joint effort involved a collaboration with local social enterprise Here in Nature and charity group HandsOn Hong Kong, with the shared objective of raising awareness about marine pollution and highlighting the value of volunteer services.



During the volunteer service, the volunteer team collected over 20 bags of trash, weighing nearly 90kg. This hands-on experience not only allowed the volunteers and their families to actively contribute to the preservation of Hong Kong's coastal environment but also provided them with valuable insights into the environmental challenges that our city faces. Education and awareness building are vital for behaviour change. We believe a step-by-step approach and collective action can have a positive impact on the local community.



Volunteers Support Recycling Efforts with Elderly Workers

The staff volunteers of SHK & Co., alongside UAF and SHK Credit, participated in Serve-a-Thon 2023, a community-driven initiative organised by HandsOn Hong Kong, brought them together with elderly workers at V Cycle’s recycling and waste treatment factory in Tuen Mun to sort recycled plastics.

In addition to the positive environmental impact, the activity provided an opportunity for volunteers to better understand and empathise with the elderly waste pickers in Hong Kong. Many of these individuals come from low-income backgrounds and over 70 years old, are forced to rummage through waste bins to find plastic or cardboard scraps to earn a living. V Cycle, a social enterprise, provides employment and training opportunities for these elderly workers, empowering them with professional recycling knowledge and dignified work.

“I learned a lot about the recycling and waste treatment process and was amazed to see how much waste can be recycled and repurposed, creating positive change for our environment. Working alongside the elderly workers also gave me a deep appreciation for the value and dedication of providing job opportunities for seniors, some of whom were previously waste pickers on the streets of Hong Kong. It was heartening to see how these opportunities allowed us to work together towards a cleaner, greener, and more sustainable future.” –

Edmond Shek, Deputy CFO of UA Finance



Earth Hour 2023

SHK & Co. and SHK Credit have participated in the Earth Hour 2023 on 25th March at 20:30 by switching off the lights and spending the 60 minutes showing our Group's commitment to energy saving.

We also pledged to inspire our employees, clients and partners to replace some of our previous routines with more eco-friendly practices for our common future.



SHK & Co. as an organisation committed to sustainability and willing to take more initiatives, has been honoured with a Certificate of Recognition for the green office exceptional environmental approach. This recognition is part of the Green Office Awards Labelling Scheme (GOALS) initiated by the World Green Organisation (WGO). GOALS aims to raise awareness of global environmental challenges and support businesses in adopting green practices.

SHK & Co. has demonstrated outstanding achievements in implementing sustainable workplace practices, highlighting their commitment to a greener and more sustainable future.



Waste Reduction

In line with Hong Kong's "Waste Blueprint for Hong Kong 2035" with aims to promote waste reduction, the Group embrace a two-pronged approach in waste reduction: To control at source, and to adopt digitisation technologies.

Sustainable Sourcing and Consumption

The Group has been consistently working towards sustainable consumption of resources while minimising the waste produced. We prioritise suppliers who have met stringent local and global environmental certification when it comes to sourcing office necessities and furniture. We also prefer purchasing Forest Stewardship Council ("FSC") and the Programme for the Endorsement of Forest Certification ("PEFC") paper whenever feasible. At 2023, we ensured 94% of office paper is certified FSC or PEFC paper.

Whilst totally paperless, as opposed to less paper, might not be feasible at present, our recently introduced Group Procurement Policy is providing us eco-friendly options in managing the origins of the paper we do use. These included 100% post-consumer recycled paper and sustainable sourced FSC or PEFC certified paper to reduce its downstream impact, where they are commonly used in our annual reports and business cards. The number of printers in various departments at SHK & Co. head office are optimised to duplex, double sided printing at default and the printer quantity has been reduced in minimising the urge to print at will. We advocate for electronic access and download of reports rather than bulky paper despatches to help conserve natural resources and further minimise waste.

Paper Reduction Campaign

As part of our commitment to sustainability, the Group kicked off a paper reduction campaign competition that run from April 2023 to March 2024. We challenge every team to reduce paper usage and try to achieve the biggest percentage reduction in paper use compared to the previous year.

Through active participation in this campaign, we aim to inspire our staff to embrace new behaviors and cultivate a green mindset, ultimately reducing our environmental impact and working towards a paperless workplace. We actively engage our employees in raising awareness about the importance of sustainability. It is our strong belief, and we strive to ensure that everyone understands, that even the smallest actions we take to reduce waste and conserve resources can make a significant contribution to building a more sustainable future.



