



# SY HOLDINGS GROUP LIMITED

## 盛業控股集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

Stock Code : 6069



# 2023 Environmental, Social and Governance Report

# 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

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## 1. ABOUT THIS REPORT

This is the seventh environmental, social and governance report published by SY Holdings Group Limited (the “Company”). The purpose of this Report is to report on the philosophy and practices of the Company and its subsidiaries (the “Group”, “SY” or “we”) in fulfilling our environmental, social and governance (“ESG”) responsibilities in 2023 and to respond to material issues.

- **Reporting Cycle and Scope**

This Report is an annual report. This Report covers the period from 1 January 2023 to 31 December 2023. Certain contents of this report are beyond the Reporting Period to make this Report more comparable and forward looking.

- **Reporting Standards**

This Report is prepared in accordance with the “Environmental, Social and Governance Reporting Guide” set out in Appendix C2 to the “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” (the “Listing Rules”).

This Report is prepared in accordance with the principles of materiality, quantitative, balance, and consistency.

**Materiality:** The materiality of the Group’s ESG issues is determined by the Board of Directors. The stakeholder communication and material issue identification process and material issue matrix are disclosed in this Report.

**Quantitative:** The statistical criteria, methods, assumptions and/or calculation tools for quantitative key performance indicators in this Report, as well as the sources of conversion factors, are described in the explanatory notes of this Report.

**Balance:** This Report presents the Group’s performance for the Reporting Period in an unbiased manner and avoids the selection, omission or formats of presentation that might improperly affect the decisions or judgments of the readers of this Report.

**Consistency:** The statistical methods and basis used in the data disclosed in this Report are consistent with those of previous years unless otherwise specified.

- **Data Description**

The financial data in this Report are derived from the 2023 annual report of the Company which contain the audited financial information of the Company for the year ended 31 December 2023. In case of any discrepancy between the data of this Report and that of the annual report, the information in the annual report shall prevail. Other statistics cover the Company and its subsidiaries, unless otherwise specified.

The monetary amounts in this Report are denominated in Renminbi, unless otherwise specified.

- **Publication Form**

This Report is published in an electronic version. You can read and download the electronic version of this Report on the HKEXnews website of the Stock Exchange of Hong Kong (website: [www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company (website: [www.syholdings.com](http://www.syholdings.com)).

- **Contact Information**

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## 2. MESSAGE FROM THE CHAIRMAN

In 2023, the recovery of the world economy was sluggish, and unstable and uncertain factors became increasingly prominent. The profound changes in the domestic and international environment have not only brought new challenges, but also brought new opportunities. Adhering to the corporate mission of “driving supply chain efficiency and making finance more inclusive”, SY has always embedded ESG in its DNA. While adhering to the principal business of digital finance and contributing to the high-quality development of the real economy, SY actively responds to the UN SDGs, focuses on six material topics, namely “Technology-enabled inclusive finance”, “Build low carbon ecosystems”, “Pay attention to environmental business ethics”, “Reward others’ trust in a responsible manner”, “Strive for joint development with staff” and “Disseminate SY’s social values”, continuously practices the concept of green, low-carbon and sustainable development, and constantly promotes the high-quality and sustainable development of the Group.

### Leading in Technology and Contributing to Common Ecological Prosperity

SY’s “Dual-Engine + Big Platform” strategy has laid the foundation for more efficient and sustainable growth in the future. We adhere to the principal business of digital finance, continuously improve our technological strength and platform service capabilities, break through the information barriers of various links by providing digital finance and supply chain technology services, provide efficient, inclusive and sustainable services for all participants in the supply chain ecology, contribute to the safety and stability of the supply chain ecology of infrastructure, medicine, energy and other industries, and strive to build a win-win supply chain ecology. As of the end of December 2023, the accumulated scale of supply chain assets processed by the platform of SY exceeded RMB190 billion, and the total number of customers on the platform exceeded 15,000. The number of SME customers accounted for over 97%, and the scale of standard factoring business accounted for over 96%. In addition, with its strong technological strength and outstanding contributions of accurately serving small and medium – sized enterprises (“SMEs”), SY has been successfully listed in CNBC’s list of “Top 200 Global Fintech Companies in 2023”. CNBC is an American business news television channel.

### Practicing “Carbon Peaking and Carbon Neutrality” to Promote Green Reform

SY deeply implements the national strategy of “carbon peaking and carbon neutrality”, and continuously strengthens the capacity building to respond to climate change against the current severe climate challenges. We have set targets such as emission reduction and resource use, and actively reduced our carbon emissions by promoting online, paperless, green operations and other measures. At the same time, SY also actively promotes carbon emission reduction in the value chain, uses digital means to promote the low-carbon transformation of the industrial chain, actively advocates low-carbon lifestyle, and contributes to the realization of the goal of “carbon peaking and carbon neutrality”. In March 2024, the Board of Directors of the Group considered and approved the strategic goal of carbon neutrality, and plans to release the Group’s carbon neutrality roadmap in 2030 and achieve carbon neutrality at the operational level in 2060.

### Adhering to the Original Aspiration and Delivering the Value of SY

In terms of social responsibility, SY always makes contribution with “heart”. We continuously improve and optimize our compensation and welfare policies, constantly improve the whole-process online service experience of customers, actively promote the culture of integrity and compliance, and strive to continuously create value for employees, society, partners and other stakeholders. SY Public Welfare Foundation continuously focuses on caring for children in need, supporting industry development and rural revitalization and youth inspirational programmes, and gives back to the society with practical actions. In 2023, SY carried out 13 charities projects, the total number of hours contributed by our employees in serving as volunteers exceeded 2,300 hours and the total amount invested in volunteering projects amounted to RMB2,866,700.

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## Scientific Governance to Ensure Sound Development

SY regards ESG as a core component of its business decision-making and has established a three-level ESG governance structure which is decided by the Board of Directors, managed by the ESG Working Group and implemented by various departments of the Group, so as to continuously improve the risk management framework and inject long-lasting impetus for the sustainable development of the Group. At the same time, the Board of Directors of the Company has initiated the preparation of the Sustainability Committee, which is expected to further strengthen the management and implementation of the Group's sustainable development strategy. After obtaining an A rating from MSCI ESG for the first time in 2021, we obtained another A rating in 2023, outperforming the industry average in terms of corporate governance and environmental management. MSCI is an acronym for Morgan Stanley Capital International. It is an investment research firm. In addition, we were covered by S&P's ESG score for the first time, which was at the leading level among our global peers.

Looking ahead, SY will continue to closely follow the development trend of international ESG standards, give full play to the role of inclusive finance, proactively promote the development of positive factoring business, solve the problem of difficult and expensive financing for SMEs, and promote the sustainable development of enterprises and society with warm digital financial services.

## 3. ABOUT THE COMPANY

### 3.1. About SY

SY is a leading supply chain technology platform, and our major institutional shareholders include Temasek, China Taiping, Olympus Capital and WXCIG. As a company listed on the Main Board of Directors of the Hong Kong Stock Exchange, the Group is currently included in the MSCI series of indexes, the Hang Seng Composite Index, the Shenzhen-Hong Kong Stock Connect and the Shanghai-Hong Kong Stock Connect.

SY has built a supply chain technology platform through the dual-driven development of "Industrial Internet" and "Digital Finance". The Group has serviced national strategic industries such as infrastructure, medicine and energy. We have also proactively expanded into more strategic emerging industries. Through technical solutions such as "smart construction sites" and "SPD services", the Group has realized the connection of industrial digital ecology. In the meantime, we managed to break through information barriers by big data analysis, and link the asset side and the capital side in the platform, thereby efficiently addressing the supply chain financing needs of SMEs.

- **Corporate Culture**

Vision	To become the most reliable supply chain technology platform in Asia
Mission	To make the supply chain more efficient and financing more inclusive
Value	Integrity • People-oriented • Service-oriented • Pursuit of innovation

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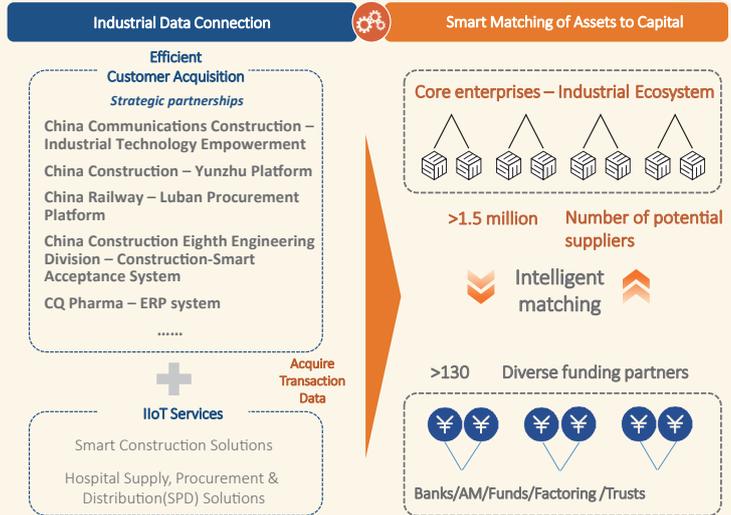


• **Business Model**

**Industrial Ecosystem**  
Serving SME suppliers by leveraging relationships with core enterprises



~RMB 4.3 trillion  
Potential market size of three industries



• **Business Distribution and Operation**

Shenzhen	Digital Finance R&D Centre
Wuxi	Industrial Technology R&D Centre
Tianjin	Platform Operation Centre

- SY Cloud Platform R&D Centre
- Digital financial product design
- Risk control strategy and data model building
- Enter into IoT technology strategic cooperation with Wuxi Economic Development Zone
- Set up the regional headquarters in East China
- Research and development of industrial technology software and hardware algorithms
- Reach strategic cooperation on supply chain finance technology with Tianjin Dongjiang Bonded Port Zone
- Data security and direct connection with the credit reference system of the PBOC
- Platform operation and customer service centre

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SY successfully held the groundbreaking ceremony of the headquarters in East China with the support of the Wuxi Economic Development Zone. Upon completion, SY's headquarters in East China will introduce cutting-edge science and technology innovation companies, financial institutions and Fortune Global 500 companies in the supply chain ecology to settle in, and build it into an industrial digital ecological base that integrates the core of science and technology innovation, ecological empowerment and green concepts.



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## 3.2. Honors of the Year



Forum for Top 100 Commercial Factoring Enterprises  
**Social Contribution Award**



The 12th Financial Summit  
**2023 Digital Innovation Leadership Award**



Formally becoming a member of the Trust and  
**Integrity Enterprise Alliance**



Being selected in the list of  
**Top 200 Fintech Companies for 2023 by CNBC**



The 9th Asset Securitization • Jiefu Award  
**ABS Product Award for Excellent Supply Chain**



Obtaining **A** rating from MSCI ESG

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The 2nd (2023) Innovation and Development Conference for Commercial Factoring Industry  
**Top 10 Classic Innovation Cases**



2023 **Extraordinary Employers** of the Year in Guangdong by Liepin



The 11th China Commercial Factoring Industry Summit  
**The 8th Innovation Cases for China Commercial Factoring Industry, 2023 Outstanding Member Units**



ESG 50 List by Bloomberg Green  
**ESG Grand Prize – Best Companies**



"Jingui Award" of the 8th CNABS  
**Most Popular Original Stakeholders**



Being covered by S&P's ESG score for the first time  
At the leading level among our global peers

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## 3.3. Milestones of the Year



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The salon on the theme of “Cooperation and Development” for the factoring industry was successfully held



The independent business approval SaaS system of Ocean Holdings Factoring was successfully launched

The first digital currency re-factoring financing application scenario in Ningbo City was successfully implemented

The implementation ceremony of the first digital RMB smart contract + charity donation of SY Public Welfare Foundation and the “Factoring Talent” scholarship granting ceremony of College of Economics Shenzhen University were successfully held

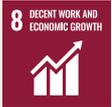


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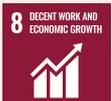
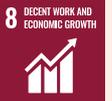


## 3.4. Commitment to Sustainable Development

- Sustainability Map

Sustainable Development Topics	Description	Sustainable Development Performance	UN SDGs
<b>Technology-enabled inclusive finance</b>	Science innovation assists in industrial digitalization upgrading, solves financial difficulties faced by SMEs and creates more job opportunities for the growth of the economy	<ul style="list-style-type: none"> <li>Total number of platform users in the SME ecosystem was 15,300+</li> <li>Total Loan Disbursed to SMEs was RMB22.16 billion (Note 1)</li> <li>Total amount of direct SME Loans was RMB11.89 billion</li> <li>The percentage of SMEs among financing customers during the year was over 97% (Note 2)</li> <li>The average single loan size was RMB1.97 million</li> </ul>	  
<b>Build low carbon ecosystems</b>	While coping with climate change risks, offer helps in industrial low carbon transformation and creates sustainable cities and communities featuring lower carbon	<ul style="list-style-type: none"> <li>Accumulatively reduce paper consumption by 46.21 million pieces (Note 3)</li> <li>Cumulative carbon reduction on online platform was 358 tons (Note 4)</li> <li>Clean travel proportion was 85.45% (Note 5)</li> </ul>	 
<b>Pay attention to business ethics</b>	On top of adhering to business ethics, build a transparent and clean corporate governance system and jointly build trustworthy and sustainable ecosystems with our partners	<ul style="list-style-type: none"> <li>The number of corruption lawsuits filed against the Company and its employees during the Reporting Period was 0</li> <li>During the Reporting Period, 5 business ethics-related incidents were handled and reported to the Board and all employees</li> </ul>	 
<b>Reward others' trust in a responsible manner</b>	By protecting intellectual properties, safeguard data and privacy, constantly enhance services quality and build social trust in a responsible manner	<ul style="list-style-type: none"> <li>Accumulated 58 software copyrights</li> <li>Accumulatively owning 4 authorized patents</li> </ul>	 

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Sustainable Development Topics	Description	Sustainable Development Performance	UN SDGs
<b>Strive for joint development with staff</b>	With the people-oriented concept, promote staff's personal development while preserving their health, equality and dignity	<ul style="list-style-type: none"> <li>Coverage rate of employee health examination was 88.83%</li> <li>Employee satisfaction with training was 98%</li> </ul>	    
<b>Disseminate SY's social values</b>	Care for children in difficulties, promote juvenile's growth, assist in industrial development, share development dividends with disadvantaged groups and least-developed areas through charity, build a harmonious and sustainable society	<ul style="list-style-type: none"> <li>Total number of hours of volunteer services was over 2,300 hours</li> <li>Total amount of investments in volunteer service projects was RMB2,866,700</li> </ul>	    

*Note 1:* During the Reporting Period, the total loan disbursed to SMEs includes: i) total amount from direct loan business, which represents the total loan amount of approximately RMB11.89 billion directly provided by the Group to SMEs; and ii) total amount from loan facilitation business, which represents the total loan amount of approximately RMB10.26 billion provided by third-parties to SMEs which were facilitated by the Group

*Note 2:* During the Reporting Period, the number of SME customers in financing business/total number of customers in financing business

*Note 3:* Calculate based on the number of files processed by the online platform as of the end of the Reporting Period\* the estimated number of pages per file through document retrieval on the SY Cloud Platform

*Note 4:* As at the end of the Reporting Period, calculate based on the weight reduction of paper consumption and "How to prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs" issued by the HKEX

*Note 5:* The proportion of travels by new energy vehicles during the Reporting Period according to the Group's internal reimbursement system data

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• **Sustainable Financing Frameworks**

SY released its social responsibility financing framework and sustainability-linked financing framework in August 2022, which have effectively integrated the Group’s business development with practicing corporate social responsibility and sustainable development, supported the high-quality and sustainable development of the real industries that are related to the national economy and people’s livelihood such as infrastructure and medicine, and implemented inclusive finance to help SMEs to solve financing problems. At the same time, the release of this sustainable financing framework has helped SY to obtain more diversified and efficient financing channels, aligned SY’s sustainability management and financing strategies with global best practices and improved SY’s sustainability management and performance level.

<p><b>Social Responsibility Financing Framework</b></p>	<p>The Group intends to use the funds which have been raised for MSME loans and basic service guarantee projects so as to</p>
<p>Establish the governance mechanism of the Group in issuance of social responsibility bonds, loans and other debt instruments</p>	<ul style="list-style-type: none"> <li>• Increase financing opportunities for SMEs and facilitate their integration into supply chains</li> <li>• Provide financing support to SMEs affected or destroyed by natural disasters or health disasters</li> <li>• Improve the interconnection and digitalization of Chinese society, including but not limited to the construction and development of infrastructure and public utilities, and other public facilities</li> <li>• Develop and deliver health care and health services</li> </ul>
<p><b>Sustainable Development-Linked Financing Framework</b></p>	<p>The financing conditions of the sustainable development-linked loans or bonds obtained by the Group will be adjusted according to the completion of the agreed sustainable development performance goals, and the specific adjustment range will be agreed separately in the corresponding financing documents. The set sustainable development performance goals include</p>
<p>Establish the governance mechanism of the Group in issuance of sustainable development-linked bonds, loans and other debt instruments</p>	<ul style="list-style-type: none"> <li>• Help SMEs obtain financing scale to increase year by year</li> <li>• Increase the amount of paper saved by the digital online business system year by year</li> <li>• Increase the time spent on public welfare year by year</li> </ul>

For more information, please refer to the sustainable finance segment under the sustainable development column on the website of the Company (website: [www.syholdings.com](http://www.syholdings.com)).

