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Environmental,  
Social and Governance  
Report

# 2019

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# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Sustainability: Our Philosophy and Approach

At Sun Hung Kai & Co. Limited, we believe that the responsibility of delivering long-term, sustainable value to our shareholders also comes with a responsibility to recognise that the choices we make will have an impact on the communities where we carry on our business. This mindset drives our increasing focus on Environmental, Social and Governance (“ESG”) issues. Not merely a matter of regulatory compliance, but we are committed to do our part for the sustainable development of society and believe that our efforts on ESG issues magnify the Company’s value in the places we operate.

We have adopted a Sustainability Policy (the “Policy”) (enacted in 2016) that covers our principles in environmental and social issues. We strive to follow these principles and directives of the Policy in the areas of environmental impact, energy usage, talent retention, workplace and benefits enhancement, supply chain management, data privacy, business integrity and community engagement. Overall stewardship and direction of sustainability issues is provided by the board of directors of the Company (“the Board”), with the ESG initiatives implemented by management of various businesses. The investor relations function collaborates with other functional areas throughout the Group on reporting and disclosure of these initiatives.

The priorities are set based on the views of the Board and relevant stakeholders at each tier of the businesses. In 2019, the Board reviewed the results of the ESG initiatives implemented by the Group as well as the updates to the “Environmental, Social and Governance Reporting Guide” (the “ESG Guide”) set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Upon completing its review, the Board recommended updating the Policy with the aim to meet or exceed the evolving global standard. The Board also agreed to adopt practice guidelines and Key Performance Indicators (“KPIs”) for the Group to apply quantitative reporting approach in relation to environmental issues such as greenhouse gas emissions, ideally involving third party assessment in the 2020 report.

This report outlines the Group’s sustainability initiatives and selected KPIs that are material to the Group and its stakeholders on ESG issues for the year ended 31 December 2019. This report supplements information disclosed in the annual report 2019 and will also be published on websites of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company ([www.shkco.com](http://www.shkco.com)).

This report was prepared in accordance with the ESG Guide. Unless otherwise stated, the information in this report covers the operations of the following units and their subsidiaries in Hong Kong and Mainland China for the year ended 31 December 2019:

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

## Confirmation and Approval

This report is compiled according to the data and information obtained within the Company and its subsidiaries. The Group’s internal control and formal review process are in place to ensure that any information presented in this report is as accurate and reliable as possible. The report has been reviewed and approved by the Board on 30 March 2020.

## Opinion and Feedback

Stakeholder opinions are conducive to the continuous improvement of the Group’s ESG performance. The Group conducts stakeholder surveys within the Group and from suppliers outside the Group to collect stakeholder’s opinions on significance of ESG KPIs and its relevance to the business of the Group. If you have any questions or suggestions regarding the content or format of this report, please contact us at:

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## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**Environmental Initiatives**

The Group's updated Policy encompasses our general approach towards environmental issues. We endeavour at a minimum to:

- Observe relevant laws and regulations and aim to go beyond minimum requirements.
- Directly prevent or minimise pollutants and greenhouse gas emissions, discharges into water and onto land, and generation of hazardous and non-hazardous waste.
- Make efficient use of resources, including energy, water and other raw materials.
- Minimise the impact of the Group's activities on the environment and natural resources.
- Engage our staff, customers and partners to promote sustainable business practices and constantly re-assess our processes to improve our environmental sustainability performance.

At SHK & Co., our direct environmental impact is limited by the fact that our businesses operate from offices and branches, and we are not directly involved in the manufacturing or construction activities. Certain KPIs regarding environmental disclosure are not considered relevant or are immaterial to the Group's operations. However, we are adopting a quantitative approach and have set up data collection on usage of public utilities as well as kilometers travelled by company vehicles. We have voluntarily broadened our disclosure fields to allow the Group's environmental initiatives to have baseline data for comparison in future years.

**Disclosure of environmental KPIs**

	Unit	2019
Greenhouse Gas Emissions from mobile combustion sources (scope 1B) (CO <sub>2</sub> equivalent emissions)	kilograms	1,621,950
Greenhouse Gas Emissions from energy indirect emissions (scope 2) (CO <sub>2</sub> equivalent emissions)	kilograms	13,262,110
PM emissions from vehicles	grams	3,035
SOx emission from vehicles	grams	8,967
NOx emission from vehicles	grams	488,370
Water consumption <sup>1</sup>	cubic metre	6,852
Water intensity per employee <sup>1</sup>	cubic metre/ employee	3
Electricity consumption	KWh	3,767,731
Electricity intensity per employee	KWh/employee	1,625
Paper consumption <sup>1</sup>	pages	17,719,121
Paper intensity per employee <sup>1</sup>	pages/employee	7,830
Paper intensity per customer <sup>1</sup>	pages/customer	83

<sup>1</sup> Data covers consumption within head offices and branches of UAF and Sun Hung Kai Credit