Waste Management

The Group adopts a responsible approach to waste management. We focus on reducing resource consumption first, then reusing and recycling before any disposal. Generally, our office waste comprises paper, cardboard, furniture, computers, electronic equipment, batteries, toner, ink cartridges, and domestic waste. To facilitate recycling, designated bins, and collection areas are provided in each office with clear signs indicating the respective recyclables. Special attention is paid to secure disposal of confidential documents.

At our head office, we aim to extend the lifespan of office furniture, computers, and other electrical and electronic equipment. We achieve this by regular maintenance and repairs until they are no longer usable. Once they reach the end of their lives, we donate them to designated organisations for upcycling. Alternatively, we recycle them through authorised recyclers approved by the Environmental Protection Department.

As part of our efforts to improve our recycling practices, we have plans to add more waste collection points at the Group offices in the future. We keep monthly records of all the waste we dispose of, which helps us monitor our waste management performance. In addition, UAF make sure that all recyclable and non-recyclable waste is collected and handled by licensed contractors.

Digitised Operations

Digital transformation for our Group continues to be a crucial element in our operations.

Major Digitised Initiatives:

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

The launch of UAF's "YES UA" app in 2020 and "sim Credit Card" app in 2023, allows customers to make loan and card originations in the apps, bringing customers' enjoyment through a streamlined paper-free application and identity verification process as well as paperless card statement, hence reducing the carbon footprint associated with paper use.

Energy Conservation



The Group's main contributor to our operational carbon emissions is energy usage, primarily from fuel for our Group's vehicles and electricity which is used to power UAF offices and branches in both Hong Kong and Mainland China. Therefore, we endeavour to reduce energy consumption by implementing energy-efficient infrastructure and swapping out old equipment, while promoting energy conservation habits in our working environment.

Our Group has set a goal by 2025, we aim to reduce the absolute electricity usage by 25% compared to FY19 baseline. Hence, lighting zones managed by centralised control panels are implemented and promoted a higher use of energy-saving features on our computer screens in our head office to enhance energy efficiency. Beyond these strategies, our head office has also achieved the Final-Platinum-certified building under Hong Kong's BEAM Plus Existing Buildings Certification (Commercial Building), displaying its extraordinary energy efficiency performance.

Energy Saving Measures at UAF:



Charter on External Lighting 戶外燈光約章

Lighting:

- Use LED, T5, or compact fluorescent lamps with energy labels (EMSD's Grade 1 and 2 or equivalent).
- Affix on/off switch stickers on lighting control panels.
- Ensure lights are switched off when not in use or after office hours.

Maintenance:

- Regularly maintain electrical appliances (lamps, computers, water dispensers, fridges and fans) for optimal efficiency.

Multifunctional Devices:

- Prioritise devices that combine printing, scanning, photocopying, and faxing.

External Lighting:

- Switch off lighting for decorative, promotional, and advertising billboards and signages after midnight.

Smart Lighting Solutions:

- Implement light control zones.
- Install motion-sensing light bulbs and LED light bulbs.

Water Efficiency



Water Usage

Clean and fresh water is essential for our health and survival, just like energy. During the reporting period, we did not face any difficulty in sourcing water because we obtain it from the municipal water supply for our Hong Kong office consumption.

Our water supply undergoes regular maintenance and inspections to identify any leaks as early as possible. In the event of a leak, we take prompt action to contain the situation and minimise water loss. Furthermore, we closely monitor water consumption from water dispensers and irrigation systems. To encourage water conservation, we have also installed display signs in the pantries and washrooms, reminding our employees about the importance of water conservation and providing them with some simple water-saving techniques.

Carbon Reduction

As GHG are closely tied to climate change, we monitor our carbon footprint² involving electricity, fuel for vehicles, and air travel.



Climate Change

Major Carbon Reduction Initiatives:

Initiatives	SDGs Alignment
1. Leveraging Online Collaboration Platforms to Minimise Business Travels	SDG 13
2. Regular Inspections and Maintenance of Vehicle Fleets	SDG 13
3. Partnerships with Green Organisations to Promote Low-Carbon Lifestyles	SDG 13 SDG 17



In the past few years, we have witnessed increasingly severe climate events, notably Typhoon Mangkhut in 2018, which caused severe damage to infrastructure and vegetation. It serves as a reminder of the extensive impact that climate change can have on our lives and economy. Consequently, the Group is dedicated to reducing our carbon footprint and enhancing climate resilience across our operations.

Recognising the urgent need to address climate issues, we are committed to enhancing our climate reporting in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. This step reflects our response to the growing awareness and demands from governments, regulators, and corporations around the world for more transparency and action in tackling climate change.