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## 4. CORPORATE GOVERNANCE

### 4.1. Improving Corporate Governance

In terms of corporate governance, SY has established a sound ESG management system in accordance with regulatory requirements and set up a three-level ESG governance structure, which is decided by the Board of Directors, managed by the ESG Working Group, and implemented by various departments of the Group. SY actively responds to the Sustainable Development Goals of the United Nations, focuses on six material topics, namely “Technology-enabled inclusive finance”, “Build low carbon ecosystems”, “Pay attention to environmental business ethics”, “Reward others’ trust in a responsible manner”, “Strive for joint development with staff” and “Disseminate SY’s social values”, to ensure that the concept of sustainable development is integrated into the strategic development, business layout and daily operation of the Group.

For details of corporate governance, please refer to the “Corporate Governance Report” section of the Group’s annual report for the introduction of the Board of Directors and its Audit Committee, Remuneration Committee and Nomination Committee and the introduction on the “ESG Governance System” in the section headed “ESG Governance” of this Report.

During the Reporting Period, we have revised the Performance Management System and the Rules of Procedure and Incentive System for Partners of the Company:

System	Main amendments
Performance Management System	We have clarified the implementation of salary recovery clawback mechanism for key personnel in management positions and core business personnel to ensure that they pursue rational growth in a legal and compliant manner, while doing our best to promote the consistency between shareholders and management at the level of long-term value
Rules of Procedure and Incentive System for Partners of the Company	We have clarified the annual review of the partnership mechanism (i.e. core executives) and the incentive plan established by the Board of Directors and the Remuneration Committee, and clarified the application of the clawback mechanism to the incentive plan for executives



## 4.2. Comprehensive Risk Management

SY strictly follows the relevant laws and regulations such as the “Listing Rules”, the “Notice of the General Office of China Banking and Insurance Regulatory Commission on Strengthening Supervision and Administration of Commercial Factoring Enterprises”, the “Interim Measures for Supervision and Administration of Commercial Factoring Companies in Tianjin”, the “Interim Measures for the Management of Financing Guarantee Companies”, and the “Regulations on Supervision and Management of Financing Guarantee Companies”, the “Provisions on Anti-Money Laundering of Financial Institutions”, the “Data Security Law of the People’s Republic of China”, the “Provisions on the Centralized Operation and Management of Cross-border Funds of Multinational Corporations”. SY has created SY’s risk management framework, formulated and continuously improved internal systems such as the “General Rules on Risk Management”, the “Rules of Procedure of the Risk Management Committee”, the “Audit Committee – Terms of Reference”, the “Risk Evaluation Management System”, the “Credit Management System”, the “Post-loan Management System” and the “Management System of Credit Investigation System”. Through measures such as strengthening risk communication and risk review and evaluation, SY continuously improves the professionalism and systematicness of risk management and provides a solid guarantee for the steady development of the enterprise.

### 4.2.1. Risk management framework



**SY’s Risk Management Framework**

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Level	Responsibilities
Board of Directors	<p>The Board of Directors confirms that its responsibilities are assessing and determining the nature and degree of the risks, including ESG-related risks, that it is willing to take in order to achieve the Group's strategic objectives, and ensuring that the overall adequacy and effectiveness of the Group's risk management and internal control systems is regularly reviewed by the Group. The relevant systems cover financial, operational and compliance controls to safeguard shareholders' investments and the Group's assets.</p>
Audit Committee	<p>The Board of Directors has delegated to the Audit Committee the responsibility for risk management and internal control (with relevant departments). Consequently, the Audit Committee is responsible for designing, implementing and supervising the risk management and internal control system. The management will report to the Audit Committee any identified deficiencies from time to time. The Audit Committee serves as an important communication channel between other Directors of the Company, the external auditor and the Internal Audit Department in respect of the duties relating to financial and other reporting, risk management, internal control, external and internal audits and other matters as the Board of Directors determines from time to time.</p> <p>The Audit Committee assists the Board of Directors through providing an independent review and supervision of financial reporting and risk management, satisfying themselves as to the effectiveness of the internal control of the Group and the adequacy of the external and internal audits.</p>
Risk Management Committee	<p>A specialized working body under the leadership of the Company's management is mainly responsible for the Company's overall risk management, considering the Company's risk management status, reviewing major risk management activities, and exercising voting rights on major transactions.</p>
Risk Management Department	<p>Under the leadership of the Chief Risk Control Officer, each subsidiary implements the leading organizational department for various types of risk management related to the Company's business.</p>



Level	Responsibilities
Business Frontline Department	The Industrial Marketing Department and the Asset Management Department, as the first line of defense for risk management, should take the compliance and implementation of the risk management policies and systems as the basic premise in the process of carrying out business, also assume the responsibilities of obtaining information, conducting risk judgment and risk control, and communicate with the Risk Management Department in a timely manner.

In addition to the three lines of defense for routine risk management (the Board of Directors, risk control lines and business frontline department), the Corporate Governance Department also assumes the responsibilities related to internal control and compliance matters. We improve the effectiveness of the internal control system through working with other business departments to optimize operational procedures and workflows and reviewing the Group's policies and standards to manage risk exposures at the Group level.

#### 4.2.2. Risk Management Work

- **Risk Communication**

The Risk Management Department and the Corporate Governance Department regularly report to the Audit Committee at meetings of the Audit Committee on the Group's major risk management events and ESG management during the Reporting Period (including corporate governance, IT security, human capital, etc.). In the event of material risk changes or events, the Risk Management Department and the Corporate Governance Department will report to the Audit Committee as soon as possible within a reasonable period. The Audit Committee will then report the related contents to the Board of Directors.

Daily business risk assessment is led by the Risk Management Department with the assistance of the Platform Operation Department and the Financial Management Department. According to the "Risk Evaluation Management System" and based on the dual risk evaluation oriented by the subject and transaction, we have established a multi-dimensional risk assessment system which takes the analysis of enterprise and transaction behavior data as the logic, and realized the calculation of dynamic risk assessment results of individual customer, individual business and individual asset on a rolling basis:

- 1) The assessment results can be applied to the formulation of credit plans, access requirements, customer quota management, post-loan and debt collection grading management, etc. The credit management and approval group shall complete the business approval and post-loan tracking management according to the assessment results and different risk management requirements.
- 2) The assessment results can also be used for risk pricing and risk measurement. The risk management department shall accurately transmit the assessment results to the relevant departments, assist the Business Department in completing project pricing and assist the Financial Management Department in making provision for risk reserves.



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- 3) The Risk Management Department shall pay attention to the problems identified from the daily risk evaluation, extracting the optimization suggestions for rules and models, and the Risk Strategy Group shall carry out the optimization of rules and the testing and configuration on the system.

In the event of any sudden and major risk events related to the risk functional departments of the Company, the Risk Management Committee will convene an extraordinary meeting after the relevant functional departments report to the chairman of the Risk Management Committee.

- **Risk review assessment**

The Board of Directors, through the Audit Committee, reviews the risk management and internal controls annually. The Audit Committee reviews the risk management reported by the Company's management at least once every six months.

The Risk Management Committee holds business risk analysis meetings at least once every half year, mainly focusing on the Company's risk issues in comprehensive risk management, including but not limited to analysis and experience summary of overdue collection matters, liquidity management execution, operation management, etc., to identify business risk points and propose prevention and control solutions to risk issues.

The Risk Strategy Group is fully responsible for the establishment and optimization of daily business risk evaluation rules and models:

- 1) The Risk Strategy Group conducts a comprehensive assessment of the risk assessment model and rules on a regular basis of every six months, and submits a written evaluation report to the Chief Risk Control Officer. If it involves the content that needs to be adjusted or optimized, the corresponding testing and approval process shall be submitted in accordance with relevant requirements;
- 2) The Risk Strategy Group continuously updates, optimizes and adjusts the relevant rules in consideration of factors such as macro risks, industry changes, business direction changes and the Company's risk preference.



## 5. ESG MANAGEMENT

### 5.1. Statement of the Board of Directors

The Board of Directors of SY is responsible for coordinating, leading and supervising the sustainability management and ESG information disclosure of the Group, and assumes the ultimate responsibility for the Group's ESG work.

The Board of Directors is responsible for guiding and reviewing the vision, objectives and strategies of the Group's ESG work. The Board of Directors sets targets for the Group's ESG performance, monitors and reviews the implementation of the Group's ESG work and carrying out relevant assessments, while ensuring that the Group's ESG management policies are up-to-date and in compliance with the applicable legal and regulatory requirements and international standards. The Group also incorporates ESG factors into the strategic decision-making and daily operational management, with the Board of Directors monitoring and reviewing emerging ESG trends and issues. The Board of Directors assesses and identifies the risks and opportunities arising from ESG issues for the Group's business to determine whether the relevant ESG issues will have a significant impact on the Group's investors and other stakeholders, and identifies, evaluates and ranks the key ESG issues relating to the Group's business management.

The Board of Directors of the Group holds regular meetings every year to receive reports from the ESG Working Group and the management on the progress of ESG work, and to monitor or approve other major matters in the Group's ESG management work. After clarifying the current status of the Company's ESG management, the Board of Directors coordinates and guides the identification of ESG management risks to ensure that the Company continuously facilitates the achievement of ESG goals. The Board of Directors of the Group is also responsible for reviewing and approving the ESG disclosure materials to ensure that the ESG priorities during the Reporting Period and the Group's concept of sustainability are fully disclosed.

The Group is committed to establishing and maintaining a competent and independent Board of Directors to ensure a high standard of corporate governance. The Board of Directors reviews the Group's corporate governance practices from time to time to ensure that they reflect the latest developments and meet the expectations of shareholders. We believe that diversity in the Board of Directors contributes to the enhancement of corporate governance and sustainable performance. Therefore, we take comprehensive consideration into various aspects which include gender, age, race, culture, educational background, professional experience, skills and tenure when setting up the composition of the Board of Directors. During the Reporting Period, the Group had seven Directors who included one female director who accounted for 14.3%.

During the Reporting Period, the Board of Directors has received a report from the ESG Working Group on the Group's ESG work, and has focused on considering the effectiveness and progress of ESG work, and approved the 2022 ESG report. This Report discloses the Group's practices and performance in ESG management in details, which were considered and approved by the Board of Directors in April 2024.

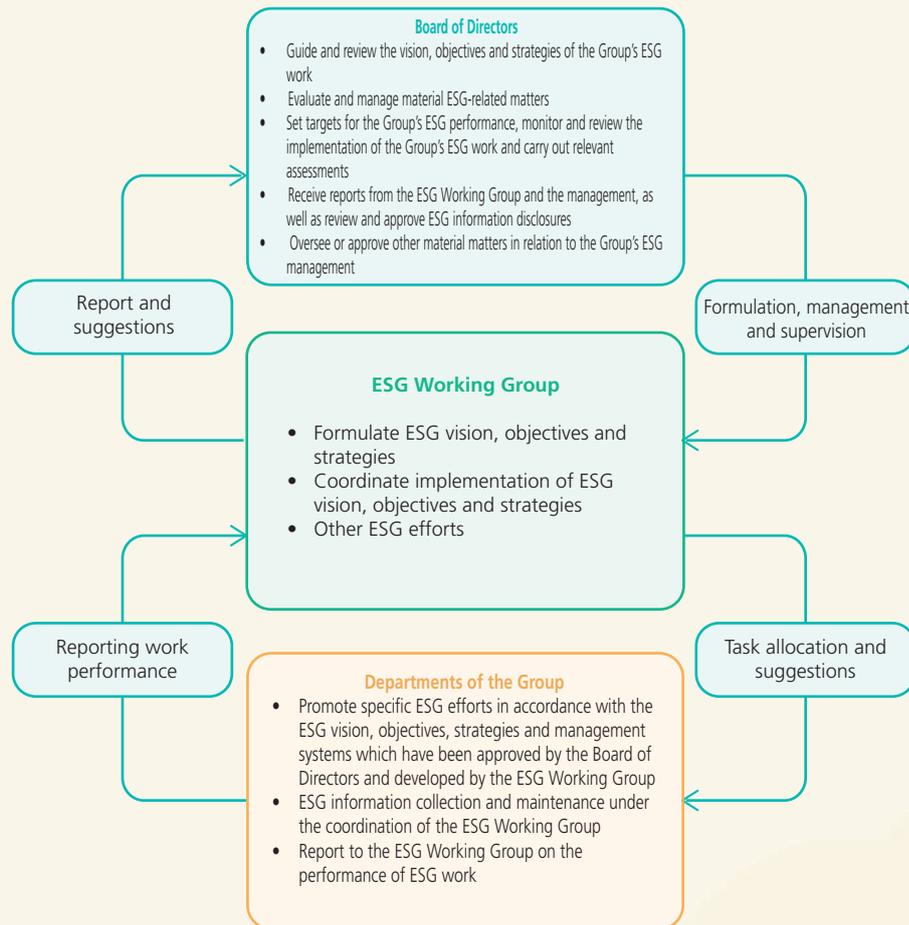
# 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

## 5.2. ESG Governance System

### 5.2.1. ESG Governance Structure

SY has regarded ESG as a core component of its business decision-making, continuously improved its ESG governance structure and systems and set up a three-level ESG governance structure, which is decided by the Board of Directors, managed by the ESG working group, and implemented by various departments of the Group. Through formulating the ESG Management System of SY Holdings Group Limited (hereinafter referred to as the ESG Management System), we have clarified the working responsibilities, principles and priorities at all levels of ESG governance structure, gradually promoted ESG management and improved ESG management level.

In March 2024, the Board of Director of the Company preliminarily agreed to establish a Sustainability Committee under the Board. The specific list of members and the terms of reference of the Committee will be subsequently published on the websites of the Stock Exchange and the Company.





### 5.2.2. ESG management objectives

For SY, ESG management includes conducting business in a sustainable and responsible manner, while taking into account both the stakeholders and the impacts on the environment, society and economy. SY has set ESG management objectives focusing on three aspects, namely Enhancement of ESG Management, ESG Information Disclosure and Performance Enhancement and Integration of ESG and Business Sustainability. These objectives serve as the important basis for formulating ESG implementation plans and measures.

ESG Management Focuses	ESG Management Objectives
Enhancement of ESG Management	Streamline the Company's existing ESG management mechanism and processes, improve the ESG management structure to enhance ESG management standard in compliance with the latest regulatory requirements, establish a regular management mechanism with clear responsibilities, and strengthen the connection between business segments and sustainable development
ESG Information Disclosure and Performance Enhancement	Improve the quality of information disclosure, highlight the characteristics of the Group, optimize the ESG information indicator system and realise the systematic collection of ESG information in compliance with the regulatory requirements, which include the setting of environmental targets and climate change risk analysis into the ESG reporting scope in accordance with the new guidelines under the Listing Rules, while maintaining and striving to enhance its performance in key ESG ratings
Integration of ESG and Business Sustainability	<ul style="list-style-type: none"> <li>• Pay attention to new sustainable industry developments such as being environmentally friendly and performing social responsibility, and satisfying the latest needs of SMEs in the actual production process by providing diversified supply chain products that incorporate ESG factors for a wide range of SME customers and encouraging the entire supply chain ecosystem to improve ESG performance</li> <li>• Continue to vigorously develop the business for loans to SMEs and focus on financing projects in the infrastructure, medical and energy sectors for fulfilling its social responsibility, and cooperating with domestic and overseas funding partners to develop more financing models that serve sustainable objectives such as inclusive finance and green and low carbon development</li> <li>• Increase investment in science and technology to achieve industry digitisation and low-carbon development</li> </ul>

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## 5.3. ESG Risk Identification

SY integrates ESG risk management into its corporate comprehensive risk management framework, continuously improves the construction of risk management system, and manages ESG risks by identifying, assessing, monitoring and implementing risk response measures to effectively respond to ESG risks.