**Energy-saving Efforts**

A critical component to environmental stewardship is tracking and minimising energy and resource use, especially of those that can have climate-warming effects. Upon examination, we found that the vast majority of the energy usage and emissions attributable to the Group comes from the physical branch operations of the Group's subsidiary, UAF. We see a positive trend in this area as this company's business was increasingly moving online. In addition to expand their reach and efficiency, the number of physical branches in Mainland China continued to reduce, dropping from 46 to 30 in 2019. In addition to the positive impact of this evolution on the business's profitability, it has also helped reduce the overall environmental impact of the Group's business.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The remainder of the Group's businesses, including the head office of SHK & Co., have established a series of energy and resource conservation initiatives. The Group encourages employees to utilise teleconference solutions in place of business travel to reduce emissions. Our headquarters office is located in a Final Platinum certified building under Hong Kong's BEAM Plus Existing Buildings Certification (Commercial Building) for the green management. The lighting and electrical appliances in the head office area are managed to minimise energy consumption. Several signs and labels have been placed next to electrical switches, sinks and electronic devices to remind users to save energy.

In Hong Kong, UAF has also joined the "Charter on External Lighting" (the "Charter") launched by the Environment Bureau since 2016, and the external lighting of advertising and shop signage is switched off after midnight. The purpose of the Charter is to minimise light nuisance and energy wastage. In addition, practical guidance and measures for energy saving is communicated through the UAF Group's internal circular to encourage minimising energy consumption in both head office and branches.

### Effective Usage of Resources

The Group is well aware that there is always more that can be done to protect the environment. We are committed to continuing our efforts in improving our environmental performance through timely and regular review of our initiatives and watching trends in the industry. We also seek to work with third parties in green projects in the future.

The Group aims to carefully manage our use of paper, plastic products and electronic devices to minimise waste, recycle when possible, and reduce our environmental impact. At SHK & Co. corporate offices, we continued to push toward a paper-free office by launching an employee self-service (ESS) system which enabled employee procedures like leave and expense reimbursement be completed online.

During 2019, SHK & Co. head office moved to increase the use of online banking and payment approaches to reduce the volume of paper and cheques. Electronic board papers have been implemented since 2013, improving Board efficiency while reducing waste. Our annual reports were printed on wood-free paper and lower "gsm" (grams per square meter). New designs were adopted to enhance readability while reducing the overall number of pages. The Company continues to encourage investors to read soft copies of communication documents by distributing the same through a wide-range channels to make them readily accessible. The Group also actively participates in recycling schemes for old computers, printers, and toner cartridges, and joined one of the biggest green campaigns in Hong Kong ("Enough Plastic") last year to encourage employees to reduce consumption of plastic products. Donations were also directed to the organisations in efforts of promoting the campaign and reducing plastic wastes in Hong Kong. Through these coordinated and consistent programs, we hope to minimise our impact on the environment while we grow our businesses.

In Hong Kong, UAF was the first market player to launch a "No Show" personal loan product which enables customers to conduct loan applications by telephone, removing the paper document approval process. Increasingly, paper usage is being reduced with more use of online or mobile loan application channels. For instance, at UAF (which accounts for the largest proportion of the Group's transactions), 49% of new loans by the number of accounts were originated through these electronic channels in 2019. Since 2016, paper statements have been replaced by electronic statements through either email or mobile apps for all types of revolving loan accounts. Customers requesting monthly paper statements are charged a service fee.

Document Management System ("DMS"), a web-based application system which facilitates the storage, retrieval and management of documents, is used extensively by UAF and Sun Hung Kai Credit, especially for the management of the large amounts of loan documents. The DMS allows staff to retrieve documents efficiently through designated PC terminals and reduces paper usage as documents can be viewed on screen.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In addition, an electronic platform is used by UAF and Sun Hung Kai Credit for internal administration and effective communication with all staff at head office and our extensive branch network. Staff can easily access company internal circulars, employee handbook, relevant company policies, lending guidelines, as well as e-learning materials. In addition, customised HR information system has been implemented by UAF and Sun Hung Kai Credit for leave application/monitoring, staff performance review and employee profile management. The online e-platform enables staff to complete online enrolment for training/staff activities and evaluation surveys to replace paper usage in connection with such activities.

### Retaining Talent

Being in the financial services industries, our people are our most important asset and drive the long-term development and sustainability of the Group. The Group's policy on employment is as follows:

- Observe relevant laws and regulations.
- Be an equal-opportunity employer, implementing fair practices relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare for our staff.
- Provide a safe, healthy and quality workplace and protecting employees from occupational hazards.
- Promote a good work-life balance for staff.
- Invest in training and professional development of our staff for the purpose of improving their knowledge and skills for discharging duties at work.
- Maintaining an open dialogue with our staff, facilitating a transparent two-way communication.
- Prevent child labour and forced labour through inspection of identification documents. The relevant staff will be terminated immediately if there is any child labour and forced labour.