Task Force on Climate-Related Financial Disclosures (TCFD)



The FSB established the TCFD to enhance and expand the disclosure of financial information related to climate change. Its recommendations guide companies on the details they should disclose to enable investors, lenders, and insurance underwriters to make accurate assessments and pricing of risks related to climate change.

As a financial services company, we understand the significance of climate change and the risks and opportunities it presents. Climate change poses various physical threats, such as extreme weather events, which are becoming more frequent. Additionally, transition risks are associated with policy changes aimed at moving towards a low-carbon economy and mitigating climate change.

² Our GHG accounting methodology is based on local and national standards such as the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purpose in Hong Kong), published by the Electrical and Mechanical Services Department and the Environmental Protection Departments, and the latest emission factor, with reference to the National Baseline Grid Emission Factor in China 2022 issued by the Ministry of Ecology and Environment of the People's Republic of China.

As a TCFD supporter, we conducted a climate risk assessment in 2022 to understand the potential financial impact of climate change on our business.

Governance	Strategy	Risk Management	Metrics and Targets
The governance framework of the Group regarding risks and opportunities related to climate	Material information on the actual and potential impacts of climate-related risks and opportunities on the Group's businesses, strategy, and financial planning should be disclosed	The Group's identification, assessment, and management of climate-related risks	The metrics and targets used to assess and manage material climate-related risks and opportunities

Governance

The Group introduced a Climate Change Policy in 2022, underscoring its dedication to reducing and managing climate-related risks. This policy illustrates the Group's commitment to environmental stewardship and its proactive approach to addressing climate change challenges.

Our Sustainability Governance structure integrates sustainability factors, climate threats, and economic prospects from top to bottom enabling efficient management and oversight by the Board.

For comprehensive insights into the Group's Sustainability Governance, please refer to the "Our Sustainability Commitment" section of this Report.

Strategy

Our Board is committed to identifying climate-related physical and transition risks, as we acknowledge the potential hazards and opportunities that climate change poses to our company. This process is crucial in helping us design future strategies for mitigating and building resilience against climate change impacts.

Our Climate Change Policy outlines the actions and plans we have in place for corporate sustainability, climate-resilient investments, stakeholder engagement, and transparency and disclosure. All members of the Group should follow these guidelines. Additionally, in recent years, SHK & Co. has made significant investments in numerous initiatives that utilise cutting-edge technologies. These initiatives are further detailed in the Sustainable Investments section of this Report.

We have collaborated with external ESG Consultants to provide comprehensive ESG training to the Board. This training facilitated communication and understanding of climate change and its related impacts and issues, helping the Group to identify potential risks that the Group may face. The Consultants conducted extensive discussions and provided a list of potential climate risks, which were then prioritised based on their business importance. This prioritization helped to identify the most significant climate-related risks in our business operations and provided us with a better understanding of TCFD concepts and the current challenges of climate change.

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

Type	Climate Related Risks	Potential Impact in the future
Policy	Future implementation of carbon pricing or emissions reduction policies	<ul style="list-style-type: none"> – Asset depreciation or climate-related asset stranding of investment projects affecting investment returns
	Stricter local (e.g. HKEX, SFC) and global laws and requirements	<ul style="list-style-type: none"> – 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

Type	Climate Related Risks	Potential Impact in the future
Physical	Increased severity and frequency of extreme weather events such as typhoons and floods	<ul style="list-style-type: none"> <li data-bbox="963 409 1461 533">– Increase in repairment/replacement costs for properties (e.g. offices and branches) susceptible damages such as glass exterior and indoor equipment. <li data-bbox="963 539 1461 629">– Increase in business disruptions due to property damages sustained by branch offices and branch staff commuting delays. <li data-bbox="963 636 1461 752">– Increase the chance of staff commuting accidents due to unsafe commute conditions during and immediately after extreme weather events.

Risk Management

In conducting a comprehensive assessment, we have successfully identified a spectrum of significant physical and transitional risks that are highly relevant to our business activities. The potential financial impacts of these risks have been meticulously evaluated, and we have developed a set of robust mitigation strategies to address them effectively. The responsibility for the identification, assessment, and management of ESG-related risks rests with our Risk Management Committee. This committee operates within the parameters of the Group's established risk appetite and adheres strictly to our Enterprise Risk Management (ERM) Framework, ensuring the resilience and robustness of our risk management approach.