Risks	Description
Policy and legal risks	The policies on carbon emission reduction and carbon peak and carbon neutrality may lead to a decrease in the scale and quality of traditional business and assets of customers in the infrastructure and energy sectors
Market risk	Investors' and funders' preference for sustainable projects/companies
Liquidity risk	The policies on carbon emission reduction and carbon peak and carbon neutrality may affect the liquidity of the assets in the infrastructure and energy sectors
Operational risk	Information security: The need to comply with domestic and offshore network and data security-related compliance requirements for accessing, using and storing customer data
Reputation Risk	As a supply chain technology platform and a Hong Kong-listed company that primarily serves SMEs in China and is committed to making finance more inclusive, failure to maintain sound ESG performance will have a long-term negative impact on our business reputation

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## 5.4. Stakeholder Engagement

SY is well aware of the importance of maintaining good communication with various stakeholders. We continuously expand communication channels, focus on listening to the expectations and demands of various stakeholders, and fully consider and incorporate the opinions and suggestions of various stakeholders in its operations and decision-making processes. Through stakeholder engagement, we work together to resolve sustainability issues involved in our daily operations, to achieve sustainable and responsible business operations for the long-term success and sustainability of SY and its key stakeholders.

Stakeholders	Expectations and demands	Communication methods	Our responses
Government/regulatory authorities	<ul style="list-style-type: none"> <li>Comply with compliance requirements, which include information disclosure, corporate governance, etc.</li> <li>Enhance standards of ESG management and disclosure</li> <li>Ensure compliance of IT systems</li> </ul>	<ul style="list-style-type: none"> <li>Regular information reporting</li> <li>Interviews with regulatory authorities</li> <li>Annual/interim financial reports and ESG report release</li> <li>Response to questions of Stock Exchange (by phone, mail, etc.)</li> <li>Connect with the Credit Reference Center of the People's Bank of China</li> </ul>	<ul style="list-style-type: none"> <li>Fulfill information disclosure obligations in accordance with the Listing Rules</li> <li>Adjust internal business processes and standards in accordance with regulatory requirements</li> <li>Establish and maintain IT systems in accordance with regulatory requirements</li> </ul>
Shareholders/investors	<ul style="list-style-type: none"> <li>Provision of corporate information in compliance with the relevant regulations</li> <li>Enhance standards of ESG management and disclosure</li> <li>Stable relationship and valuation</li> </ul>	<ul style="list-style-type: none"> <li>Due diligence</li> <li>Roadshows</li> <li>Shareholders' general meetings</li> <li>Interim and annual reports, announcement and circulars</li> </ul>	<ul style="list-style-type: none"> <li>Respond to investors' concerns about ESG and corporate governance</li> <li>Organize shareholders' general meetings, visit investment institutions and analyst teams</li> </ul>
Funding partners/banks	<ul style="list-style-type: none"> <li>Provision of corporate information in compliance with the relevant regulations</li> <li>Enhance standards of ESG management and disclosure</li> <li>Exploration of ESG financing channels</li> </ul>	<ul style="list-style-type: none"> <li>Due diligence</li> <li>Financing structure design</li> </ul>	<ul style="list-style-type: none"> <li>Respond to investors' concerns about ESG and corporate governance</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Compliant corporate structure and business operation</li> <li>Legal and healthy employment relationship</li> <li>Meet demands for administrative services</li> <li>Honest practice and compliant in company policies of business personnel</li> </ul>	<ul style="list-style-type: none"> <li>Recruitment, promotion, performance assessment and monthly interview</li> <li>Inter-departmental meetings</li> <li>Mail and office software</li> <li>Internal audit, letter of undertaking of integrity and trainings</li> </ul>	<ul style="list-style-type: none"> <li>Establish staff recruitment, promotion and appraisal systems; create a healthy and fair work environment; and provide communication channels</li> <li>Conduct procurement or other services according to procurement standards and actual needs of staff</li> <li>Ensure employees' business conducts comply with corporate rules related to anti-corruption requirements through internal audit</li> <li>Require its staff to sign a letter of undertaking of integrity when joining the Group</li> <li>Conduct anti-corruption training at least once a year</li> <li>Provide complaint reporting channels</li> </ul>

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Stakeholders	Expectations and demands	Communication methods	Our responses
Public/community	<ul style="list-style-type: none"> <li>Corporate social responsibility and public welfare</li> <li>Corporate image</li> </ul>	<ul style="list-style-type: none"> <li>Cooperate with charitable organizations and communities and business units</li> <li>Industry conferences, interviews, WeChat official account and official website</li> </ul>	<ul style="list-style-type: none"> <li>Establish a foundation, participate in public welfare activities and make donations</li> <li>Attend relevant industry conferences or forums</li> <li>Executives were interviewed by the media</li> <li>Publicity on official website and official account</li> </ul>
Suppliers/business partners	<ul style="list-style-type: none"> <li>Sound cooperative relationship</li> <li>Suppliers and product quality that meet relevant standards</li> <li>Product quality</li> <li>Clean procurement</li> </ul>	<ul style="list-style-type: none"> <li>Communication by cooperative online systems, emails, offline documents, etc.</li> <li>Procurement and after-sales service</li> <li>Official website, complaint mailbox and complaint hotline</li> </ul>	<ul style="list-style-type: none"> <li>All suppliers shall be admitted only after the procurement review process</li> <li>Select suitable suppliers in accordance with the procurement system</li> <li>Conduct product information security assessments on partners</li> <li>Procure data services such as business information and public opinion analysis</li> <li>When signing a business contract, the supplier shall also sign a letter of undertaking of integrity</li> <li>The official website and official accounts provide ways to file complaints and provide a channel for suppliers to monitor the Company's procurement practices</li> </ul>
Customers/potential customers	<ul style="list-style-type: none"> <li>Stable relationship</li> <li>Customer inquiries and complaints</li> <li>Honest practice of staff</li> <li>Customer data protection</li> </ul>	<ul style="list-style-type: none"> <li>Official website, brochures, reports, announcements</li> <li>Official website, mail and hotline</li> <li>Business system platform</li> <li>Onsite interviews</li> <li>SY Cloud Platform</li> </ul>	<ul style="list-style-type: none"> <li>Organise marketing activities and visit customers</li> <li>Respond to customer consultation and complaints</li> <li>Provide channels for the customers to file complaints through the official website and WeChat account</li> <li>Maintain the security and privacy of customer information in the business system</li> <li>On-site due diligence for customers at entry stage</li> <li>Ongoing post-loan monitoring</li> </ul>



### 5.5. Material Issue Analysis

During the Reporting Period, we continued to carry out the assessment and analysis of material ESG issues in the process of “identification – evaluation and ranking – review” to deeply understand the core issues that stakeholders are concerned about in the field of sustainable development. We hope to report the ESG issues that have a significant impact on SY and all stakeholders in a comprehensive and accurate manner in this Report, so as to demonstrate our practices and progress in sustainable development.

#### Identification

By studying the domestic and overseas industrial development where the Group operates and reference to the “Environmental, Social and Governance Reporting Guide” of the Hong Kong Stock Exchange and other domestic and overseas guidance on sustainable development as well as collating the ESG disclosures from our advanced peers, we have identified 21 ESG issues closely relating to the Group based on our own situation.

#### Evaluation and Ranking

- We have invited internal and external stakeholders (external stakeholders: government and regulators, shareholders/investors, customers/potential customers, funding parties/banks, suppliers/business partners, the public/community; internal stakeholders: employees) to participate in the evaluation and ranking of ESG materiality issues by completing online survey questionnaires.
- External stakeholders have evaluated the materiality of the ESG issues in terms of the impact of such issues on them, while internal stakeholders have evaluated the materiality of the ESG issues in terms of the impact of such issues on business growth of the Group. A total of 124 effective questionnaires have been collected in the survey with the relevant completion rate of stakeholders satisfying our expectation.
- We have ranked the materiality of ESG issues and formed a matrix of ESG materiality issue for the Reporting Period based on two dimensions, being “materiality to stakeholders” and “materiality to the Group”.

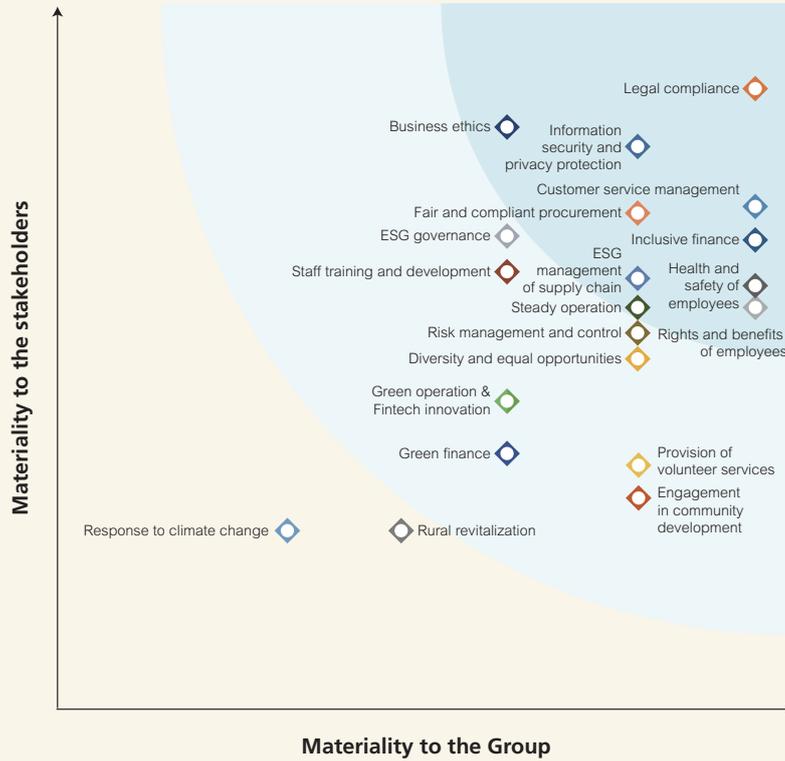
#### Review

The Board of Directors of the Group has monitored the comprehensiveness of process of ESG materiality issue identification, and have reviewed the evaluation and ranking process of materiality issue, and have reviewed the ESG materiality issue matrix for the Reporting Period. It has also considered the potential impact of the relevant issues on the Group’s business model and related risks, and accordingly makes disclosure in this Report and adjustment in subsequent ESG work.

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ESG Issue Materiality Matrix



Degree of importance	Area	Issue
Issues of high importance	Company governance	Legal compliance
		Business ethics
	Responsibility for customers	Inclusive finance
		Information security and privacy protection
Responsibility for employees	Rights and benefits of employees	
	Health and safety of employees	
Issues of medium importance	Supply chain management	ESG management of supply chain
	Company governance	ESG governance
		Risk management and control
	Responsibility for green development	Green finance
		Green operation
	Responsibility for customers	Fintech innovation
	Responsibility for employees	Diversity and equal opportunities
Staff training and development		
Responsibility for community	Engagement in community development	
Issues of low importance	Responsibility for green development	Response to climate change
		Rural revitalization



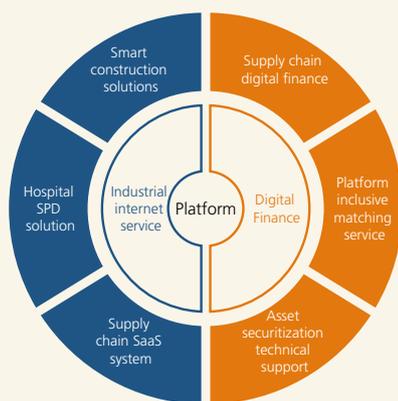
## 6. TECHNOLOGY-EMPOWERED FINANCIAL INCLUSION

### 6.1. Promoting a Platform-based Development Strategy

The Group’s “Dual-Engine, One-Platform” strategy lays the foundation for more efficient and sustainable growth in the future. Through the platform-based business development model and the provision of customized platform services for factoring companies with state-owned background, SY has further promoted its online and paperless business processes, and provided more efficient, reliable and low-carbon supply chain financial services for SMEs through the development of technologies such as SY Cloud Platform and Digital RMB, and has also helped core enterprises build a sustainable supply chain.

The Dual-Engine refers to the two growth engines of industrial Internet and digital finance, which will empower each other and achieve coordinated development. The One-Platform refers to the construction of an open, inclusive and complementary supply chain technology platform by giving full play to the Group’s technological advantages and linking core enterprises, capital parties, partners and SMEs

#### Leading supply chain technology platform



As at the end of the Reporting Period:

- The cumulative supply chain assets processed by the SY platform exceeded RMB190 billion, representing an increase of approximately 21% over last year
- The cumulative number of customers on the platform exceeded 15,000, representing an increase of approximately 20% over last year
- The number of SMEs accounted for more than 97%
- The proportion of standard factoring business exceeded 96%

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- **SY Cloud Platform**

Based on years of industrial experience and fintech innovation achievements, SY brings core enterprises, SME suppliers and financial institutions in the supply chain scenario to a cloud platform. It empowers SMEs, solves financing difficulties for SMEs by converting information into credit and other financial technologies, and empowers financial institutions with powerful big data risk control technologies. This platform has improved the supply chain management capabilities of the industry as a whole, making the supply chain more efficient and inclusive.



**Overall framework for the SY Cloud Platform and Related Services**

- **Promoting the Integration of Industry and Finance**

SY actively contributes to building the supply chain ecosystem. By providing digital finance and supply chain technology services to break down information silos, SY delivers efficient, inclusive, and sustainable services to all the participants within the supply chain ecosystem. Leveraging its extensive industrial experience and deep finance sector expertise, SY has continued to deepen its cooperation with a number of core enterprises in the supply chain ecosystem to further optimize their existing business process and product portfolios, providing customers with a better service experience.

- **Infrastructure Segment**

SY Factoring Limited (“SY Factoring”), a wholly-owned subsidiary of SY, has realized the connection of the joint factoring business system with China Railway Commercial Factoring Co., Ltd., completed the development of customized functions of the core business process segment, and increased the scale of business investment cooperation to RMB1.5 billion, and jointly provided financial support for China Railway Group Limited to promote production with financing. At the same time, SY has been invited to participate in the supply chain conference of China Communications Construction Group Co., Ltd. (中國交通建設集團有限公司), and has officially launched two customized inclusive financial products “Delivery Financing” and “Settlement Financing” on its Transportation Construction Cloud Business Platform. We have also signed a joint factoring business cooperation agreement with its subsidiary CCCC Commercial Factoring Co., Ltd. (中交商業保理有限公司), which laid the foundation for both parties to deepen supply chain digital financial cooperation.



- **Medical Segment**

Focusing on “the demonstration projects of strategic interconnection between China and Singapore (Chongqing)”, SY has signed a strategic cooperation with C.Q. Pharmaceutical Holding Co., Ltd. (重藥控股股份有限公司), in the field of big health, with a proposed total investment of not less than SGD500 million (equivalent to approximately RMB2.7 billion), and supported the development of enterprises in the healthcare supply chain industry through equity investment, digital finance, pharmaceutical supply chain upgrade and other cooperation. Meanwhile, SY has also successfully connected its supply chain system with a China’s leading pharmaceutical distribution group to export innovative pharmaceutical supply chain financial services.



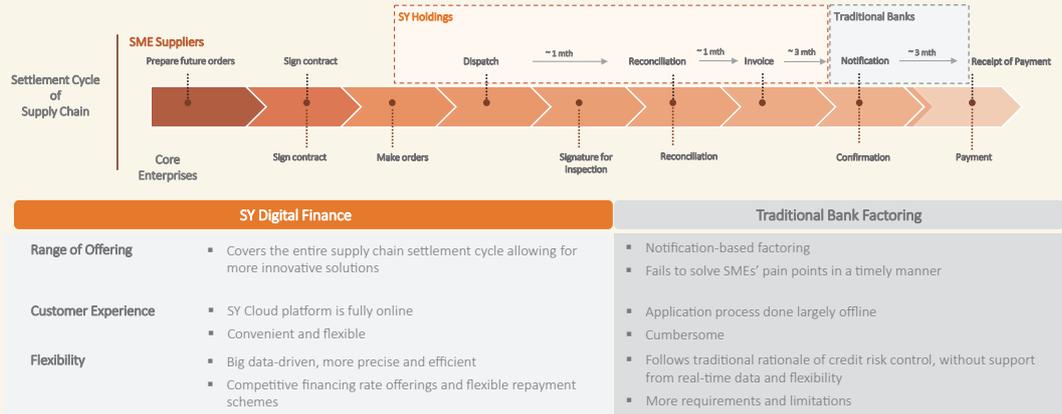
**SY, as a corporate representative in Singapore, signed a strategic cooperation with C.Q. Pharmaceutical Holdings**

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• **Empowering Digital Finance Business**

Leveraging on the efficient empowerment of digital technology, SY innovates digital financial products and services in the supply chain, customizes and delivers more flexible and convenient digital financial solutions of supply chains, and works together to create new value for core enterprises, SMEs and financial institutions.