In Hong Kong, the Group's employment of staff is governed by the Employment Ordinance, the Minimum Wage Ordinance, as well as the Employees' Compensation Ordinance. In Mainland China, staff employment is subject to the Labour Contract Law of the People's Republic of China ("中華人民共和國勞動合同法"). The Group has no known material non-compliance with the above relevant law.

The Group puts a major focus on our employee's compensation and working environment. The core belief of our human resources is that when our employees are trusted with more freedom and flexibility, they will respond with a deeper ownership of their jobs which will result in more creativity, care and productivity. Our staff are in demand, so our compensation and benefits (including working hours, rest periods and staff welfare) must be competitive with our peers in the financial services sector and hence far exceed the minimum required by the relevant laws. In 2019, several new and existing programmes made progress toward the Group's goal of promoting flexibility at work and internal mobility. At the head office, we launched unlimited paid leave scheme in December 2018, with the aim to help employees focus on producing exceptional results through better control over their work-life balance. These innovations address the trend we have seen in recent years, with growing demand for flexibility from employers on leave and working remotely when situations like public exigencies and family emergencies occurred. The Group has invested in the technology infrastructure and office systems to enable working remotely and on flexible schedules.

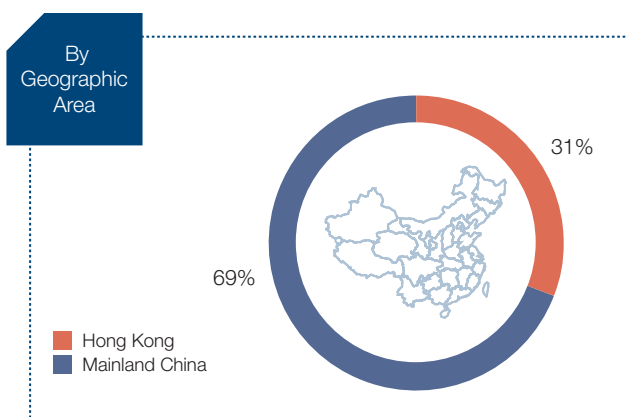
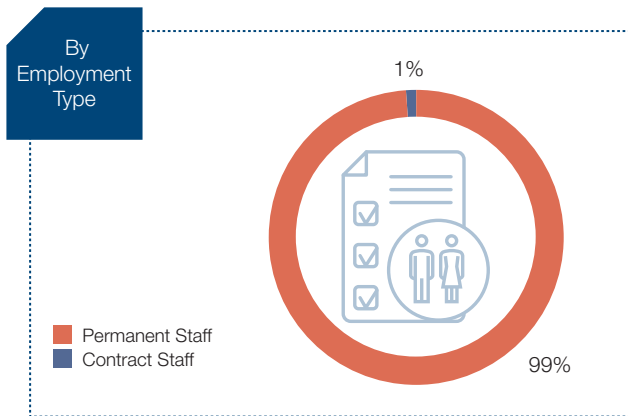
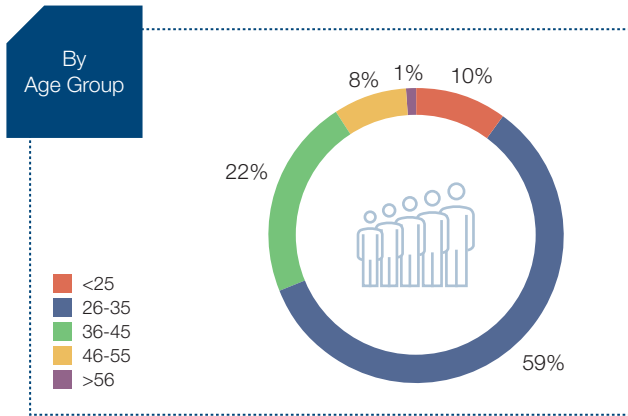
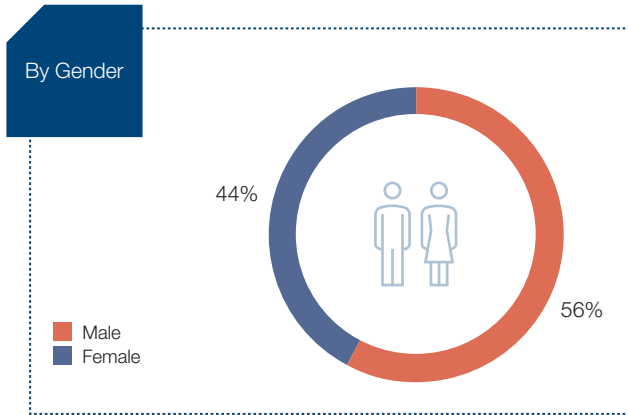
Owing to the nature of our businesses, work-related injuries, occupational health issues and the incurrence of child labour are not significant risk factors. Further information on the Group's human resources is also detailed in the "Management Discussion and Analysis" section of this Annual Report. During the year under review, there were no work-related fatalities and minimal days lost due to work-related injury.