Potential Mitigation Measures:

Electricity Consumption

- **Target Setting:** Establish goals to decrease electricity usage and conduct regular reviews to track progress.
- **Equipment Upgrade:** Systematically replace outdated, less efficient equipment with energy-efficient alternatives.

Investment Strategies

- **Portfolio Screening:** Implement screening processes to ensure a portion of investments adhere to ESG criteria.
- **Sustainability Support:** Encourage technological innovations that enhance the sustainability of investments.

Legal and Reporting Compliance

- **Regulatory Adherence:** Maintain compliance with all relevant legal and regulatory frameworks.
- **International Standards:** Utilise guidelines from international publications like the Global Reporting Initiative (GRI) in reporting procedures.

Employee Training and Awareness

- **Compliance Training:** Provide ongoing training and updates to employees on compliance matters.
- **ESG Training:** Offer specialised ESG-related training to investment teams.

Transparency and Public Reporting

- **Carbon Footprint Disclosure:** Annually disclose information about the company's carbon footprint and carbon reduction initiatives.
- **Investment Transparency:** Publicly report the status of these initiatives on a regular basis.

Reputation and Collaborations

- **Associations and Initiatives:** Join and participate in associations or global initiatives like the Task Force on Climate-related Financial Disclosures (TCFD).
- **Partnerships:** Collaborate with green organisations such as the World Green Organisation (WGO) to support climate change initiatives like tree planting.

Information regarding the Group's management of climate-related risks discussed in detail in "Our Business and Governance" section of this Report.

Metrics and Targets

In the "Our Sustainability Commitment" section of this Report, you can find detailed information on the environmental goals. These goals focus on reducing greenhouse gases, managing waste, and conserving electricity and water. We are dedicated to achieving these targets and conduct yearly reviews to monitor our progress.

We are committed to regularly evaluating the impact of climate change. To make informed investment decisions, we will increasingly integrate the analysis and assessment of climate change risks into our processes. We will use our Climate Change Policy and Environmental Risk Management Policy to guide us in analysing these risks.

Additional information about our environmental impact and emissions statistics is available in the "Our Environment" and "Performance Data Table" sections of this Report.

Laws and Regulations

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

Business

- Money Lenders Ordinance (*Cap. 163 of the Laws of Hong Kong*)
- Prevention of Bribery Ordinance (*Cap. 201 of the Laws of Hong Kong*)
- Trade Marks Ordinance (*Cap. 559 of the Laws of Hong Kong*)
- 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	2023			Total
		SHK & Co.	UAF	SHK Credit	
Environmental					
Air³ and GHG Emissions					
Nitrogen Oxides Emissions	kg	5.41	4.11	N/A	9.52
Sulphur Oxides Emissions	kg	0.23	0.20	N/A	0.43
Particulate Matter Emissions	kg	0.40	0.30	N/A	0.70
GHG Emissions — Scope 1 ⁴	tCO ₂ -e	41.67	878.99	N/A	920.66
GHG Emissions — Scope 2 ⁵	tCO ₂ -e	80.35	1,477.51	23.65	1,581.51
GHG Emissions — Scope 3 ⁶	tCO ₂ -e	10.71	5.41	0.01	16.13
Total GHG Emissions (Scope 1 - 3)	tCO ₂ -e	132.73	2,361.92	23.66	2,518.31
GHG Emission Intensity by Revenue	tCO ₂ -e/ HK\$ Million	0.35	0.73	0.08	0.65
GHG Emission Intensity by Workforce	tCO ₂ -e/person	1.72	2.41	0.79	2.32
Energy Use					
Petroleum Usage	Litre	15,389.93	13,514.26	N/A	28,904.19
Electricity Usage	kWh	118,156.00	2,384,720.22	44,209.00	2,547,085.22
Total Energy Usage ⁷	MJ	951,697.21	9,047,180.48	159,152.40	10,158,030.09
Energy Intensity by Revenue	MJ/HK\$ Million	2,520.38	2,806.11	555.31	2,612.46
Energy Usage Intensity by Workforce	MJ/person	12,359.70	9,231.82	5,305.08	9,345.01
Water Use					
Water Usage ⁸	m ³	0.01	2,938.06	7.48	2,945.55
Water Intensity by Revenue	m ³ /HK\$ Million	0.00003	0.91	0.03	0.76
Water Usage Intensity by Workforce	m ³ /person	0.0001	3.00	0.25	2.71
Waste⁹					
Paper Consumed ¹⁰	kg	648.52	51,277.52	276.74	52,202.78
Paper Consumed ¹⁰	pages	129,704	10,476,944	55,347	10,661,995
Paper Recycled	kg	820.00	8,760.81	260.00	9,840.81
Paper Intensity per Employee	pages/employee	1,684.47	10,690.76	1,844.91	9,808.64
Paper Intensity per Customer	pages/customer	N/A	50.65	112.95	51.42
Toner Cartridge	pieces	0	341	0	341
Fluorescent Tubes, Light Bulbs	pieces	12	120	41	173
Battery	kg	0	5.14	0	5.14
Computer	pieces	0	793	0	793
Monitor/screen	pieces	10	583	0	593
Printers, scanners, fax machines, shredders	pieces	0	183	0	183

³ 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".