**Digital Financial Business Model of SY**



### Case: NBGF Factoring Signed a Strategic Cooperation Contract to Implement the First Digital RMB Factoring Financing in the Province

On 1 March 2023, the first “digital RMB + factoring business” event was officially launched in Zhejiang. At the signing ceremony for strategic cooperation sponsored by Ningbo Kaitou Group and Ningbo Guofu Commercial Factoring Co., Ltd. (寧波國富保理有限公司). Guofu Factoring, together with a large-scale pharmaceutical distribution enterprise, issued the first digital RMB factoring financing business in Ningbo through the digital RMB account of Ningbo Branch of Agricultural Bank of China, with an amount of more than RMB7,000,000. At the event site, Guofu Factoring and Ningbo Kaitou Group signed a data cooperation agreement, and both parties will work closely on the exploration and use of industrial data value. They have also signed a platform service cooperation agreement with Sheng Ye Information Technology Service (Shenzhen) Co., Limited (“SY Technology”), a wholly-owned subsidiary of SY, and will continue to innovate digital inclusive finance through the industrial Internet in the future. We have entered into a cooperation agreement with a core enterprise, a subsidiary of a state-owned enterprise, pursuant to which both parties will, based on business data sharing, improve the level of digital management of business, further improve the efficiency of data use, and effectively carry out risk control. Relying on the rich industrial ecology of Ningbo Kaitou Group, coupled with the mature supply chain system, big data risk control system and platform service capabilities of SY, Guofu Factoring will efficiently serve the industrial Internet ecology in Ningbo, promote the digital transformation of traditional enterprises, and provide innovative supply chain financial services for strategic industries such as infrastructure, medicine and energy.





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## 6.2. Innovative Fintech in The Industry

SY has incorporated “pursuing innovation” into its corporate values, and always regards technology as the most critical element in the supply chain. It focuses on the research and development and application of industrial internet and digital fintech, continuously increases investment in innovation and research and development, transforms scientific and technological achievements into productivity, and promotes the development of supply chain technology and digital finance.

- **Increasing Innovation Incentives**

The Company has formulated internal systems such as the Intellectual Property Management System, the Measures for the Management of Scientific and Technological Projects and the Measures for the Management of Project Incentives, and set up the first national post-doctoral scientific research station for factoring enterprises in China. The Company has formulated the Work Management System and the Establishment of Management Institutions for Post-doctoral Scientific Research Stations, and will reward new products with independent intellectual property rights that are in line with the Company’s development strategy, as well as new technologies and new methods that can solve major problems of existing products or bring major improvements based on the project evaluation results. For personnel who have made outstanding contributions to the formation, protection, management and transformation of scientific and technological achievements of intellectual property rights, or who have effectively prevented infringement and protected the legitimate rights and interests of the Company’s intellectual property rights, they will be incentivized in accordance with the internal system.

**As at the end of the Reporting Period:**

- Total R & D investment reached RMB200 million
- The Company owned 62 national invention patents and computer software copyright
- The Company had 94 R & D team members
- Percentage of R & D team members accounted for 26% of total employees

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## Case: Winning the Title of “Leading Fintech Institution” and Jointly Exploring Innovative Models of Digital Supply Chain

On 26 February 2023, guided by the Shenzhen Local Financial Supervision and Administration Bureau and the China Internet Finance Association, the “2022 China (Shenzhen) Supply Chain Finance Summit Forum (2022中國(深圳)供應鏈金融高峰論壇)” sponsored by the Shenzhen Supply Chain Finance Association, the China International Economic and Technological Cooperation Promotion Association and Ping An Bank Co., Ltd. was held in Shenzhen. SY Technology was invited to attend the forum, and was selected into the list of “2022 Leading Supply Chain Finance Institutions (2022年度供應鏈金融領軍機構)” by virtue of its technological innovation capabilities and outstanding innovation cases in the field of industry and finance, and was awarded the title of “Leading Fintech Institution”.



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- **Promoting Platform Upgrading**

Iteration of SY's self-developed SY Cloud Platform has been accelerated. Through the upgrade of digital and intelligent functional modules such as intelligent Zhongdeng duplicate check, fast invoice verification, credit report analysis, and intelligent contract approval, SY has continuously increased the processing efficiency of its supply chain finance business and has improved the whole-process online service experience of customers.

As at the end of the Reporting Period:

- Accuracy rate of OCR recognition of 97%
- Duplicates checking of Zhongdeng Net accounts of 3,000,000+
- Business contract review of 200,000 +

## Case: SaaS System for Independent Business Approval of Ocean Holdings Factoring Was Successfully Launched

In November 2023, the "SaaS System for Independent Business Approval of Ocean Holdings Factoring" customized and developed by SY Technology for Qingdao Ocean Holdings Factoring Limited (青島海控商業保理有限公司) was officially launched. This system integrates the basic functions of factoring, intelligent inspection, risk control model, intelligent Zhongdeng duplicate checking, credit report analysis, intelligent contract approval and other services, covering the whole process of pre-lending risk assessment, in-lending asset review and post-lending operation supervision, which not only reduces the difficulty of risk control, but also simplifies the operation process. This system takes the digital and information application of factoring business approval as the entry point, deeply integrates finance, technology and industry, and realizes the electronic and intelligent management of factoring business through industrial ecological links and intelligent risk control. In recent years, factoring-related policies and regulations have been increasingly refined. This system uses big data, artificial intelligence and other technologies to optimize various risk management systems, and embeds digital risk control tools into business processes to ensure that business development meets regulatory requirements.





- **Improving Risk Control Service Capabilities**

SY will continue to increase its investment in the improvement of risk control capabilities, and to promote the research and development of key technologies for risk prevention and control, and to strive to build a more intelligent big data risk control system to provide more efficient and professional risk management support for business scenarios. During the Reporting Period, the invention patent of “A Method and Device for Assessment and Handling of Supply Chain Financial Risks” of SYIT was officially authorized by the National Intellectual Property Administration, which effectively improved the risk control and management capabilities of supply chain finance.

- *Construction Risk Assessment Model*

According to the different stages of pre-lending, in-lending and post-lending, the financing subject of the financing project, the individuals and enterprises related to the core enterprise, etc., we have combined the public opinion, the actual progress and the financial situation of the underlying trade project, etc., to develop and to upgrade the risk assessment model covering the whole process, multi-dimensional verification, and dynamic tracking management.

- *Apply Big Data to Improve Risk Control Capabilities*

**Diversified Data Sources**

Financial data: credit data of the PBOC, data of Zhongdeng Net, data of the Commercial Paper Exchange, etc.

Third-party data: Baihang Credit, Qcc.com, Sesame Credit, Tencent Anti-Fraud, Exchange Law, Easy Invoice, Kingdee, CINCT, etc.

Industry data: Yunzhu Platform, Luban Procurement Platform, iccec.c (交建雲商), ERP data of core enterprises, etc.

**Diversified data application scenarios**

In the above pre-lending, in-lending and post-lending risk control models, different data will be used according to different risk points of concern for each business scenario to achieve differentiated management

# 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

## Case: SY Factoring Successfully Completed the Switching to the Second-generation Credit Information Submission System, Marking a New Level of the Risk Control Capability

On 13 March 2023, the second-generation credit submission system of SY Factoring successfully passed the acceptance of People's Bank of China ("PBOC"), becoming the first factoring company in Tianjin to complete the switching to the second-generation credit submission. The switching to the second-generation credit reporting data is a key and difficult task for the construction of the credit submission system in the past two years. The switching of data submission directly determines the service capacity and service efficiency of the credit submission system. SY Factoring has actively responded to the regulatory requirements and has set up a special working group. Guided and supported by the PBOC Credit Information Center and the Tianjin Branch of PBOC, it formulated a complete switching and launch plan and emergency plan, and has promoted the switching work in steps. SY Factoring has successively completed the development of the credit information submission system, the development of automatic production data computing function, the governance of existing data, the switch drill of first-and second-generation credit information, the verification of credit information production data, and the opening of the submission authority of second-generation credit information system. In the future, SY Factoring will continue to increase its investment in technology research and development, build a more intelligent big data risk control system, help the construction of a social credit system, promote the healthy development of the factoring industry, and effectively prevent financial risks.

### 6.3. Solving Financing Difficulties for SMEs

The Central Financial Work Conference clearly pointed out that five articles, including "inclusive finance", should be well prepared, once again reflecting the importance and expectations of financial services in the field of inclusive finance. Carrying on the mission of "driving supply chain efficiency and making finance more inclusive", SY deeply integrates into the core enterprises' industrial supply chain ecosystem, leverages technological capabilities to empower digital finance, bridges the gap between industrial and financial sectors, focuses on positive factoring business, and connects the "last kilometre" to facilitate financings for SMEs.

#### As at the end of the Reporting Period:

- SY's supply chain financial services cover 31 provinces/autonomous regions/municipalities
- The platform secured more than 15,000 customers

#### During the Reporting Period:

- The average individual loan size of SMEs was approximately RMB1,970,000
- RMB530,000,000 raised from the syndicated loan under the "dual ESG structure" was fully utilized



- **Satisfying Diversified Financing Needs**

Driven by the self-established customer pre-credit mechanism and industry risk assessment model, SY provides a variety of financing products covering the entire supply chain settlement cycle by focusing on different stages of the supply chain settlement process, and also provides more competitive financing rates and flexible repayment plans. It not only flexibly meets the financing needs of the customers of SMEs in different transaction stages, but also solves the sore point that traditional financial institutions are difficult to meet the individual needs of the customers and achieve win-win results for all parties.

SY provides mature technology systems and platform services to factoring companies with state-owned background in various regions, and leverages the credit enhancement endorsement and industrial ecology of local high-quality state-owned enterprises to optimize capital costs and improve leverage multiples, so as to attract “financial resources” to serve the real economy, thereby accelerating the expansion of business scale. As of 31 December 2023, the number of funding partners linked to the SY platform increased to 131, representing an increase of 22.4% as compared to that as at 31 December 2022, and SY has become a preferred partner for financial institutions to practice inclusive finance.

- **Technology Empowering Inclusive Finance**

Targeting at the pain points of difficult and expensive financing for SMEs, SY adopts the risk control logic and business model of “focusing on transactions instead of entities”. Through cooperation with ecological partners, SY gives full play to the platform connection ability, focuses on integrating industrial ecological data, third-party platform data, public credit information platform data, etc., to understand the production and operation of SMEs from the “sides”, help SMEs to establish transaction portraits and digital credit, break through the dependence on core enterprises for confirmation and guarantee, and continuously improve the availability of inclusive financing in the supply chain.

SMEs have difficulties in obtaining the “first loan”, mainly due to information asymmetry. SY breaks information barriers through the layout of industrial Internet, deeply explores the value of industrial data to empower digital finance, and innovatively provides various financing services such as bidding margin factoring, order factoring, arrival factoring, receivable factoring, bill pledge factoring and buyer’s right confirmation factoring at different stages of the entire settlement process of the supply chain, so as to meet the capital needs of SMEs at various transaction nodes.



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## Case: Customized Inclusive Financial Products to Solve the Financing Difficulties of SMEs

In 2023, two supply chain inclusive financial products, namely “Delivery Financing” and “Settlement Financing” customized by SY for the winning suppliers of China Communications Construction Group (Ltd.) (“CCCCG”), were officially launched on the platform of iccec.cn (交建雲商). The product has the characteristics of large financing amount, low interest rate and immediate repayment, which can effectively solve the capital turnover problem of the supplier after winning the bid, and the financing problem caused by the small scale of operation and the inability to provide collateral. As the platform of iccec.cn (交建雲商) built by CCCC in response to the national call for “Internet +” and the in-depth digital transformation of enterprises and its strategic focus, iccec.cn (交建雲商) has a total of more than 250,000 suppliers and a transaction scale of more than RMB1,700 billion.

## Case: Solve the “Difficulties in Obtaining the First Loan” with Digital Technology

Taking a steel reinforcement supplier served by SY Services as an example, it has a registered capital of only RMB10,000,000 and an annual operating income of approximately RMB30,000,000. In this case, the supplier was able to obtain credit loan up to RMB10,000,000 only from traditional financial institutions, so that the advance capacity was very limited and its business scale was always stagnant. Since the cooperation with SY, the operating conditions of the supplier has changed significantly. Specifically, the supplier can transfer accounts receivable to SY and apply for supply chain financial services only when they are delivered to the project site and confirmed to accept the acceptance. The supplier can obtain financing in less than 3 working days. Under this cooperation model, the capital turnover of the supplier has increased significantly, and the ability to undertake projects has also been significantly strengthened. Through the cooperation with SY, the supplier only took two years to increase their operating income from approximately RMB30,000,000 to over RMB100,000,000, which not only won the trust of the project parties, but also improved the market competitiveness.

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- **Standard Factoring**

Focusing on the positioning of “a leading supply chain technology platform”, SY continues to improve the connectivity between high-quality assets and inclusive funds through advanced digital technology and efficient intelligent risk control methods, and continues to develop standard factoring business to help SMEs develop steadily.

### Case: Bookbuilding for Standard Factoring ABS Was Successfully Made for Third Phase of Guojin Factoring

On 3 April 2023, SY successfully book-built the third phase of the “N + N + N” model shelf ABS, the third phase of the infrastructure asset ABS of Guojin Factoring, on the Shenzhen Stock Exchange. The product is a standard factoring ABS, which is a high-quality underlying asset formed by active investment based on SY’s in-depth understanding of the infrastructure industry, with a focus on the upstream and downstream assets of the supply chain of large central state-owned enterprises and their subsidiaries in the infrastructure industry. Unlike the reverse factoring ABS in the market, which mainly focuses on core enterprises as debtors, the product is no longer limited to a single core enterprise and confirmation of core enterprise. Instead, it centered on multiple core enterprises and verified based on multi-dimensional transaction data, and the future cash flow of the underlying assets is expected to be clear and controllable. After the issuance of the product, SY will be able to innovatively broaden financing channels, reduce financing costs and improve financing efficiency for SMEs in the upstream and downstream of the infrastructure industry chain, fully reflecting the inclusive nature of factoring business, which is a beneficial attempt for SY to effectively serve SMEs and deeply root in the industry chain.

## 7. BUILDING A LOW-CARBON ECOSYSTEM

Practising low-carbon finance is one of the key initiatives taken by SY to fulfil its corporate social responsibility. SY has incorporated environmental factors into its strategic development, business layout and daily operations. It identifies, analyzes and manages climate change risks and opportunities related to its own operations and businesses, and further formulates relevant measures to mitigate and adapt to climate change. Meanwhile, SY is committed to promoting green operation, boosting green and low-carbon development of the industry, and contributing to environmental improvement and sustainable development.

In March 2024, the Board of Directors of the Company has resolved to approve the Group’s carbon neutrality goal, and is committed to officially releasing the Group’s carbon neutrality roadmap by 2030 and achieving carbon neutrality by 2060.

### 7.1. Contributing to the Low-carbon Transformation of Industries

SY actively responds to the national “Dual Carbon” strategy. While promoting its own carbon reduction through online, paperless and green operations, SY actively promotes carbon emission reduction in the value chain, promotes the low-carbon transformation of the industrial chain through digital means, and is committed to building a green supply chain financial ecosystem.

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## 7.1.1. Priority for Access to Low-carbon Projects

According to the ESG Management System of SY and its corporate risk management policies and guidelines, we put forward implementation requirements for business access in the process of project implementation. For the underlying trading goods or projects, environmental protection certifications such as environmental impact assessment will be required depending on the specific situation. For the infrastructure sector, infrastructure facilities (public transport facilities and roads, municipal pipe network, etc.), public buildings (public schools, hospitals, cultural and sports stadiums, parks, greenery, etc.), industrial parks (industrial parks and ancillary facilities, logistics and storage, etc.) and new infrastructure projects (new energy facilities, big data center, artificial intelligence, industrial internet, etc.) have the priority for access.

## 7.1.2. Carbon Reduction from Our Own Operations

SY has realized its own carbon emission reduction through the “SY Cloud Platform” which includes providing functions such as electronic signature, video inspection upon arrival, registration and duplicate check through Zhongdeng Net, intelligent text analysis, and connection to the credit information system of PBOC, thus realizing a digital, systematic and intelligent supply chain technology model. From uploading materials, applying for loans, obtaining credit to approving loans, all the formalities are handled by customers paperless online, without the need for offline exchanges and document delivery, so as to avoid carbon emissions from business travel.

Online SY Cloud Platform integrates functions such as invoice validation, transaction register and duplicate check in the Zhongdeng Net, data collection and analysis, risk management, asset management services, etc., to realize the online operation and management of a series of processes such as business operation, risk control and asset management, which not only makes the financing application process more convenient for customers, but also saves labor costs and carbon emission costs from offline travel for the parties concerned. Besides, with the access to the credit reference system of the People’s Bank of China, the largest credit reference system around the world, SY further improves the efficiency of reviewing the risks from accounts receivable and strengthens the risk control mechanism. Meanwhile, customers of SMEs no longer have to bring various certificates and related materials to the credit reference center in person to obtain credit reports, eliminating the carbon emissions generated by customers’ business travel.

Paperless SY participates in the online signature system of the China Financial Certification Authority (CFCA), a PRC authoritative security certification body under the People’s Bank of China, so as to provide each project company and supplier with an independent digital certificate of electronic signature. Leveraging on the legal effect of electronic signatures which effectively avoid the risk of false signatures, customers can directly sign agreements remotely and confirm the transfer of accounts receivable, which replaces the offline signing method of delivering contracts by express mails (which is time consuming and incurs high labor costs), thereby significantly reducing the cost of carbon emissions by offline transportation.