At UAF, various company teams are sponsored and organised for community service. Staff magazines are published by UAF to share company, industry and staff news and to promote internal communication. Newsletters are also circulated by SHK & Co. to employees of the Group and external stakeholders to share with them the Company's achievements and milestones.

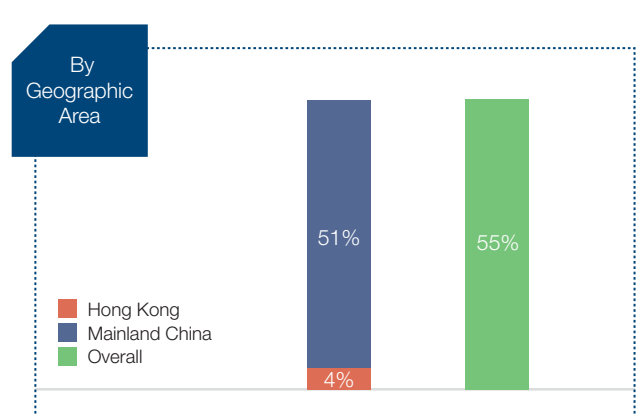
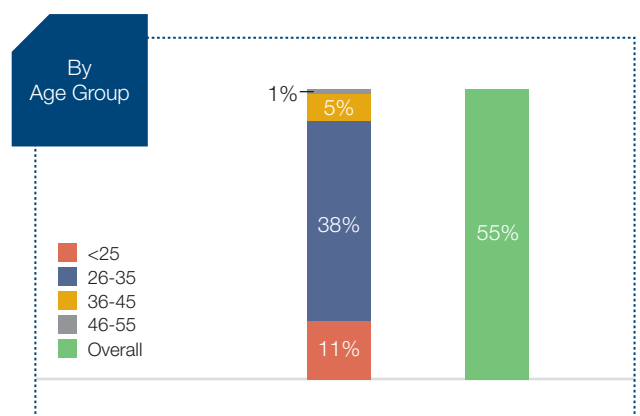
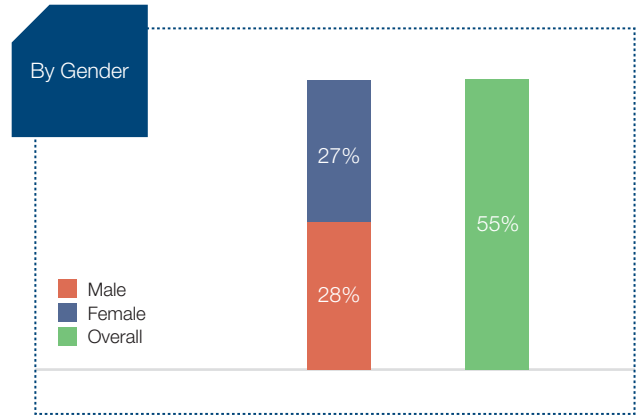
As at 31 December 2019, the Group employed a total of 2,318 staff, compared to 2,719 at the end of 2018 as UAF consolidated its consumer finance branches in Mainland China and increased its online presence. Staff turnover ratio also increased as a result of the closure of UAF's branches in Mainland China.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**Staff Breakdown (2019)**



**Staff Retention Analysis^ (2019):**



^ Calculated as follows: number of permanent staff who left during the year divided by the average total number of staff employed by the Group over the same timeframe.

Note: In 2019, the majority of the staff departures were due to the closure of UAF branches in Mainland China.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Human Resources and sustainability related awards:

- Caring Company Award 2016-2020 (SHK & Co.); 2005-2020 (UAF)
- Good MPF Employer Award 2014-2019 (SHK&Co.)
- ERB Manpower Developer Award Scheme 2012-2022 (UAF)
- Social Capital Builder Award 2016-2022 (UAF)
- Partner Employer Award 2016-2020 (UAF)
- The Hong Kong Corporate Citizenship Logo – Enterprise Category 2016-2020 (UAF)
- The Hong Kong Corporate Citizenship Logo – Volunteer Category 2016-2020 (UAF)
- Environmental Bureau – The Charter on External Lighting Award Ceremony 2016-2020 (UAF)
- Hong Kong Green Organization Certification – Wastewise Certificate 2016-2020 (UAF)
- Happy Company 2016-2020 (UAF)
- Good Employer Charter 2018-2020 (UAF)
- Racial Diversity & Inclusion Charter 2019 –2020 (UAF)
- Family-Friendly Employers Award 2017–2019 (UAF)
- Volunteer Movement Participating Organization (UAF)

### Employee Development and Training

The Group is committed to fostering a culture of continuous learning in our organisation. Our primary focus is on staff training which is meant to equip our workforce with the necessary knowledge and skills relevant to their work, as well as to expand skill sets in our talent pool. As most employees working at head office are experts from different specialties, the training policy at head office promotes lifelong self-development. Employees are encouraged to plan their own training schedules and have flexibility in choosing the sources. To further encourage ongoing learning and development, the Group included training in employee performance appraisal and goal setting procedures in 2019. Employees are also encouraged to engage in life-long learning beyond their professional scope as well to better equip themselves for achieving outstanding performance and maintaining intellectual curiosity.