⁴ Includes emissions from consumption/disposal of fire extinguishers, refrigerant losses, and direct combustion of vehicular fuels. GHG emission factors are adopted from "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.

⁵ GHG emission factors are adopted from the Hongkong Electric Company Limited's Sustainability Report 2022, CLP Holding Limited's Sustainability Report 2022 and the National Baseline Grid Emission Factor in China 2022 issued by the Ministry of Ecology and Environment of the PRC.

⁶ 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 in Hong Kong are obtained from the 2021 operation data published by WSD and DSD respectively. Electricity consumption rates for sewage treatment in China is obtained from Securities Times China (STCN) in 2022.

⁷ Energy conversion factors are adopted from the UK Government Greenhouse Gas Reporting: Conversion Factors 2023.

⁸ Includes water usage as recorded from the bottled water, barreled water consumption and water bills (except SHK & Co. and SHK Credit as their water supply is managed by the building/property management).

⁹ Excludes waste handled/recycled by building/property management or suppliers.

¹⁰ Limited to usage from office and branch's daily operations.

Key Performance Indicators	Unit	2023			Total
		SHK & Co.	UAF	SHK Credit	
Social					
		Employees¹¹			
Total Number of Employees	person	77	980	30	1,087
		Employees by Gender			
Male	person	38	464	17	519
Female	person	39	516	13	568
		Employees by Age			
≤30 Years Old	person	2	105	2	109
31–40 Years Old	person	28	421	12	461
41–50 Years Old	person	29	334	12	375
>50 Years Old	person	18	120	4	142
		Employees by Employment Category			
Senior Management	person	5	5	0	10
Senior Executives	person	20	14	2	36
Middle Management	person	16	219	6	241
General Staff	person	36	742	22	800
		Employees by Geographical Location			
Hong Kong	person	69	670	30	769
Mainland China	person	1	310	0	311
Overseas	person	7	0	0	7
		Permanent Employees by Gender			
Male	person	38	453	17	508
Female	person	39	502	13	554
		Temporary Employees by Gender			
Male	person	0	11	0	11
Female	person	0	14	0	14
		Non-guaranteed Hours Employees by Gender			
Male	person	0	0	0	0
Female	person	0	0	0	0
		Full-time Employees by Gender¹²			
Male	person	38	464	17	519
Female	person	39	516	13	568
		Workers who are not Employees¹³			
Contractor	person	4	34	0	38
Self-employed	person	2	0	0	2
Intern	person	0	9	0	9

¹¹ Employee data are reported in headcount at the end of the Reporting Period.

¹² We did not hire any part-time employees during the Reporting Period.

¹³ 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	2023			Total
		SHK & Co.	UAF	SHK Credit	
Social					
Total Number of New Employee Hires					
Total Number of New Employee Hires	person	19	181	5	205
Rate of New Employee Hires by Gender					
Male	%	23.68%	18.32%	17.65%	18.69%
Female	%	25.64%	18.60%	15.38%	19.01%
Rate of New Employee Hires by Age					
≤30 Years Old	%	250.00% ¹⁴	40.00%	100.00%	44.95%
31–40 Years Old	%	21.43%	19.71%	8.33%	19.52%
41–50 Years Old	%	13.79%	14.07%	8.33%	13.87%
>50 Years Old	%	22.22%	7.50%	25.00%	9.86%
Rate of New Employee Hires by Geographical Region					
Hong Kong	%	26.09%	22.69%	16.67%	22.76%
Mainland China	%	0.00%	9.35%	N/A	9.32%
Overseas	%	14.29%	N/A	N/A	14.29%
Total Number of Employee Turnover					
Total Number of Employee Turnover	person	17	703	5	725
Turnover Rate¹⁵					
Total Turnover Rate	%	22.08%	71.73%	16.67%	66.70%
Turnover Rate by Gender					
Male	%	15.79%	66.81%	17.65%	61.46%
Female	%	28.21%	76.16%	15.38%	71.48%
Turnover Rate by Age					
≤30 Years Old	%	200.00% ¹⁶	123.81% ¹⁶	50.00%	123.85% ¹⁶
31–40 Years Old	%	25.00%	115.91% ¹⁶	16.67%	107.81% ¹⁶
41–50 Years Old	%	10.34%	18.86%	8.33%	17.87%
>50 Years Old	%	16.67%	18.33%	25.00%	18.31%
Turnover Rate by Geographical Region					
Hong Kong	%	24.64%	22.99%	16.67%	22.89%
Mainland China	%	0.00%	177.10% ¹⁶	N/A	176.53% ¹⁶
Overseas	%	0.00%	N/A	N/A	0.00%