### 7.1.3. Value Chain Carbon Emission Reduction

SY has demonstrated corporate social responsibility in green supply chain, inclusive finance and other fields, vigorously developed loans to SMEs and financing projects for social responsibility focusing on infrastructure and medical industries, launched a digital green supply chain financial ecosystem, and deeply practiced the promotion of green supply chain and green operation. We provide a series of technological services, such as the “smart construction site ” and the “pharmaceutical SPD” supply chain, to help traditional infrastructure projects and pharmaceutical distribution fields achieve whole-process digitalization. At the same time, we also cooperate with domestic and foreign capital parties to develop more financing models that serve sustainable goals such as inclusive finance and low-carbon development, which can effectively promote carbon emission reduction in the value chain.

## 7.2 Tackling Risks of Climate Change

The global climate challenges are becoming increasingly severe. SY actively responds to the global call for addressing climate change, identifies and evaluates climate-related risks and opportunities, determines the significant impact of climate change risks on stakeholders, monitors and reviews climate change trends, implements diversified and effective measures on energy conservation and emission reduction, and continuously enhances its ability to defend against climate change risks.

### • Identifying Climate Change-related Risks

Risk type	Risk description	Analysis of potential impact	Measures	
Physical risks	Acute physical risk	Climate change may cause rise in sea level, accompanied with extreme weather such as droughts, storms, and floods	<ul style="list-style-type: none"> <li>Online business may be impacted due to commuting disruption of staff resulting from typhoon and other extreme weather and restricted network, which in turn results in temporary suspension or decreased operating income of SY</li> <li>Resulting in direct losses to our customers' assets or projects (such as infrastructure projects, deliveries of construction materials or pharmaceutical inventories), which may affect their ability to pay us and may further affect the capital chain of SY</li> </ul>	<ul style="list-style-type: none"> <li>Closely monitor extreme weather events in regions, take action in a timely manner and launch emergency plan in case of typhoon and natural disasters</li> <li>Establish a mechanism of telecommuting, flexible clock in and timely reporting for staff to ensure their safety and stable operation</li> <li>Closely monitor extreme weather events in regions, issue alerts to customers as soon as possible in case of typhoon and natural disasters</li> <li>Prepare emergency plans in case of capital chain being affected, and implement it as soon as possible when necessary</li> </ul>
	Chronic physical risk	Increase in average temperature	<ul style="list-style-type: none"> <li>Prolonged high temperature may cause discomfort to staff, which in turn may affect work efficiency and thus result in loss of economic benefits to the Company</li> <li>Prolonged high temperature will impose additional costs (such as refrigeration, food freshness assurance) on the Company's office premises</li> </ul>	<ul style="list-style-type: none"> <li>Pay close attention to the health of staff</li> <li>Establish a mechanism of telecommuting, flexible clock in and timely reporting for staff</li> <li>Continuously keep eyes on operating situation of office premises</li> </ul>

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Risk type	Risk description	Analysis of potential impact	Measures	
Transformation risks	Policy and legal risks	Increased pricing of greenhouse gas emissions	Operation costs such as carbon taxes and carbon trading may be increased	<ul style="list-style-type: none"> <li>Continuously monitor the latest developments in environmental protection policies can comply with the local emission reduction policy</li> <li>Adopt scientific and effective energy consumption management system internally, strengthen energy management, and continuously carry out energy saving and consumption reduction</li> </ul>
		Stricter regulations and measures to reduce carbon emissions	Regulatory authorities may introduce stricter regulations and measures for carbon reduction and emission reduction in the infrastructure and energy industry in which SY is involved in the future. Such measures may affect risk assessment by potential customers in relevant industries on our specific businesses and assets	<ul style="list-style-type: none"> <li>Actively monitor the latest developments in climate related policies as well as laws and regulations</li> <li>Actively monitor the climate related information disclosure by customers of SY in relevant industries</li> </ul>
	Market risk	Changes in customers' behavior	Investors and funding partners continue to show increased appetite and concern for sustainable projects and may prefer to cooperate with those that focus on environmental protection philosophy/use low-carbon and clean energy. If SY is unable to provide assets that meet sustainability requirements, it may affect our ability to raise capital and our competitiveness in the market	<ul style="list-style-type: none"> <li>Increased focus on developing sustainable projects</li> <li>Improved our efficiency of energy consumption through energy saving technology and effective methods</li> <li>Increased investment in promoting environmental protection philosophy, inform the customers with the latest environmental protection policy interpretation and new measures for energy saving and emission reduction, so that customers can effectively track the environmental protection measures of the enterprise</li> </ul>
	Reputational risk	Increasing concerns of stakeholders over negative climate related feedbacks	As a supply chain technology platform and a Hong Kong-listed company that primarily serves SMEs in China and is committed to making finance more inclusive, failure to meet the requirements of supporting low-carbon development will have a long-term negative impact on SY's business reputation under the dual carbon targets in China	<ul style="list-style-type: none"> <li>Strictly control climate risks and carbon reduction management to prevent the occurrence of disasters</li> <li>Actively conduct environmental protection propaganda to promote environmental protection philosophy to public, customers, staff and business partners</li> </ul>

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- **Identifying Opportunities Related to Climate Change**

Opportunity type	Description of opportunities	Measures
Description of opportunities	The financing needs of SMEs will increase, and green finance business will be more favored by the market	SY’s online business process can support SMEs to obtain financing easily under extreme weather conditions
Product and service opportunities	Under the favorable environment of the carbon neutrality policy, consumers’ preference for low-carbon products, and green-related products and services are able to bring room for revenue growth for the Company	In response to the national dual-carbon strategic goal, the core enterprises in the infrastructure segment, such as state-owned enterprises, will play a leading and exemplary role in participating in the construction of green and climate transformation projects, and SY will be able to provide convenient supply chain financing services for suppliers of relevant projects

### 7.3 Promoting Green Operation

SY strictly complies with the “Environmental Protection Law of the People’s Republic of China”, the “Energy Conservation Law of the People’s Republic of China” and other relevant laws and regulations, actively practices the concept of low-carbon operation, and explores and practices green and low-carbon operation models. SY fully implements lean management internally. By gradually setting and refining environmental management goals, planning implementation paths such as promoting the recycling of energy and resources and strengthening waste management, SY managed to achieve the harmony and unity of operation and environmental protection.

**According to the ESG Management Policy of the Group, the key work directions of SY in environmental protection are as follows:**

- Gradually set emission reduction and carbon reduction targets in accordance with regulatory requirements and guidelines to reduce greenhouse gas and exhaust emissions, energy consumption, water consumption, waste, etc. in daily operations
- Advocate energy conservation in daily operations, promote and adopt energy-saving technologies to reduce energy consumption; adopt the principles of reduce, reuse and recycle, and promote paperless operations through innovative technologies to reduce waste generation
- Adopt corresponding due diligence and business rules in the course of daily operation, support commercial activities that benefit to environment and drive accelerated transformation to low-carbon economy
- Monitor greenhouse gas and exhaust emissions, energy consumption, water consumption, waste, etc. in daily operations, continuously improve the environmental protection management mechanism, promote the implementation of environmental protection and energy conservation projects, and regularly evaluate the implementation results through key performance indicators and other monitoring mechanisms
- Carry out other work to promote the Company’s environmental protection operation

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## • Emission Control

### Implementation path

- Our Head Office in Shenzhen is located in Kerry Plaza T2, which has been awarded LEED-EBOM Platinum certification in 2015. There are only 3% of the LEED-certified projects in the world winning platinum-level honor, while Kerry Plaza is the first office project in Shenzhen being awarded this honor
- Air conditioning is only available during working hours: 08:00-19:00 on Monday to Friday; 08:00-14:00 on Saturday
- Hazardous wastes such as waste batteries, toner cartridges and electronic products are collected and processed by specialized agencies
- Issue the "Advocacy Letter on Corporate Energy Saving and Consumption Reduction Activities"
- Advocate using public transportation and carpooling when travelling in groups

### Achievements

#### During the Reporting Period

- Waste recycling increased by 5.33kg
- Particulate matter emissions decreased by 0.13 kg



- **Resource optimization**

- |                     |   |
|---------------------|---|
| Implementation path | <ul style="list-style-type: none"> <li>• Waste cartons and paper are collected and disposed of by cleaning companies</li> <li>• Used bottled drinking water is recycled by suppliers for recycling</li> <li>• Advocates the use of double-sided paper, double-sided printing as far as possible and the reuse of non-confidential single-sided documents as draft paper, bill sticking and internal data printing</li> <li>• There is no water pressure problem in the Company's operation site, and no problem in sourcing water from municipal utilities, barreled water and bottled water. In order to strengthen efforts in water saving, the Company controls the use of bottled drinking water. Internal staff will bring their own cups during the meeting, and no bottled mineral water will be provided. Leftover mineral water will be taken away for drinking during the external reception to avoid wastage</li> <li>• Control the use of tissue paper, keep statistics on the amount of paper towels used by each department, and encourage paper saving and reward departments with the lowest per employee use of paper towels to avoid paper waste</li> </ul> |
| Achievements        | <ul style="list-style-type: none"> <li>• Total water consumption decreased by 0.92 ton during the Reporting Period</li> </ul>   |

- **Environmental and Natural Resources Impact**

SY integrates the concerns of the environment and natural resources into all aspects of the Company's operations. During office renovation, SY purchases energy-saving lamps and flame retardant wires, wallpapers, wood boards and carpets that meet the requirements of environmental protection levels. Our office furniture procurement complies with national environmental standards. Green certified printing paper is used in daily office work to reduce the pollution of the Company's operations to the environment.

In June 2023, the groundbreaking ceremony of the headquarters in East China of SY was successfully held in Wuxi Economic Development Zone. This project has a total gross floor area of approximately 71,826 square meters and the main building comprises a 33-storey super high-rise tower with a building height of approximately 150 meters. The construction process of this project will benchmark against the three-star green building evaluation standard and the requirements of the LEED v4 Building Design and Construction: Core and Shell Development PLATINUM (LEED v4 BD+C: CS PLATINUM). Upon completion, it will serve as the industrial Internet R&D center of SY and attract outstanding ecological enterprises to settle in. In the future, the headquarters in East China of SY will become an industrial digital ecological base integrating scientific and technological innovation core, ecological empowerment and green concept through "external introduction and internal training".

During the Reporting Period, we have implemented energy conservation and consumption reduction policies in our Shenzhen office, and have carried out evaluation activities for each department in terms of saving paper, electricity and water. Excellent departments that save energy and reduce consumption were rewarded with certain spiritual and material rewards.

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## 7.4 Sharing Green and Low-carbon Life

SY adopts corresponding due diligence and business rules in the course of its daily operation and supports commercial activities that benefit to environment and drives accelerated transformation to low-carbon economy. It also attaches great importance to the involvement of the stakeholders in green and low-carbon aspects. Through organizing or participating in environmental protection public welfare and publicity and education activities from time to time, the Company actively conveys the concept of green and low-carbon life to the society.

### Case: "3 Hours of Public Welfare" to Protect Beautiful Shenzhen

In order to better promote the sustainable development of public welfare, the SY Public Welfare Foundation issued the "3 Hours of Public Welfare" initiative, which was actively responded by employees of the Group. SY volunteers worked in Shenzhen, Tianjin, Wuxi, Hong Kong, Shanghai, Beijing, Chongqing, Horgos and other cities. Colleagues of the Shenzhen office joined hands with their families to clean up garbage in the Shenzhen Bay Park, the Jiaochangwei Beach and the Lianhuashan Park, conveying the spirit of environmental protection and public welfare, and contributing to the construction of a beautiful Shenzhen.





### Environmental key performance table

Category	Environmental performance indicator <sup>1</sup>	Unit	2023
Energy use	Total electricity consumption	MWh	585.19
	Gasoline consumption <sup>2</sup>	MWh	130.34
	Total energy consumption	MWh	715.53
	Energy consumption per capita	MWh/person	2.00
	Energy consumption per unit area	MWh/ square meter	0.12
Greenhouse gas emissions	Scope 1: Greenhouse gas emissions from direct emission sources <sup>3</sup>	tCO <sub>2</sub> e	32.60
	Scope 2: Greenhouse gas emissions from indirect emission sources <sup>4</sup>	tCO <sub>2</sub> e	357.02
	Scope 3: Other indirect greenhouse gas emissions <sup>5</sup>	tCO <sub>2</sub> e	529.57
	Total greenhouse gas emissions	tCO <sub>2</sub> e	919.19
	Greenhouse gas emissions per capita	tCO <sub>2</sub> e/person	2.57
	Greenhouse gas emissions per unit area	tCO <sub>2</sub> e/ square meter	0.16
Water use	Municipal water supply consumption <sup>6</sup>	Tonne	2,262.00
	Drinking water consumption <sup>7</sup>	Tonne	73.08
	Total water consumption	Tonne	2,335.08
	Water consumption per capita	Tonne/person	6.52
Exhaust emissions <sup>8</sup>	Nitrogen oxide (NO <sub>x</sub> ) emissions	Kilogram	2.09
	Sulfur dioxide (SO <sub>2</sub> ) emissions	Kilogram	0.42
	Particulate matter (PM) emissions	Kilogram	0.37
Waste management	Total amount of non-hazardous waste generated	Kilogram	6,580
	Amount of non-hazardous waste generated per capita	Kilogram/person	18.38
	Total amount of hazardous waste generated	Kilogram	10
	Amount of hazardous waste generated per capita	Kilogram/person	0.03
	Paper recycling volume	Kilogram	61
	Plastic bottle recycling volume	Kilogram	530
	Total amount of recycled waste	Kilogram	591
Total amount of waste recycling per capita	Kilogram/person	1.65	



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- 1 Environmental data for the year covers all of SY's workplaces in Mainland China and Hong Kong, China.
- 2 Gasoline consumption is calculated based on relevant conversion coefficients provided in the Calculation Method and Reporting Guidance on Greenhouse Gas Emission by Overland Transportation Enterprises (Trial) issued by the National Development and Reform Commission of the PRC.
- 3 Scope 1 of the Group: Greenhouse gas emissions from direct sources are mainly generated from the consumption of petrol in the course of operation of official vehicles. The calculation is based on relevant conversion coefficients provided in the Calculation Method and Reporting Guidance on Greenhouse Gas Emission by Overland Transportation Enterprises (Trial) issued by the National Development and Reform Commission of the PRC.
- 4 Scope 2 the Group: Greenhouse gas emissions from indirect sources are mainly generated from the consumption of purchased electricity. The calculation is based on relevant conversion coefficients provided in the 2018 Carbon Emission Supplementary Data Accounting Report Template attached in the Notice on the Preparation of 2018 Annual Carbon Emission Report and Verification and Emission Monitoring Plan published by the National Development and Reform Commission of the PRC.
- 5 Scope 3 of the Group: Other indirect GHG emissions are mainly indirectly generated by employees traveling by air and commuting by transportation. The calculation results are based on the carbon emission factors sourced from the China Greenhouse Gas Emission Coefficient Library for Product Life Cycle.
- 6 The Company's office and operation premises are all part of the office areas in leased commercial buildings, and municipal water consumption is managed by the property management companies in a unified manner and is estimated at 0.5 tonne per employee per month.
- 7 Drinking water consumption includes barreled water and bottled water consumption.
- 8 Emissions of NO<sub>x</sub>, SO<sub>2</sub> and PM are generated from the use of the Group's business vehicles, and the emissions are calculated based on the relevant emission factors provided in the Technical Guide for the Preparation of Pollutant Emission Inventory for Road Vehicles (Trial) issued by the Ministry of Ecology and Environment of the People's Republic of China.

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## 8. REWARDING THE TRUST OF ALL PARTIES WITH RESPONSIBLE OPERATION

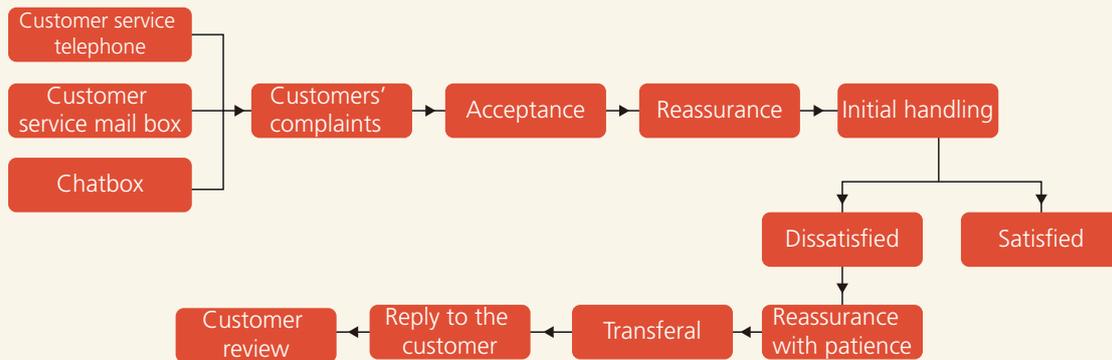
SY, driven by a strong sense of responsibility and mission, is committed to contributing to social development. We strive to upgrade our business comprehensively, optimize our digital products, enhance the quality of our services, and continuously improve the accessibility and sustainability of financial services. By fostering a favorable business environment, we aim to facilitate breakthrough developments in supply chain finance and even industrial finance.