At UAF, management is involved, together with in-house experts and external professional trainers, in designing training programmes that meet the demands of the workplace. Training content and topics are set to cover the key aspects of its operations. These include:

Compliance and regulatory – general compliance, market and regulatory updates, prevention of bribery, bankruptcy laws, data privacy, the Money Lenders Ordinance as well as anti-money laundering policy and counter-terrorist financing.

Management skills and personal – leadership skills, supervisory skills, KPI setting, communication and interpersonal skills, creative thinking and problem-solving skills and self-development skills.

Job skills – language skills, computer skills, debt collection skills and customer service skills.

UAF has a comprehensive graduate training programme to train talented university graduates for future advancement to the management team. The 25-month program provides training on their knowledge and skill sets for the consumer finance industry.

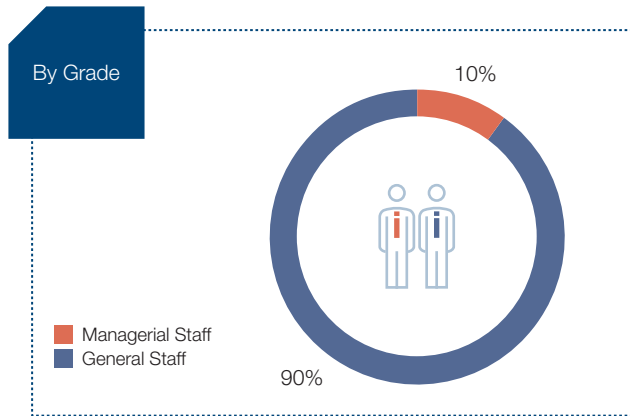
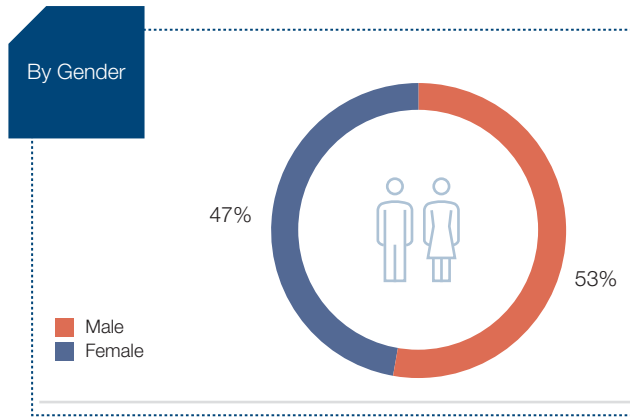
On top of internal training, UAF also provides a study subsidy for staff to advance their education outside of office hours. UAF Hong Kong has received the honour of “Manpower Developer” from the Employees Retraining Board every year since 2012.

The Group emphasises not only employee training for current positions, but also skill development to enable internal mobility among business functions. As the business expands and evolves, opportunities arise within the Group and enabling the staff to train outside their current function enables the Group to retain key talent.