¹⁴ 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.

¹⁵ 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.

¹⁶ The turnover rate is above 100% as the number of employees at a specific age who left during the year exceeded the total number of employees at that age employed at the end of the Reporting Period.

Key Performance Indicators	Unit	2023			Total
		SHK & Co.	UAF	SHK Credit	
Social					
Parental Leave					
Total Number of Employees that were Entitled to Parental Leave	Male	38	464	17	519
	Female	39	516	13	568
Total Number of Employees that Took Parental Leave	Male	1	42	1	44
	Female	3	72	0	75
Total Number of Employees that Returned to Work in the Reporting Period after Parental Leave Ended	Male	1	29	1	31
	Female	2	34	0	36
Total Number of Employees that Returned to Work in 2022 after Parental Leave Ended	Male	1	35	0	36
	Female	0	77	0	77
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	16	0	17
	Female	0	24	0	24
Return to Work Rate ¹⁷	Male (%)	100.00%	69.05%	100.00%	70.45%
	Female (%)	66.67%	47.22%	N/A	48.00%
Retention Rate ¹⁸	Male (%)	100.00%	45.71%	N/A	47.22%
	Female (%)	N/A	31.17%	N/A	31.17%
Percentage of Employees Trained					
Total Percentage of Employees Trained	%	100.00%	100.00%	100.00%	100.00%
Percentage of Employees Trained by Gender¹⁹					
Male	%	49.35%	47.35%	56.67%	47.75%
Female	%	50.65%	52.65%	43.33%	52.25%
					100.00%
Percentage of Employees Trained by Employment Category¹⁹					
Senior Management	%	6.49%	0.51%	N/A	0.92%
Senior Executives	%	25.97%	1.43%	6.67%	3.31%
Middle Management	%	20.78%	22.35%	20.00%	22.17%
General Staff	%	46.75%	75.71%	73.33%	73.60%
					100.00%
Average Training Hours					
Total Average Training Hours	hrs/person	8.87	4.29	10.13	4.77
Average Training Hours by Gender					
Male	hrs/person	5.53	4.30	10.10	4.79
Female	hrs/person	4.77	4.28	10.15	4.75

¹⁷ 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%.

¹⁸ 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%.

¹⁹ The methodology used for calculating percentages of employees trained by gender and by employment category aligns with HKEX guidelines. 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	2023			Total
		SHK & Co.	UAF	SHK Credit	
Social					
Average Training Hours by Employment Category					
Senior Management	hrs/person	8.80	1.40	N/A	5.10
Senior Executives	hrs/person	9.15	1.64	9.00	6.22
Middle Management	hrs/person	10.13	4.50	10.79	5.03
General Staff	hrs/person	8.17	4.29	10.05	4.62
Total Training Hours by Topic					
Orientation	hrs	38.00	182.00	5.00	225.00
Anti-Corruption	hrs	77.00	710.00	30.00	817.00
Compliance	hrs	77.00	1,096.00	30.00	1,203.00
Percentage of employee receiving regular performance review					
Review Rate	%	100.00%	100.00%	100.00%	100.00%
Percentage of employee receiving regular performance review by Gender					
Male	%	100.00%	100.00%	100.00%	100.00%
Female	%	100.00%	100.00%	100.00%	100.00%
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%	100.00%	100.00%
Middle Management	%	100.00%	100.00%	100.00%	100.00%
General Staff	%	100.00%	100.00%	100.00%	100.00%
Work-Related Injuries²⁰					
Number of Injuries	number	0.00	1.00	0.00	1.00
Work-Related Injury Rate ²¹	per 1,000 employees	0.00	1.02	0.00	0.92
Number of High-consequence Injuries (excluding fatalities)	number	0.00	0.00	0.00	0.00
High-consequence injury rate	per 1,000 employees	0.00	0.00	0.00	0.00
Lost Days Due to Work-Related Injury	number of days	0.00	0.33	0.00	0.33
Number of Fatalities	number	0.00	0.00	0.00	0.00
Fatality Rate	per 1,000 employees	0.00	0.00	0.00	0.00
Suppliers by Geographical Region					
Hong Kong	number	73	195	56	324
Mainland China	number	2	282	0	284
Overseas	number	30	12	0	42

²⁰ There were no cases of work-related ill health that the Group is aware of during the Reporting Period.