### 8.1. Optimizing Customer Experience

SY incorporates “service oriented” into its corporate values. SY continuously improves the service capabilities in the industrial internet and digital finance sectors, aligning with policy guidelines, corporate development, and customer demands. Externally, SY leverages its technological advantages to build an open and shared supply chain technology platform of N + N + N, while internally establishing an effective service coordination mechanism to ensure product quality and customer service effectiveness.

#### 8.1.1 Keeping communication channels open

SY has formulated an “Anti-Corruption and Whistleblowing Policy” and a “Customer Service Manual”. SY publicly displays the “Integrity and Compliance Policy” on its official website, and provides channels for feedback, which include customer service mail, complaint and reporting address and complaint and reporting hotline. Customers can also lodge complain about business processes through channels such as cloud platform, enterprise WeChat group, 400 service hotline, and online customer service. Upon receiving complaints, we will promptly initiate the complaint handling process to address the issues. During the Reporting Period, we have promptly responded to all customer complaints received, with 98.9% customer service satisfaction.



**Customer Complaint Handling Process**

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- *Improving the Customer Review System*

Customer feedback serves as a vital channel for the Company and its employees to understand user needs and improve products. In order to strengthen problem traceability and improve customer satisfaction with the use of our products, we have improved the “Customer Review Policy of the Platform Operation Department (Revision)”, and have conducted regular return visits to customers based on actual cooperation, which mainly focus on the service experience, areas for improvement in service and business, customer business needs, and satisfaction with the service team. The findings are then compiled into a “Customer Review Report”, enabling internal management to enhance efficiency, monitor performance, and make appropriate decisions based on new customer needs.

- *Developing customer review strategies*

SY adopts different customer review strategies for lost customers and customers in transit based on their transaction activities and whether they have added new balances within a 90-day period:

- For lost customers, we will focus on the service experience, reasons for loss, financing needs and business progress of customers. We will conduct in-depth analysis and optimization based on the identified issues and track them appropriately according to their cooperation intentions;
- For new customers with successful initial loan disbursements and existing customers with long-term cooperation, we will collect feedback on service experience, suggestions for service personnel, and platform improvements through the “SY Service Personnel Questionnaire” on a monthly basis;
- For customers experiencing delays in loan disbursements, we will conduct weekly telephone follow-ups to gather, document and track customers’ difficulties and concerns.

For different types of customers, SY selects suitable follow-up methods to collect and summarize customer needs, ensuring that issues raised by the customers are tracked and resolved. Going forward, we will strengthen the application of follow-up results to further improve and ensure service quality.

During the Reporting Period:

- Handling rate of customer complaints: 100%
- Customer service satisfaction: 98.9%
- Number of Customer Review Report published: 7

## Case: Listening to customers and responding promptly to their needs

In 2023, SY received one customer complaint case through the 400 service hotline. The complaint involves a delay in the approval process for a new project of a Qingdao-based industrial and trading company, which exceeded the customer’s initial expectations. The SY’s Customer Relations Team promptly reassured the customer and provided an initial explanation, and at the same time reported the relevant situation to the Risk Management Department and the business departments. Following the feedback, the relevant departments expedited the processing, and on the premise that the customer meets the Company’s risk control standards and requirements, the loan was granted the next day. A closed-loop follow-up was also conducted with the customer.



## 8.1.2 Enhancing professional capabilities

SY continues to improve its real-time service system and regularly carries out special customer service training to establish a Customer Service Team that possesses empathy and adaptability, providing customers with high-quality consultation and guidance services.

- *Improving the real-time service system*

When accepting customer complaints, the Customer Service Department will not request or imply the customers to withdraw their complaints in any way, and will address customers' dissatisfaction in a timely, sincere and proper manner, striving to solve customer issues by following the correct operational process. For work orders that cannot be immediately solved, they are logged in accordance with the "Work Order Process Management Measures" and responded to after verification.

- *Organizing special customer service training*

Customer service training mainly focuses on industry explanation and strategic direction, and business practice. In terms of industry explanation and strategic direction, basic courses are offered on topics such as supply chain finance, operational risk awareness and basic factoring knowledge. In terms of business practice, we offer professional knowledge courses such as the explanation of the whole business process, common procedures for account opening and engaging with funding sources, daily post-loan follow-up matters, and an introduction to the pharmaceutical and medical industry background. During the Reporting Period, we have conducted a three-month special training for the Customer Relations Team, with an attendance rate of 100%.

During the Reporting Period:

- Number of customer service training: 15 times
- Number of participants in the training: 360 participants
- Customer service training attendance rate: 100%

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## 8.1.3 Implementation of Responsible Marketing

In accordance with fair marketing policies, SY regulates the marketing behavior in a systematic manner, strictly reviews the content of product-related promotion proposals and service materials, and conducts special training on responsible marketing to avoid non-compliant marketing behaviors such as false and exaggerated promotion and ensure the compliance of promotional content.

- *Product Integrity Management*

In order to ensure the provision of responsible products and services to customers, the Company has set five objectives to establish a culture of integrity, deeply ingraining the concepts of responsible products and responsible marketing. In particular, to effectively carry out the rational lending for customers, the Company implements risk warning work, and provides multi-dimensional guarantees before and after granting of loans to protect customers' personal and property interests. In addition, uniform internal risk control and operational management rules apply to the pre-loan, loaning and post-loan management of all the customers, and there will be no price discrimination or differential treatment of specific customers or groups, except for different offers and processes resulting from different risk prices and ratings based on the output of such rules.



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- *Refined department management*

SY is committed to adopting a systematic approach to establish a mechanism that coordinate and synergize operations across various levels and departments. The management regularly reviews the progress of customer rights and interests protection work, including marketing activities, and supervises relevant departments to ensure fair and compliant marketing activities. Business departments such as the Platform Marketing Department and the Strategic Development Department enhance the professionalism of the marketing personnel based on product and service reviews and management. During the Reporting Period, we are neither aware of any violation in information and labeling for our products and services, nor any breaches of the marketing and advertising requirements.

Corporate Governance Department	<ul style="list-style-type: none"> <li>• Reports to the Audit Committee the execution and effectiveness of product operation management, anti-corruption, and reporting-related matters.</li> </ul>
Platform Marketing Department	<ul style="list-style-type: none"> <li>• Implements the Company's risk management requirements, develops the awareness of proactive risk management and acts as the first gatekeeper of risk control. Any arbitrary promises made to customers or behaviour that exceeds the scope of authority may result in investigation and penalties in accordance with the Employee Handbook of SY Holdings Group Limited and the Anti-Corruption and Complaint Reporting Management System.</li> <li>• Standardizes the business conduct and work ethics of the employee and specifies guidelines for communication with customers in accordance with the "Code of Conduct for the Employee of the Platform Marketing Department". Employees are prohibited from soliciting or accepting improper benefits, and are required to comply with rules and regulations in the course of business negotiations, and engaging in fraud, deception and corruption and related events are strictly prohibited, as well as disclosing trade secrets and customer secrets, and eliminating undisclosed and unapproved connected transactions and conflicts of interest matters, etc..</li> </ul>
Strategic Development Department	<ul style="list-style-type: none"> <li>• The Brand PR function implemented by the designed group under the Strategic Development Department is responsible for supporting the promotional and marketing activities and materials of the business units, and its external output materials are subject to review and approval by the relevant departments such as the Legal Affairs Department, the Finance Department and the Governance Department before release.</li> </ul>

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- *Employee empowerment management*

In order to enhance the professionalism of our customer services, SY continues to strengthen employee awareness through compliance marketing training. During the Reporting Period, we have organized various training sessions specifically focused on responsible marketing for the Marketing Department.

During the Reporting Period:

- 9 sessions of sales case sharing training, with a total of 129 participants
- 4 sessions of business and product introduction training, with a total of 145 participants
- 2 sessions of sales skills sharing training, with a total of 29 participants

## 8.1.4 Providing responsible products

As a data-driven supply chain finance service enterprise, SY is committed to helping SMEs to reduce financing costs and loan risks, and increasing financial support for the real economy through optimizing tool systems and accelerating product research and development. The Company facilitates working capital turnover among upstream and downstream enterprises in the supply chain through its cloud platform, leading to rapid growth in the supply chain technology services and the platform services.

- *Clarifying product optimization priorities*

According to the Company's policies and regulations related to products and customer service, such as the "Risk Evaluation Management System", the "Whistleblowing and Anti-Corruption Policy", the "Customer Service Manual of Sheng Ye Capital", the "Customer Review Policy of the Platform Operation Department (Revision)", we identify ESG risks associated with our products and mitigate risks related to product information security operations. During the Reporting Period, we have further optimized the product operation interface to enhance its functionality, convenience and user experience.

- *Ensuring product legality and compliance*

Insisting on being accountable to shareholders and customers, SY strictly complies with the "Civil Code of the People's Republic of China", the "Cybersecurity Law of the People's Republic of China", the "Personal Information Protection Law of the People's Republic of China", the "Notice of the General Office of China Banking and Insurance Regulatory Commission on Strengthening Supervision and Administration of Commercial Factoring Enterprises (《中國銀保監會辦公廳關於加強商業保理企業監督管理的通知》) (No. 205)", the "Interim Measures for the Supervision and Administration of Tianjin Commercial Factoring Companies 《天津市商業保理公司監督管理暫行辦法》" and other laws and regulations, and establishes effective preventive measures against product compliance risks to prevent violations of laws and regulations from the root. At the same time, SY actively embraces supervision, formulates internal policies, and promotes multi-department collaboration within the business boundaries. In accordance with our Requirements Management System, the product manager will regularly communicate with the Business Departments to understand the customers' requirements in a timely manner, and to prioritise system requirements that affect the customers' experience. According to the "Platform Operations Department Service Quality Inspection System (Trial)", the Operations Department will conduct periodic inspection for business effectiveness and the quality of customer relationship services to ensure that the services and products provided meet customers' needs.



## 8.2 Protecting Intellectual Property

Over the years, SY has attached great importance to technological innovation and the development of its intellectual property system. To this end, it has encouraged research and development innovation, increased investment in intellectual property, maintained and leveraged its independent intellectual property advantages, while continuously improving the quality of intellectual property, strengthening the intellectual property operations, and promoting the organic integration of technology research and development and intellectual property management.

- **Attaching importance to intellectual property protection**

SY adheres to a strict protection philosophy, intensifies the protection of technical secrets, and resolutely combats infringement. In compliance with the "Trademark Law", the "Patent Law", the "Copyright Law" and the "Regulations on Computer Software Protection", SY has established the "Intellectual Property Management System" and the "Guidelines for Patent Application Access Assessment and Rights Protection". During the Reporting Period, we have carried out two special training sessions on intellectual property protection, namely "Intellectual Property Management" and "Guidelines for Patent Application Access and Rights Protection", covering topics such as intellectual property analysis, intellectual property management process and relevant reward and punishment measures, patent application access and rights protection operation process. The training sessions, receiving a 100% and 98.2% satisfaction, respectively, have helped the employees to mitigate relevant risks and protect the interests of the Company and employees, and enhanced the Company's overall technological capabilities and competitiveness.

During the Reporting Period:

- Conducted 2 special training sessions on intellectual property protection
- A total of 258 participants attended the training sessions

- **Protecting intellectual labor achievements**

SY strengthens the protection of intellectual property rights at source and promotes the transformation of intellectual property rights into benefits. As at the end of the Reporting Period, SY Technology has been accredited as a national high-tech enterprise, and a "specialized, refined, unique and innovative" enterprise in Shenzhen, and as a software enterprise, while also obtaining a software product certification.

During the Reporting Period:

- Obtained 11 computer software copyright
- Granted 2 new invention patents

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## Case: Obtained the National Invention Patent Certificate and Further Improved Risk Control Capability

In early September 2023, SY Technology was officially granted a patent by the China National Intellectual Property Administration for the invention titled “A Processing Method and Device for Supply Chain Financial Risk Assessment (一種供應鏈金融風險評估處理方法及裝置)”. Addressing the limitations of the existing neural network risk assessment (prediction) models in pinpointing the reasons for unfavorable risk assessment results of certain enterprises, SY Technology has provided a processing method and device that can assist enterprises in submitting targeted appeal materials and helping the appraisers to improve their review efficiency. This patented technology contributes to obtaining more efficient and professional risk management support in business scenarios, effectively enhancing the risk assessment capabilities in the field of supply chain finance.



- **Safeguarding External Product Rights**

SY strictly comply with the requirements of the “Trademark Law of the People’s Republic of China”, the “Patent Law of the People’s Republic of China”, the “Copyright Law of the People’s Republic of China” and other laws and regulations, to avoid or mitigate the risks of intellectual property infringement and rights protection. To enhance the awareness of intellectual property management, we have formulated the “Information Security Code of Conduct for Employees of SY Holdings Group Limited”, which requires the employees not to use unauthorized commercial software during their daily work, and respect the intellectual property rights of all commercial software companies. We have also formulated the “IT Asset Management Code”, and embedded intellectual property protection requirements into the “Employee Manual”, the “Confidentiality Agreement” and other internal system documents for the reasonable use and management of commercial software licenses. During the Reporting Period, SY had no incidents of intellectual property infringement.



## 8.3 Attaching Importance to Data Security

SY attaches great importance to the construction of a data security system within the Group. In strict compliance with the national laws and regulations on the financial and technology sectors, we have developed over ten detailed and comprehensive internal information security policies in six major aspects, namely system security, data security, emergency management, management security, network security and development and construction, including but not limited to the requirements for the security protection of personal information and electronic data throughout their lifecycle. SY has established a Professional and Comprehensive Data Security Working Group, exploring the application of data risk control technology, and actively participating in the national registration and assessment, as well as various information security maintenance work.

### 8.3.1. Data Safety Management System

In order to ensure that the acquisition, use and storage of customer data comply with domestic and foreign network and data security-related compliance requirements, SY has established a “Data Security Management System” and a “Personal Information Protection Management System” to guide its Professional Technical Research and Development Team and Comprehensive Data Security Protection Working Group to promote data management and personal information management according to its responsibilities and division of labor. In response to extreme conditions and unexpected situations, we have formulated an “Application System Backup and Recovery Management System” emergency plan to ensure the security of business data and maintain stable system operation.

### 8.3.2 Data Security Audit and Supervision

In order to ensure the suitability of data security strategies and the effectiveness of data security management, regular IT security audits are conducted within the Company. In the event of major risk changes or incidents, the Risk Management Department and the Corporate Governance Department will report to the Audit Committee as soon as possible within a reasonable period of time, and make updates, optimization and adjustments in accordance with the Prevention and Control Plan following the supervision and instructions of the Board of Directors.

### 8.3.3 Data Security Certification Assessment

SY Technology has obtained a Level 3 certification of the China’s National Information Security Level Protection Certification and an ISO/IEC 27001 International Information Security System Certification issued by the CEPREI, an international authoritative body, signifying that SY has reached the highest level of industry standards in terms of data security. During the Reporting Period, the overall operation of the SY Cloud Platform remained stable, with no incidents of network security, information security or privacy leakage.

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## 8.3.4 Data Security Awareness Training

As a frontline provider of high-tech services in the PRC, the Company strengthens the data security awareness and skills training for all technical employees. Monthly information security theme training sessions have been conducted in a combination of online and offline methods, followed by reviews and assessments to enhance the skill level in data security and privacy-related risks and procedures, thereby reducing the impact of human factors on data security. During the Reporting Period, SY has carried out phishing drills for all the employees on a monthly basis, and has provided strengthened training for the employees susceptible to phishing attacks.

During the Reporting Period:

- IT security audit: 3 times
- Total number of annual information security training: 13, with 4,079 participants

## 8.4 Protecting Customer Privacy

As a financial service provider, SY follows strict internal data protection policies and implements unified standard privacy protection measures across all its business lines. SY has established an internal network security defense system, implemented customer information privacy protection workflows, and established a data backup and recovery mechanism to minimize the losses from data security incidents. SY has normalized the monitoring and control of data outsourced by staff to effectively ensure the security of enterprise and customer data. In addition, we have established an application process covering the entire lifecycle of data permissions, including account creation, role application, permission addition, permission reduction, account termination, etc., to facilitate reasonable control of customers over their personal information utilization level. SY Technology has obtained the ISO/IEC 27701 Privacy Information Management System Certification, which serves as an expansion of the ISO27001 management system, ensuring the Company's ability to protect information privacy.