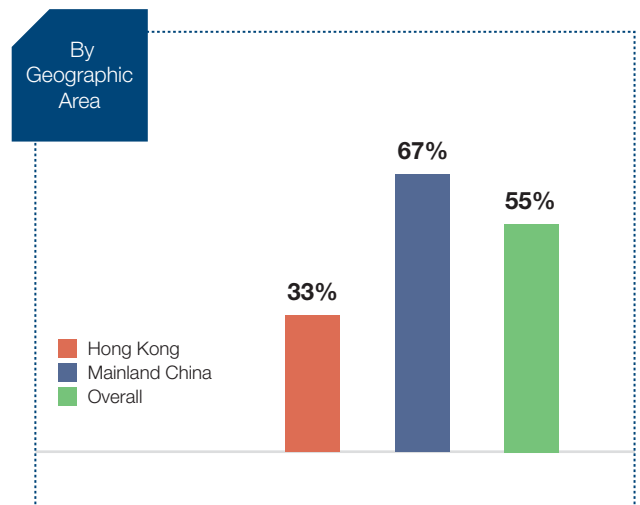
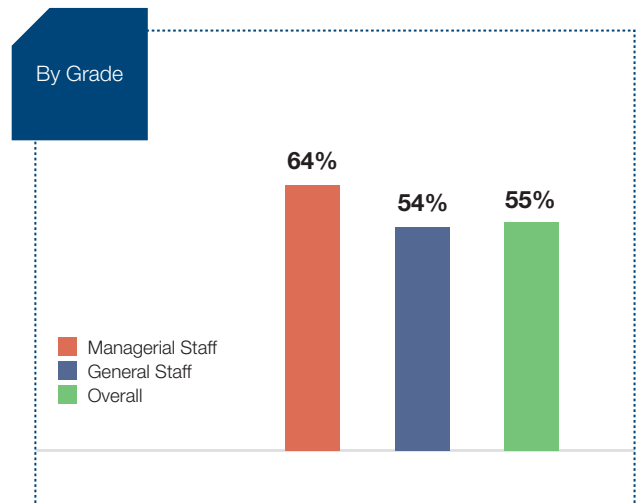
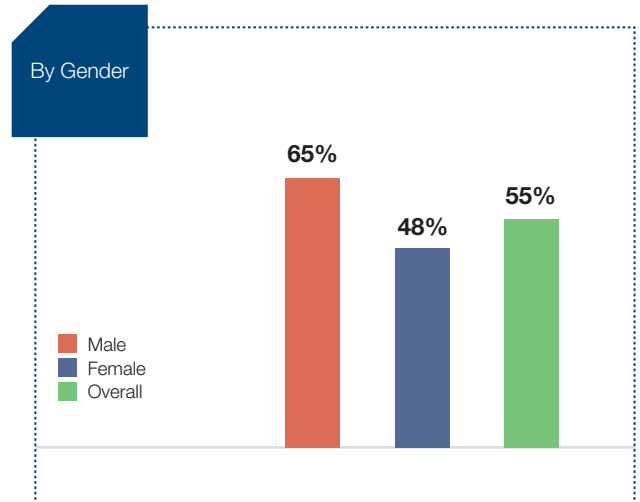
Staff training across the Group amounted to a total of 14,390 hours in total during the year.

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**Training Hours Breakdown (2019)**



**Percentage of Staff Who Received Training**





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Supply Chain Management

The Group's general business suppliers include providers of information technology and communication, premises, legal and other business services as well as vendors for office supplies. These are not considered to pose significant social risks for our business and procurement decisions are based on pricing, suitability, delivery time as well as the general reputation and experience of suppliers.

For UAF and Sun Hung Kai Credit businesses specifically, external debt collection agents are engaged only after internal collection efforts have failed to collect overdue debts. As at 31 December 2019, 67 of such agents were engaged by the businesses in Hong Kong and Mainland China. UAF and Sun Hung Kai Credit both have well-defined policies and procedures for the selection and monitoring of their debt collection agents. The agents are selected carefully based on track record of good practices and reputation. They are required to abide by a Code of Conduct and are subject to benchmarking, audits and rotation. As UAF and Sun Hung Kai Credit do not sell their receivables, they retain control over the collection process. Under the Code of Conduct, the agents shall not:

- sub-contract, delegate the whole or any part of their duties under the debt service agreement with UAF and Sun Hung Kai Credit;
- violate relevant laws and regulations; and
- engage in any action or conduct which is prejudicial to the business, integrity, reputation or goodwill of UAF and Sun Hung Kai Credit.

As part of monitoring these agents, regular surveys are conducted with customers and the general public for feedback. During 2019, the number of complaints received on debt collection was minimal, less than 0.01% of the UAF's customer base. We understand that this is a very low ratio by industry standards. Over the years, UAF maintained its leading role in terms of market share in non-bank sector in Hong Kong as a result of its strong market position.

## Product Responsibility

The Group provides loan products to individuals and businesses in Hong Kong, Mainland China and elsewhere. These include private credit extended to corporates under SHK & Co., consumer finance loans through UAF, as well as mortgage loans through Sun Hung Kai Credit.

In Hong Kong, all the relevant loan businesses operate under the Money Lenders Ordinance ("MLO"), being licensed money

lenders. In Mainland China, UAF's operations follow the regional guidelines announced by the provincial governments under the Guiding Opinions ("Guiding Opinions") of the China Banking Regulatory Commission and the People's Bank of China ("PBOC") on the Pilot Operation of Small Loan Companies as well as the Special Rectification Documents of their special working group on cash loans, internet loans and P2P loans "關於規範整頓現金貸業務的通知", "關於印發小額貸款公司網絡小額貸款業務風險專項整治實施方案的通知(網貸整治辦函[2017]56號)" and "關於做好P2P網絡借貸風險專項整治整改驗收工作的通知(網貸整治辦函[2017]57號)". During the year, there were no known cases of non-compliance with the above laws or regulations.