²¹ 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.

Key Performance Indicators	Unit	2023			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)		4.67:1	15.86:1	3.37:1	N/A
Complaints					
Products and service complaints	number	0	1	0	1
Other complaints	number	0	8	0	8

GRI Content Index

SHK & Co's ESG Report 2023 is prepared in accordance with the latest GRI Standards. The following table provides with either cross-references of the relevant chapters or explanation.

GRI Standard	Disclosure	Relevant Chapter or Explanation	Page no.	
General Disclosures				
GRI 2: General Disclosures 2021	2-1 Organisational details	About This Report Annual Report 2023 – About Us Annual Report 2023 – Our Business	P.57 P.2 P.4-5	
	2-2 Entities included in the organisation's sustainability reporting	About this Report Annual Report 2023 – Notes to the Consolidated Financial Statements	P.57 P.142-218	
	2-3 Reporting Period, frequency and contact point	About this Report	P.57	
	2-4 Restatements of information	There were no restatements of information in this Report.		
	2-5 External assurance		About this Report Annual Report 2023 – Corporate Governance Report (Audit Committee)	P.57 P.48-49
			Annual Report 2023 – Corporate Governance Report (Accountability and Audit)	P.53
			Annual Report 2023 – Independent Auditor's Report This Report was not externally assured.	P.133-137
	2-6 Activities, value chain and other business relationships	Our Business and Governance Our Investors and Customers Our Community Annual Report 2023 – Our Business	P.67-69 P.74-77 P.78-81 P.4-5	
	2-7 Employees	Our People Performance Data Table We did not hire any part-time employees during the Reporting Period.	P.69-74 P.94-99	
	2-8 Workers who are not employees	Our People Performance Data Table	P.69-74 P.94-99	
2-9 Governance structure and composition	Our Business and Governance Performance Data Table Annual Report 2023 – Corporate Governance Report (The Board, Board Process) Company website: Our Leadership	P.67-69 P.94-99 P.41-43		

GRI Standard	Disclosure	Relevant Chapter or Explanation	Page no.
	2-10 Nomination and selection of the highest governance body	Annual Report 2023 – Corporate Governance Report (Board Process, Appointment of Re-Election of Directors, Board Diversity)	P.41-43, 45-46
	2-11 Chair of the highest governance body	Annual Report 2023 – Corporate Governance Report (Roles of Chairman and Chief Executive)	P.44
	2-12 Role of the highest governance body in overseeing the management of impacts	About This Report Our Business and Governance Annual Report 2023 – Corporate Governance Report (Roles of Chairman and Chief Executive, Corporate Governance Functions, Risk Management and Internal Control)	P.57 P.67-69 P.44, 46, 50-53
	2-13 Delegation of responsibility for managing impacts	About This Report Our Sustainability Commitment Our Business and Governance Annual Report 2023 – Corporate Governance Report (Risk Management and Internal Control)	P.57 P.60-66 P.67-69 P.50-53
	2-14 Role of the highest governance body in sustainability reporting	Our Sustainability Commitment	P.60-66
	2-15 Conflicts of interest	Annual Report 2023 – Corporate Governance Report (Board Process)	P.41-43
	2-16 Communication of critical concerns	Our Business and Governance Annual Report 2023 – Corporate Governance Report (Communication with Shareholders) There were no incidences of critical concerns during the Reporting Period.	P.67-69 P.54
	2-17 Collective knowledge of the highest governance body	Our People Annual Report 2023 – Corporate Governance Report (Directors' Continuous Professional Development)	P.69-74 P.44
	2-18 Evaluation of the performance of the highest governance body	Annual Report 2023 – Corporate Governance Report (Remuneration Committee)	P.46-47
	2-19 Remuneration policies	Annual Report 2023 – Corporate Governance Report (Remuneration Committee)	P.46-47