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Employee Code	Customer protection	Authority settings	Technical control
<ul style="list-style-type: none"> <li>Employee are required to sign a confidentiality agreement at the time of employment that they will not disclose, publicize or use any confidential information, transactions or other information (including trading data, customer data) relating to the Company or its business</li> <li>The "Information Security Code of Conduct for Employees" has been established to control the access, querying, and modification permissions of the employees and visitors regarding customer data</li> </ul>	<ul style="list-style-type: none"> <li>In accordance with the Internal Management Regulations on Corporate Credit Reference System, customer information will only be accessed through the Credit Reference System with the prior written authorisation of the customer</li> <li>Establish and improve the disaster backup mechanism and conduct quarterly availability drills to ensure the recoverability of customer data in the event of a disaster</li> <li>The process of collecting customer information is standardized, and a system data change request process is provided to allow customers to modify, add and delete personal information.</li> </ul>	<ul style="list-style-type: none"> <li>The SY Cloud Platform grants module permissions to the employees based on their actual job requirements and the principle of minimization subject to approval from higher authorities</li> <li>Establish a database access rights process to ensure compliance of data access through the Database Audit System</li> <li>Optimize the application system license management process and configuration, and integrate with audit results to ensure the compliance of license</li> </ul>	<ul style="list-style-type: none"> <li>Formulate the "Application System Security Development Management Measures" and the "Code Security Development Specifications" to comprehensively regulate the development, processing, and management of information data</li> <li>Employ HTTPS encryption methods to provide data leakage prevention solutions</li> <li>Improve security technology platforms such as anti-virus system, terminal security management system and network firewall to protect the internal network security, terminal security and application system</li> </ul>

During the Reporting Period:

- Privacy information management system certification or review frequency: 1 time/year
- Number of data security complaints during the year: 0

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## 9. ATTACH IMPORTANCE TO ECOLOGICAL BUSINESS ETHICS

Business ethics are closely related to the integrity and compliance factors of an enterprise in terms of comprehensive risk management capabilities, goodwill, corporate responsibility and financial tax. SY always upholds the corporate value of “integrity” and operates within an effective governance framework while accepting supervision. In all business activities, the Company adheres to the code of ethics of fairness, trust and openness, aiming to build a sustainable ecosystem that is transparent, fair and clean.

### 9.1 Adhering to Business Ethics

SY abides by the relevant laws, regulations and internal policies and systems concerning business ethics, such as the “Anti-Money Laundering Regulations for Financial Institutions”, and the “Anti-Corruption and Whistleblowing Policy”. Compliance and risk control are prioritized to combat corruption effectively, and high-level business integrity procedures have been established. During the Reporting Period, SY has not been the subject of any litigation arising from violations of anti-corruption, anti-bribery, anti-money laundering, anti-fraud and other laws and places in the places in which we operate.

#### 9.1.1 Building a Strong Ethical Foundation

SY maintains a “zero-tolerance” approach towards corruption and takes strong policy actions to mitigate compliance risks based on its business characteristics and the relevant regulations against bribery and corruption. SY strives to eliminate any form of corruption, bribery, extortion, blackmail, money laundering and embezzlement of public funds, to promote the healthy development of the industry.

SY has established an internal control mechanism in terms of business ethics and has formulated relevant policies and systems such as the “Anti-Corruption and Whistleblowing Policy”. During the Reporting Period, the audit of anti-corruption training on business ethics was conducted, scrutinizing misconduct and ensuring the effective operation of all departments in accordance with the Company’s procedures. During the Reporting Period, a total of 5 incidents involving business ethics were reported through internal audit supervision, external reporting or self-reporting channels and submitted to the Corporate Governance Department for review. The Group has taken appropriate follow-up actions and strengthened control measures accordingly, and will report the relevant incidents to the Board of Directors and all the employees of the Company.

During the Reporting Period:

- 2 training and publicity on business ethics standards, with 100% employee coverage
- Number of corruption lawsuits: 0 case



### 9.1.2. Advocating Integrity Management

SY regards integrity as the fundamental principle of its operation and attaches great importance to building and maintaining a good market environment of integrity and cleanliness. The Company continuously strengthens self-supervision, strives to promote the development of a clean business civilization, and works together to establish a business society characterized by integrity and self-discipline.

#### Case: Joining the "Trust and Integrity Enterprise Alliance" to create an honest and clean business environment

In July 2023, SY officially became a member of the "Trust and Integrity Enterprise Alliance". In the future, SY will jointly promote a culture of integrity and compliance together with more than 800 alliance members, including well-known enterprises such as JD.com, Tencent, Baidu, Wal-Mart and P&G, realize the collaborative sharing of anti-corruption information resources, and contribute to the construction of a transparent, fair, and trustworthy market environment in industries such as the internet, manufacturing, retail, pharmaceuticals, agriculture, new energy, technology, and emerging sectors.



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## 9.1.3. Protecting Investors' Rights and Interests

SY complies with the Listing Rules and other regulatory requirements to strictly ensure that connected transactions are fair and reasonable, and fully fulfills its information disclosure obligations as a listed company to protect the rights and interests of shareholders and investors.

- **Enriching communication channels**

The Company maintains close communication with the market through a combination of online and offline methods. During the Reporting Period, the Company has publicly held annual and interim results briefings through video livestreaming, and have provided investors with the latest corporate information through the information disclosure of listed companies, its official website, roadshows and other means. Multiple channels such as telephone and email were provided for investor feedback, facilitating communication with shareholders and investors.

- **Establishing effective connections**

SY provides channels for public information enquiries and actively listens to the opinions of shareholders and investors, to promote the alignment of the interests of the Company's management, initiating shareholders and market shareholders, and strive to maximize the interests of stakeholders.

Shareholders' enquiries	Investor enquiries
<p>Any enquiries related to the shareholding, including transfer of shares, change of address, loss of share certificates and dividend warrants, should be sent in writing to the following address:</p> <p>Tricor Investor Services Limited</p> <p>17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong</p> <p>Tel: 852-2980-1333</p>	<p>Investors may send enquiries to the Board to the following:</p> <p>The Company Secretary of SY Holdings Group Limited</p> <p>Unit 4202, 42/F, Tower 1, Lippo Centre, 89 Queensway, Central and Western District, Hong Kong</p> <p>Tel: 852-3958-6888</p> <p>Postcode:518048</p> <p>Email address: ir@syholdings.com</p>

### Case: Holding Annual General Meeting

In June 2023, SY held the 2023 annual general meeting. Resolutions were passed on various matters, including the approval of the 2022 Annual Report, dividend distribution, re-election of Directors, re-appointment of auditors, granting of share allotment and share repurchase mandates to the Board of Directors, authorization of the Board of Directors to fix the Directors' remuneration, and the amendments to the Articles of Association in accordance with the requirements of the Listing Rules to further protect the rights of the shareholders.



## 9.2. Promoting a Culture of Integrity

SY strengthens moral education by conducting various anti-corruption and business ethics training sessions and compliance warning education throughout the Reporting Period. The Corporate Governance Department has established centralized promotion and collective learning channels for training, including lectures on anti-corruption and whistle-blowing policies, to ensure that the employees are aware of the consequences associated with corruption and violations of business ethics, and enhance their anti-corruption mindset and skills. During the Reporting Period, a total of 1 anti-corruption training session was carried out.

SY has formulated an Employee Manual, which requires the employees to adhere to a code of conduct of integrity and honesty, and to observe the following behaviours: abide by professional ethics and refrain from fraudulent claims of personal gain such as honours and titles by means of falsification or misrepresentation of performance; refrain from engaging in personal profit-making activities within the scope of their own business and responsibilities and from participating in the business activities of enterprises with which the Company is associated in business; refrain from offering any kind of facilitation to the profit-making activities of their relatives or friends by virtue of their official position; refrain from occupying public property for personal use or profit by virtue of their duties; and refrain from participating in high spending entertainment and fitness activities arranged by clients and suppliers.

During the Reporting Period:

- One anti-corruption training session was conducted, with a total of 358 participants
- One anti-corruption training session was conducted for employees, with a cumulative total of 358 participants
- One anti-corruption training session was conducted for Directors, with a cumulative total of 7 participants.

## 9.3. Strengthening Whistleblower Protection

SY empowers all the departments and the employees to supervise procurement practices. SY has set up multi-channel real-name and anonymous reporting methods and channels to encourage the employees to report to the Company illegal events or misconducts. If any issues or fraudulent activities are discovered, reports can be submitted in accordance with the "Anti-Corruption and Whistleblowing Policy". For substantiated reports of violations following an investigation, we will provide corresponding rewards to the whistleblowers in accordance with the established system.

- **Whistleblowing Channel**

Reporting in person:	Report to the direct supervisor or the executive in charge, or complain to the Human Resources Department, or submit materials to the Corporate Governance Department
Complaint reporting mailbox:	Audit_Committee@syholdings.com
Complaint reporting telephone:	0755-61880088-866
Complaint reporting letter:	corporate governance department, 18th Floor, Block 2, Kerry Plaza, No. 1 Zhongxin 4th Road, Futian District, Shenzhen

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## • Reporting Process

Acceptance	Judgement is based on the objectivity and authenticity of the reported materials, and whether the reported matters involve repeated reporting or reporting that has been handled, the acceptance result will be notified to the whistleblower within 3 working days after reaching an internal consensus on the acceptance result.
Investigation	<ul style="list-style-type: none"> <li>• Establish an investigation group, which may arrange for the relevant staff or other departments to participate in the investigation according to the nature, severity and scope of the matters complained and reported about, and may also seek assistance from external institutions such as law firms and accounting firms whenever necessary.</li> <li>• Subsequent to the completion of an investigation, an investigation report should be prepared. The Report should includes basic information of the reported matter, an explanation of the investigation procedure, the determination of the nature of the reported matter, as well as suggestions for handling and rectification. The Report should be submitted to the Chairman for approval.</li> </ul>
Handling	Subsequent to the approval of the investigation report, the investigation group should ensure the communication and follow-up with the whistleblower, such as accountability of the related parties, conflict mediation, giving reply to the whistleblower, notifying the investigation and handling results, as well as internal rectification.
Objection	In case that the whistleblower is still not satisfied with the result, he or she can make an objection to the investigation group.
Reward and punishment and anonymous protection	<ul style="list-style-type: none"> <li>• Reward for verified complaint and reporting will be given according to the severity of the incident or the importance of the leads provided.</li> <li>• Punishment in varying degrees will be imposed for malicious falsehood, leak of the whistleblower identity, obstruction of the investigation on reported incident or retaliation against the whistleblower.</li> </ul>
Regular reporting	Report annually to the Audit Committee and the Board on the management of reporting during the period, and share the key contents within the Company on a regular basis.

## • Whistleblower Protection

SY has established an “Anti-Corruption and Whistleblowing Policy” and the “Rules on Handling Whistleblowing”, which protect the legitimate rights and interests of whistleblowers, ensuring the confidentiality of their personal information and reporting materials and requiring the suspected wrongdoers to avoid handling the reported matters. Employees are prohibited from revealing the identity of an anonymous whistleblower, tipping off the person being reported and retaliating against the whistleblowers.

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## 9.4. Building Responsible Supply Chains

Adhering to the corporate mission of “driving supply chain efficiency and making finance more inclusive”, SY continuously enhances its operational resilience. In accordance with the “Procurement Management Rules”, the Company integrates responsible and healthy concepts into supplier management, establishing corresponding selection and evaluation mechanisms to improve supplier quality. During the Reporting Period, our supplier assessment coverage rate is 100%.

### 9.4.1. Supplier Management

In order to effectively control the compliance risks associated with suppliers and their staff, SY requires that 100% of the engaged suppliers are subject to the access and approval process in accordance with the “Procurement Management Rules”, and incorporates ESG requirements in a systematical and targeted manner into various stages such as supplier selection review, cooperation approval, process management, and feedback tracking, helping the suppliers to actively assume and fulfill corporate social responsibilities and obligations. The Corporate Governance Department, the Risk Management Department, the Administrative Department, the Legal Affairs Department and other departments should work together to supervise the fair trading rights of suppliers.



**Supplier Management Process**

**Before-Supplier Whitelist**

- Supplier qualification and capability assessments are conducted in a legal and compliant manner
- Supplier whitelist will be verified by the procurement review personnel

**During-Supplier Evaluation**

- The Administration Department initiates supplier evaluation
- The procurement review personnel and the procurement assessment panel collaborate to assess and verify
- The Procurement Implementation Department proposes a rectification plan

**After-Supplier Management**

- Implement a blacklist system to freeze phased-out suppliers
- The Legal Affairs Department guides the final contract and procurement process

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## 9.4.2. Responsible Procurement

SY has formulated the “Procurement Management Rules”, which sets the requirements for project specifications and supplier compliance, qualification, capability and integrity. In terms of environmental protection, we promote green procurement and focus on examination of suppliers’ environmental performance in energy conservation, emission reduction and ecological environmental protection during supplier access to reduce the negative environmental impact of the procurement activities. In terms of society, we adhere to the principles of fairness, impartiality and transparency. During supplier access, we will focus on evaluating the suppliers’ performance in labor protection and require the suppliers to sign a “Letter of Undertaking of Integrity” provided by the Company, to prohibit bribery, corruption and bribery-related activities. Violators will be subject to strict disciplinary actions.

SY encourages the suppliers to provide products and services that meet the standards. Prior to procurement, we will sign a “Letter of Undertaking of Integrity” with the suppliers, updating the terms and attachments of the supply contracts to include provisions on anti-commercial bribery, information security and privacy protection. We will conduct on-site due diligence on the bidding suppliers during the procurement process. After procurement, we will retain the contact information through various channels such as after-sales service, bidding and procurement platform and official website, and supervise the resilience of the supply chain in accordance with the “Anti-Corruption and Whistleblowing Policy”. At the same time, SY strengthens the internal control execution standards of procurement audit, with the Corporate Governance Department conducting regular or ad-hoc procurement supervision audits every year to prevent negative environmental and social impacts from SY’s business supply chain. The supplier assessment coverage rate has been 100% for two consecutive years.

### Regular audits

- Randomly select multiple projects for supervision audits on a quarterly basis

### Ad-hoc audits

- Conduct supervision audits on procurement projects that have been reported or discovered to have fraudulent behavior



## 10. JOINING HANDS FOR MUTUAL DEVELOPMENT WITH EMPLOYEES

SY values its employees as an indispensable and important asset to the Group's development. SY conducts strict management of the employment process, attaches great importance to employees' rights and interests, and enters into labor contracts with all the employees on the basis of equality and unanimity through consultation. The Group pays social insurance and public reserve funds for its employees, provides them with legal and reasonable working hours and rest periods, and fulfills other obligations set forth in the contract, with a view to growing and developing together with all the employees.

### 10.1. Protecting Employees' Rights and Interests

SY fully upholds the values of "people-oriented" and strives to attract and develop talents. While creating a safe and equitable work environment and offering development opportunities, SY has established a diverse and comprehensive welfare system for its employees.

#### 10.1.1. Complying with Labor Standards

Before hiring new employees, SY will verify their age and qualifications by examining their identification documents, aiming to prevent any form of illegal and unethical labor practices, including child labor or forced labor that may infringe the basic rights of the potential employees.

- As stipulated in the "Recruitment Policy of SY Holdings Group Limited", background investigations will be conducted on all the applicants to verify the authentication of their identity information, educational background and work experience. Only after confirming that there are no circumstances that prohibit employment will the applicants be hired
- As required by the "Employee Manual of SY Holdings Group Limited", employees are required to present originals of their identity certificates and academic certificates for verification when their employment starts. In addition, both the Company and the employees shall enter into labor contracts on the basis of equality and unanimity through consultation, and conscientiously fulfill their respective obligations as stated in the contracts

#### 10.1.2. Fostering a Diverse Workplace

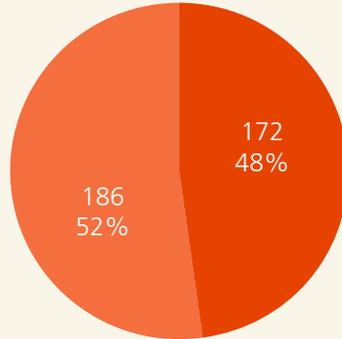
SY strictly complies with PRC and local policies and regulations such as the "Labor Law of the People's Republic of China", the "Labor Contract Law of the People's Republic of China", and the "Employment Ordinance" and the "Immigration Ordinance" of the Hong Kong SAR, and has formulated a series of internal policies and regulations such as the "Employee Manual of SY Holdings Group Limited", the "Recruitment Policy of SY Holdings Group Limited", the "Internal Transfer and Rotation Policy of SY Holdings Group Limited", the "Internal Talent Recommendation Policy of SY Holdings Group Limited", the "Probation Period Policy of SY Holdings Group Limited" and the "Attendance Management Policy of SY Holdings Group Limited" and other employment and human resources management rules to regulate the recruitment and promotion, remuneration and benefits, working hours, rest time and other rights and benefits of employees.