In Hong Kong, the MLO focuses on borrowers' rights as well as lenders' practices. UAF, as a founding member of the HKSAR Licensed Money Lenders Association Limited ("LMLA"), has led the drafting of the Code of Practice ("the Code") for the money lending industry. The Code was promoted for application by all the members of the LMLA including subsidiaries of SHK & Co., UAF and Sun Hung Kai Credit. The Code is a comprehensive framework of market practices and standards, developed based on the Hong Kong Monetary Authority's guidelines to banks, in the various aspects such as customer relationships, know-your-customer, anti-money laundering, credit evaluation, collection and recovery and data privacy. UAF is on the executive committee of LMLA and leads the task force for regular review of the Code. UAF also holds regular dialogues with the Companies Registry (which reviews the licensing matters of money lenders) to discuss best practices and industry trends.

Across the Group, we had approximately 214,000 customers as at 31 December 2019 and the majority of which are from the UAF business in Hong Kong and Mainland China. As a market leader in Hong Kong, UAF runs an extensive advertising and promotion campaign. Customer relationship programs such as "member-get-members" and bonus point schemes are in place. Customers can access UAF's loan services through our extensive branch network, phone application as well as on-line means in Hong Kong such as E-cash Revolving Loans or the mobile app. The Group places a very high priority to uphold customers data privacy. Measures and clear guidelines are in place and observed to ensure customers' data are protected against unauthorised or accidental access, processing or erasure. Appropriate levels of security protection were implemented by adequate physical, electronic and managerial measures to safeguard customers' personal data. In addition, all Hong Kong staff of UAF are required to complete a Personal Data (Privacy) Ordinance e-learning course.

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Owing to the nature of the consumer finance business where debt collection is involved, reputational risk monitoring and preventions are of utmost importance. At both UAF and Sun Hung Kai Credit, various measures are in place to minimise risks. Results and response to collection efforts are monitored on a timely basis. Dedicated telephone hotlines are set up for customer complaints and dispute resolution. External agents engaged for collection are tightly monitored.

### Data Privacy

The Group has established its Privacy Policy to ensure measures of data privacy protection are incorporated into its business practices. The Staff Handbook emphasises that employees are responsible for maintaining the confidentiality of sensitive information. In the course of the data collection process, the Group provides persons concerned with a Personal Data Collection Statement, informing them of the purposes of collection, classes of persons to whom the data may be transferred, their rights to access and correct the data, and other relevant information. The Group is dedicated to achieving an appropriate level of data security by restricting access and incorporating security measures for data storage. In addition, disclosure of personal data to any third parties without explicit permission, unless required by law, is not allowed.

### Intellectual Property Protection

The Group respects intellectual property rights. Employees are not allowed to possess or use copyrighted materials, including computer software and published materials, without the permission of the copyright owners. The Information Technology Department carries out a regular inspection of employees' computers to assure only legitimate and genuine software is installed. During the year, the Group was not aware of any material non-compliance of laws and regulations that have a significant impact on the Group relating to product responsibility, including the Personal Data (Privacy) Ordinance, and Copyright Ordinance of Hong Kong.

### Anti-Corruption Practice

A Whistle Blower Policy has been established to facilitate employees' direct reporting of any unlawful conduct, any incident of corruption, avoidance of internal controls, incorrect or improper financial or other reporting to senior management. This policy is placed on the corporate electronic platform to facilitate employees' easy access and reporting. As part of the financial control practice, the Finance Department would also review any irregular expenditure to detect any unlawful conduct.

An internal control framework was adopted with stringent policies to undertake vigorous enforcement against corruption. All staff are subject to the provisions of the Prevention of Bribery Ordinance, which require staff not to offer or pay, solicit or accept anything of material value in exchange for some improper advantage from other parties.

All relevant staff in Hong Kong are required to complete Anti-Money Laundering & Counter-Terrorist Financing e-learning courses. Key staff from several business functions have attended AML/CTF risk awareness training in 2019. The Group received no complaints or legal cases in relation to corruption during the year.

### Community Involvement

We strive to excel for our customers and be a good corporate citizen contributing to the communities in which we carry on our business by encouraging our staff to enrol in charity and social services.

The Group has a long history of participation in volunteering activities to serve our communities. UAF was named a "Caring Company" by the Hong Kong Council of Social Service for 14 consecutive years and SHK & Co. was also named the same for 5 consecutive years. SHK & Co. headoffice employees actively participated in and supported the Charity Walk organised by The Community Chest of Hong Kong. Since 2015, the UAF Volunteer Team has participated in community services projects serving the underprivileged, such as low – income senior citizens, senior citizens living alone, children with heart diseases etc. During 2019, UAF had a total of 86 volunteer members and served a total of 1,140 hours in various community activities.

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The key activities of UAF in 2019 included the following:

- Po Leung Kuk: Nostalgic Time with Elderly
- Po Leung Kuk: Jogging with Elderly
- St. James Settlement: Happy Summer Holiday with Children
- St. James Settlement: Coffee Grounds Soap with Elderly
- St. James Settlement: Elderly Home Visit
- St. James Settlement: Go Run Together Charity Run 2019
- Hong Kong Family Service Centre: Cookery Challenge with Children

Apart from charitable activities, the Group is actively involved in the community via our participation, as well as our senior management's roles, in industry organisations, schools, chambers and NGOs. By sharing our knowledge and best practices, we aim to contribute to the long-term development of the communities we operate in.