GRI Standard	Disclosure	Relevant Chapter or Explanation	Page no.
	2-20 Process to determine remuneration	Annual Report 2023 – Corporate Governance Report (Remuneration Committee)	P.46-47
	2-21 Annual total compensation ratio	Performance Data Table	P.94-99
	2-22 Statement on sustainable development strategy	Our Sustainability Commitment	P.60-66
	2-23 Policy commitments	Our Sustainability Commitment Our Business and Governance Annual Report 2023 – Corporate Governance Report (Risk Management and Internal Control)	P.60-66 P.67-69 P.50-53
	2-24 Embedding policy commitments	Our Business and Governance Annual Report 2023 – Corporate Governance Report (Corporate Governance Functions, Risk Management and Internal Control)	P.67-69 P.44, 46, 50-53
	2-25 Processes to remediate negative impacts	Our Business and Governance Annual Report 2023 – Corporate Governance Report (Risk Management and Internal Control) Annual Report 2023 – Risk Management Report	P.67-69 P.50-53 P.32-40
	2-26 Mechanisms for seeking advice and raising concerns	Our Business and Governance	P.67-69
	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.67-69 P.93
	2-28 Membership associations	Membership and Associations	P.81
	2-29 Approach to stakeholder engagement	Our Sustainability Commitment	P.60-66
	2-30 Collective bargaining agreements	No current employees are covered by collective bargaining agreements.	
Material Topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	About This Report – Materiality Assessment	P.64-66
	3-2 List of material topics	About This Report – Materiality Assessment	P.64-66

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	P.57	
		Our Sustainability Commitment	P.60-66	
		Our Business and Governance	P.67-69	
		Annual Report 2023 – Notes to the Consolidated Financial Statements	P.142-218	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Our Business and Governance	P.67-69	
		Performance Data Table	P.94-99	
	201-2 Financial implications and other risks and opportunities due to climate change	Annual Report 2023 – Consolidated Statements and Notes to the Consolidated Financial Statements	P.137-218	
		Our Business and Governance	P.67-69	
201-3 Defined benefit plan obligations and other retirement plans	Our Investors and Customers	P.74-77		
	Our Environment	P.82-92		
	Our People	P.69-74		
	Annual Report 2023 – Consolidated Statements and Notes to the Consolidated Financial Statements	P.137-218		
201-4 Financial assistance received from government	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 the People's Republic of 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.			
GRI 205: Anti-corruption 2016				
GRI 3: Material Topics 2021	3-3 Management of material topics	About This Report	P.57	
		Our Sustainability Commitment	P.60-66	
		Our Business and Governance	P.67-69	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Our Business and Governance	P.67-69	
		205-2 Communication and training about anti-corruption policies and procedures	Our Business and Governance	P.67-69
		Our People	P.69-74	
205-3 Confirmed incidents of corruption and actions taken	Our Business and Governance	P.67-69		
	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.57
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Our Sustainability Commitment Performance Data Table	P.60-66 P.94-99
	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.69-74
	401-3 Parental leave	Performance Data Table	P.94-99
GRI 403: Occupational Health and Safety 2018			
GRI 3: Material Topics 2021	3-3 Management of material topics	About This Report	P.57
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Our Sustainability Commitment Our People	P.60-66 P.69-74
	403-2 Hazard identification, risk assessment, and incident investigation	Our People	P.69-74
	403-3 Occupational health services	Our People	P.69-74
	403-4 Worker participation, consultation, and communication on occupational health and safety	Our People	P.69-74
	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.69-74
	403-6 Promotion of worker health	Our People Workers who are not employees are facilitated by their employers for access to the relevant health services, hence no duplication is made by the Group.	P.69-74
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Our People	P.69-74
	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.69-74
	403-9 Work-related injuries	Performance Data Table	P.94-99
	403-10 Work-related ill health	Performance Data Table	P.94-99

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	P.57
		Our Sustainability Commitment	P.60-66
		Our Business and Governance	P.67-69
GRI 408: Child Labour 2016	GRI 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.67-69
GRI 409: Forced or Compulsory Labour 2016			
GRI 3: Material Topics 2021	3-3 Management of material topics	About This Report	P.57
		Our Sustainability Commitment	P.60-66
		Our Business and Governance	P.67-69
GRI 409: Forced or Compulsory Labour 2016	GRI 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.67-69
GRI 418: Customer Privacy 2016			
GRI 3: Material Topics 2021	3-3 Management of material topics	About This Report	P.57
		Our Sustainability Commitment	P.60-66
		Our Business and Governance	P.67-69
		Our Investors and Customers	P.74-77
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.74-77

HKEX ESG Reporting Guide Content Index

Our ESG Report 2023 is also prepared in accordance with the ESG Reporting Guide under Appendix C2 to the Rules Governing the Listing of Securities on HKEX. 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 2023 – 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