## Industry Organisations and NGO Participation

### Role of Company/

### Senior Management Organisation

#### SHK & Co.

Committee Member	The Chamber of Hong Kong Listed Companies Committee Member
Corporate Member	The Malaysian Chamber of Commerce (Hong Kong and Macau) Ltd.
Corporate Member	The Hong Kong Investor Relations Association
Corporate Member and Board Member	The Australian Chamber of Commerce in Hong Kong
Committee Member	The Listing Committee of The Stock Exchange of Hong Kong Limited

#### UAF

Founding member, Chairman, Executive Committee Member and Secretary	The HKSAR Licensed Money Lenders Association
Trustee member	New Asia College, The Chinese University of Hong Kong
Vice Chairman	Yunnan Province Microcredit Association
Vice Chairman	Heilongjiang Micro-credit Company Association
Executive Director	Tianjin Association of Micro-credit
Director	Hong Kong and Macau Taiwanese Charity Fund
Director	Shenzhen Microfinance Industry Association
Director	Shenzhen Credit Association
Director	Liaoning Micro-credit Company Association
Director	Dalian Microcredit Association
Director	Nanning Mirco-credit Industry Association
Director	Guangxi Mirco-credit Company Association
Member	Chengdu Microfinance Association
Member	Chongqing Microcredit Association
Member	Chongqing Association of Enterprises with Foreign Investment
Member	Sichuan Association of Microcredit
Member	Beijing Microfinance Industry Association
Member	Liaoning Micro-credit Company Association
Member	Hubei Micro-credit Company Association
Member	Shanghai Association of Micro-Credit
Member	The Chamber of Commerce of Beicai Town, Pudong, Shanghai
Member	Qingdao Micro-Credit Cooperation Development Association
Member	Shandong Micro-Credit Association
Member	Shenyang Micro-Credit Association
Member	Wuhan Association of Microfinance
Member	Shenzhen Internet Finance Association
Member	Liaoning Area Financing Guarantee Association

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The Group's total charitable donations during the year amounted to approximately HK\$4.5 million, benefiting causes for education, environmental protection, health, charity services for the underprivileged, sailing training for underrepresented youths in Hong Kong and arts activities.

The Group has a vision to build a sailing legacy in Hong Kong and support youth development through sport, as we believe sailing helps nurture important qualities such as resilience, discipline, teamwork and leadership. With the mission of making sailing more accessible for the under-represented youth in Hong Kong, we launched the Sun Hung Kai Scallywag Foundation in May 2019 to offer free introductory courses and provide on-water training on sailing skills. Students keen to pursue sailing further will be considered for scholarships. Since its foundation, through collaboration of our programme partners and the Sun Hung Kai Scallywag sailing team, over 100 young sailors have been trained under the programme and we saw our initial groups of sailors obtain Hong Kong Sailing Federation level 2 certification by year end.

The Group also believes that competitive sailing reflects our core values and as such is the main sponsor of the Sun Hung Kai Scallywag race team, Hong Kong's professional offshore sailing team. We believe the team's spirit of excellence and endurance is a source of inspiration for all our employees, business partners and the community at large.

In addition, the Sun Hung Kai & Co. Foundation (the "Foundation"), sponsored by the Company, also served as a platform for the Group and its business associates and partners to support our community, with a focus on improving the lives of the underprivileged. The Foundation's principal interests are in the areas of improving living conditions and supporting personal development for the underprivileged people, sponsoring education and community activities. During the year, the Foundation contributed to Orbis who are focused on reducing blindness in developing countries. It also supported deserving students to pursue prestigious higher education through our sponsorship of the Scholarship Scheme of Harvard University and introduced world-class performances to the local community through our primary sponsorship of Alice Sara Ott's piano recital in Hong Kong.

Looking forward, we will continue to devote our time, resources and capital to fostering a stronger and sustainable society. Sponsored by the Company, the Foundation is an independently registered charity in Hong Kong.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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KPI A1.2	Greenhouse gas emissions in total and intensity	Environmental Initiatives	2
KPI A1.3	Total hazardous waste produced	Not Applicable	
KPI A1.4	Total non-hazardous waste produced	Environmental Initiatives	2
KPI A1.5	Measures to mitigate emissions and results achieved	Energy-Saving Efforts	2
KPI A1.6	How hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Energy-Saving Efforts	2
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KPI A2.2	Water consumption in total and intensity	Environmental Initiatives	2
KPI A2.3	Energy use efficiency initiatives and results achieved	Energy-Saving Efforts	2
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KPI B1.2	Employee turnover rate by gender, age group and geographical region	Retaining Talent	4
<b>Aspect B2: Health and Safety</b>			
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## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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