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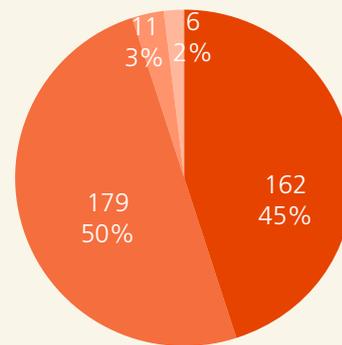
• Employee diversity

• Total number of employees by gender



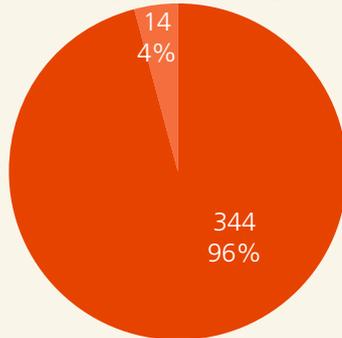
■ Male employee ■ Female employee

• Total number of employees by age



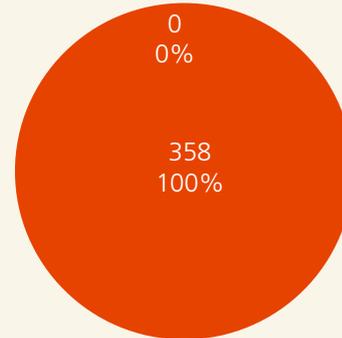
■ Aged 30 and below ■ Aged 31-40  
■ Aged 41-50 ■ Aged 51 and above

• Total number of employees by geographical region



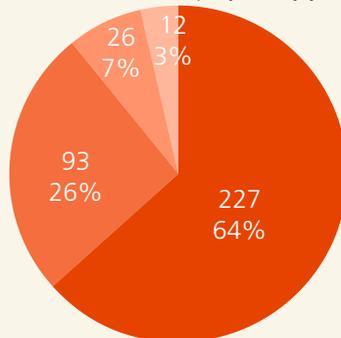
■ Mainland China ■ Hong Kong, China

• Total number of employees by employment type



■ Number of full-time employees ■ Number of part-time employees

• Total number of employees by job position



■ General staff ■ Engineers  
■ Middle management ■ Senior management

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Category	Indicator	Number/Person	Proportion (%)
Gender	Male employee	172	48
	Female employee	186	52
Age	Aged 30 and below	162	45
	Aged 31-40	179	50
	Aged 41-50	11	3
	Aged 51 and above	6	2
Geographical region	Mainland China	344	96
	Hong Kong, China	14	4
Employment type	Full-time employees	358	100
	Part-time employees	0	0
Job position	General staff	227	64
	Engineers	93	26
	Middle management	26	7
	Senior management	12	3

- *Employee turnover*

Category	Indicator	Turnover rate (%)
Gender	Male employee	15.70
	Female employee	16.67
Age	Aged 30 and below	16.67
	Aged 31-40	15.08
	Aged 41-50	36.36
	Aged 51 and above	0
Geographical region	Mainland China	15.70
	Hong Kong, China	28.57

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## 10.1.3. Facilitating communication channels

To address our employees' practical issues and listen to their suggestions and opinions, SY has set up channels for communication with the Chief Human Resources Officer, face-to-face communication and exchange with all the employees of the Group can be carried out without any requirements or limitations. Employees' rights and interests are protected according to the communication and grievance procedures set forth in the "Employee Manual of SY Holdings Group Limited":



Every year, SY conducts employee satisfaction surveys to establish stronger employee relations and increase employees' sense of participation in the Company. At the same time, we will improve the Company's management strategies in a timely manner based on employee feedback to promote the Company's long-term development. During the Reporting Period, we have conducted a survey focusing on employees' sense of achievement and cultural construction. The survey results have been released to all the employees and subsequent enhancement plans were announced, with a number of improvement measures having been implemented. We have also conducted a satisfaction survey on employee benefits.



#### 10.1.4. Ensuring Employee Benefits

During the Reporting Period, SY has continued to increase resource allocation in employee benefits to create and safeguard room for employee development, while making every effort to match corresponding benefits to support employee development.

Care Fund	<ul style="list-style-type: none"> <li>• Wedding gift</li> <li>• Maternity gift</li> <li>• Funeral and bereavement benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Grants/pensions</li> <li>• Application for diseases and medical resources</li> <li>• Interest-free loans</li> </ul>
Special allowance	<ul style="list-style-type: none"> <li>• Missed meal allowance</li> <li>• Reimbursement of travelling expenses for overtime work</li> <li>• Assignment Benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Assignment allowance</li> <li>• Formal dress customization for external personnel</li> </ul>
Statutory benefits	<ul style="list-style-type: none"> <li>• Five insurances and one housing fund (Mainland China)</li> <li>• Labor insurance &amp; MPF (Hong Kong and Singapore)</li> </ul>	<ul style="list-style-type: none"> <li>• Statutory holidays</li> </ul>
Daily benefits	<ul style="list-style-type: none"> <li>• Birthday leave</li> <li>• Full-paid sick leave</li> <li>• Afternoon Tea</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Leave</li> <li>• Flexible Attendance</li> </ul>
Festival Benefits	<ul style="list-style-type: none"> <li>• Souvenirs for attending important events</li> <li>• Birthday Benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Festival Benefits</li> </ul>
Employee benefits	<ul style="list-style-type: none"> <li>• Public welfare activities</li> <li>• Organization of team building activities</li> <li>• Fitness Club</li> </ul>	<ul style="list-style-type: none"> <li>• Departmental team building fund</li> <li>• Family Open Day</li> <li>• New Employee Seminar</li> </ul>

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## 10.2. Attaching Importance on Health and Safety

SY always prioritizes the occupational health and safety of its employees and is committed to providing a safe and healthy work environment for all the employees. We strictly comply with laws and regulations such as the “Labor Law of the People’s Republic of China” and the “Labor Contract Law of the People’s Republic of China”, and have formulated the “Employee Manual of SY Holdings Group Limited”, the “Special Emergency Administration Measures on Disaster Accidents” and other policies in relation to management on occupational health and safety. We guard the physical and mental health of our employees by purchasing insurance for them, providing them with medical check-up and sports funds, conducting occupational health and safety training for them, and setting up a pandemic prevention mechanism. During the Reporting Period, the coverage rate for staff health check-ups reached 88.83%. As at the end of the Reporting Period, the Group had not experienced any work-related injuries or deaths or lost days due to work injury for six consecutive years.

Enhance Safety Management	<ul style="list-style-type: none"> <li>Smoking is strictly prohibited in all the enclosed areas of the office</li> </ul>
Improve Emergency Plans	<ul style="list-style-type: none"> <li>Response to COVID-19 pandemic: Establish a Pandemic Prevention Team, implement flexible home office, provide sufficient pandemic prevention supplies, and disseminating knowledge of pandemic prevention policies</li> <li>Routine emergencies: Conduct fire drills</li> </ul>
Employee Health Protection	<ul style="list-style-type: none"> <li>Health Insurance: Commercial accident insurance, social insurance, medical insurance, group medical insurance (Hong Kong)</li> <li>Health Funds: Medical examination funds, sports exercise funds</li> </ul>
Employee Safety Training	<ul style="list-style-type: none"> <li>Hospital experts are invited to carry out public welfare lectures on health and on-site free clinical diagnostic activities</li> </ul>

During the Reporting Period:

- Number of work-related accidents: 0
- Number of work-related deaths: 0
- Proportion of work-related deaths: 0
- Number of working days lost due to work-related accidents: 0



**Case: SY Public Welfare Foundation and Fuwai Shenzhen Hospital which belongs to the Chinese Academy of Medical Sciences jointly held the first health public welfare lecture**

On 30 March 2023, the SY Public Welfare Foundation specially invited experts from the Fuwai Shenzhen Hospital which belongs to the Chinese Academy of Medical Sciences to conduct the first health public welfare lecture with the theme of “Early Killer of Cardiovascular Disease: Prevention and Treatment of Hypertension and hyperlipidemia”. The experts explained the risk factors, harm to the human body, common misconceptions, prevention and intervention methods for hypertension and hyperlipidemia. After the presentation, two nurses were invited to demonstrate cardiopulmonary resuscitation (CPR) and the use of automated external defibrillators (AEDs). In addition, on-site free consultations were provided to SY colleagues, addressing their individual concerns raised in daily life one by one. This public welfare lecture was first launched internally, aiming to promote a healthier lifestyle concept to SY employees and all the participants.



### 10.3. Assisting Employee Development

“No limited by age or qualifications, but talent is the criterion”. This phrase vividly captures the essence of SY’s corporate culture. SY implements the talent reserve development strategy, improves the talent selection mechanism and talent development channels, revises the “Employee Manual of SY Holdings Group Limited” and the “Performance Management Policy of SY Holdings Group Limited”, and releases the “Probation Period Policy of SY Holdings Group Limited” and the “Personal Development Plan (IDP) Guidelines of SY Holdings Group Limited”. We provide our employees with multi-dimensional training and development opportunities, ensuring that every talent who creates outstanding value for SY can develop smoothly.

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## 10.3.1. Talent Development

SY attaches great importance to the development and growth of its employees and provides them with multi-dimensional training and development opportunities, including leadership training, parachute program, job professional learning program and high-potential personnel training. SY is committed to devoting efforts and time to allow the employees to rotate across functions, departments and companies, enabling them to gain in-depth business insights, break down job and departmental barriers, and strengthen internal communication and collaboration.

During the Reporting Period, the total learning hours of the employees reached 27,462 hours, including in-person training sessions and video-based learning, of which 59 were in-person training sessions and 120 were online learning programs.

External Learning	New Employee Training	Cross-departmental training
3 times in total with 3 employees attending, mainly including training on the development of financial institutions' credit business and the GIAC Internet Architecture Conference.	Tailored-made learning programs will be arranged to meet the specific needs of the new employees, helping them to quickly adapt to their roles. In 2023, a total of 132 new employees have attended these programs	Monthly cross-departmental training sessions will be organized to address the needs of various departments. In 2023, a total of 20 sessions have been conducted, covering 3,155 participants. The training topics included explanation of policies and regulations, process explanations, experience sharing, case studies, and professional and technical knowledge sharing
Training for management members in business departments	Special industry training	Special information security training
Monthly management training sessions will be organized to enhance the capabilities of the management members in the business departments and build a talent pipeline within the business teams. A total of 11 individuals attended these training sessions	18 training sessions have been conducted, reaching a total of 3,487 participants. These training sessions aimed to enhance the employees' knowledge and understanding of infrastructure industries	Monthly information security training and examinations will be conducted to enhance employees' awareness of information security. A total of 13 training sessions have been conducted, covering 4,079 participants

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Leadership Training



Management Trainees Training



TTT Training



Practical Competition



New Employee Seminar



Professional Training

During the Reporting Period:

- Number of training courses conducted during the year: 168
- Total number of employees participating in training during the year: 342
- Percentage of employees participating in training during the year: 95.53%
- Employee satisfaction with training: 98%

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## Employee Training Performance

Category	Indicator	Unit	2023
Percentage of trained employees by gender	Male employee	%	94.19
	Female employee	%	96.77
Average number of training hours per employee by gender	Male employee	hour/person	50.56
	Female employee	hour/person	71.84
Percentage of trained employees by categories	General staff	%	94.71
	Engineers	%	95.70
	Middle management	%	100
	Senior management	%	100
Average number of training hours per employee by categories	General staff	hour/person	78
	Engineers	hour/person	38
	Middle management	hour/person	36
	Senior management	hour/person	26

### 10.3.2. Talent Reserve

SY adopts a talent reserve development strategy and makes its annual recruitment plan based on the existing staffing, the business objectives of the following year and the development plans, and maintains diversified recruitment channels and the management of a talent pool under the "SY Recruitment Management Policy". The Board of Directors and senior management of SY are firmly convinced that a diversified talent environment can bring higher quality performance and benefits. We attract, retain and motivate our employees from an extensive talent pool. SY will consider the diversity of its workforce at various levels, including but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and tenure of service, and any other factors that SY may from time to time deem relevant and applicable.



Talent Reserve			
Diversified recruitment channels		Diversified talent pool	
External channel	Internal channel	External talent pool	Internal talent pool
To introduce outstanding talents externally to enrich the Company's talent team by way of acquisition of various talents through recruitment website, headhunting, internal referral, colleges and universities, professional associations and other diversified channels	To select suitable talents in the Company to the corresponding positions by way of job rotation, transfer, competition, promotion, etc.	External talent pool is an important source of talents and a long-term talent reserve for the Company. The external talent pool is managed by layers and categories, and potential talents can be invited to join the Company through various effective operation methods. Meanwhile, the Company will continue to expand recruitment channels and enrich the talent pool and talent sources through various ways	The internal talent pool mainly consists of the Company's on-duty employees, who provide value for the Company to effectively utilize internal resources, including networking resource development, background investigation, etc.

### 10.3.3. Talent Incentive

SY treasures excellent talents and implements a series of incentive measures in accordance with the "Project Incentive Policy (Trial)", the "Intellectual Property Management Measures" and the "Reward and Punishment Policy". We provide a sound promotion mechanism and offer options and share awards to our employees, encouraging their continuous growth in an environment characterized by effective motivation, fair competition, and mutual cooperation.

- *Incentive Measures*
  - Incorporate "pursuit of innovation" into our corporate values
  - Encourage the employees to apply for patents and provide corresponding resource support and rewards
  - Recognise and reward individuals who bring substantial profits to the Company through bold innovation in their work, with cash rewards ranging from RMB10,000 to RMB300,000
  - Completion of innovative projects will be rewarded based on project bonuses and performance evaluations
  - Conduct annual excellence evaluation, including the "Innovation Project Cooperation Award", to recognize outstanding innovative projects and provide rewards

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<b>Promotion incentives</b>	“Policy of Promotion in SY”, adhering to the four principles, namely “Pro-progress principles”, “Value-guided principles”, “Fair and just principles” and “Diversification principles”, safeguarding the promotion of talents at SY
<b>Share option incentives</b>	“Policy of the Share Incentive Plan of SY Holdings Group Limited (《盛業控股集團有限公司期權激勵計劃管理辦法》)” to fully mobilize the enthusiasm of the Company’s management personnel and core talents, and ensure the achievement of the Company’s strategic goals and long-term sustainability
<b>Share incentive</b>	“Policy of Restricted Share Units of SY Holdings Group Limited (Draft) (《盛業控股集團有限公司受限制股份單位計劃管理辦法(草案)》)”, which adds new share incentive methods to the original share option scheme, in order to recognize the contributions made by the grantees, reward and retain the talents who serve the continuous operation and development of the Group, and also attract suitable talents for the further development of the Group

## 10.4. Care for Employees

SY has created a relaxed and joyful work environment for its employees, placing great emphasis on employee care and providing assistance to those in need. Various activities are organized to balance work and life for employees.

- **Caring for Female Employees**

SY attaches great importance to the physical and mental health of its female employees, strictly adheres to laws and regulations such as the Law of the People’s Republic of China on the Protection of Rights and Interests of Women (《中華人民共和國婦女權益保障法》), and effectively safeguards the rights and interests of the female employees. For the female employees during their pregnancy and lactation, we provide safe, hygienic, and private rest and breastfeeding facilities such as a nursery, which has daily cleaning to remain clean and tidy.

- **Assistance to employees in need**

- With the support of local government policies, the Company actively applies for talent housing, housing subsidies and other benefits for its employees to address their residential needs. As of the end of the Reporting Period, 89 employees had successfully obtained these benefits.
- According to the “Interest-free Loan Management System”, the Company provides interest-free loans to its employees for significant personal or family expenditures. As of the end of 2023, 7 colleagues have successfully applied for loans totaling RMB710,000, which have been used for house purchase and car purchase.

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- **Enriching employee life**

In order to balance the work and life of its employees, SY has organized various clubs, including a basketball club, a board game club, a badminton club and a volunteer club and so on. A total of 259 employees participate in these clubs, and at least one activity is arranged each month to enrich their lives, enhance communication among the employees, and improve cohesion. In addition, snack cabinets and regular afternoon tea sessions are provided to help the employees to relax, unwind, and promote social interaction.



Club activities



Snack cabinets

## 11. DELIVERING SY SOCIAL VALUES

SY has continued to fulfill its social responsibility by actively participating in various public interest activities with focus on helping impoverished areas, industry development, supporting youth development and other fields, helping the needy groups in society as much as possible. In accordance with the “ESG Management System of SY Holdings Group Limited”, SY will fulfill its social responsibilities to promote all kinds of charitable and community activities, and encourage its staff to participate in public interest activities. In accordance with the “External Donation Management Rules of SY Holdings Group Limited”, SY provides public welfare, relief and other forms of donations to make due contributions to society.

During the Reporting Period:

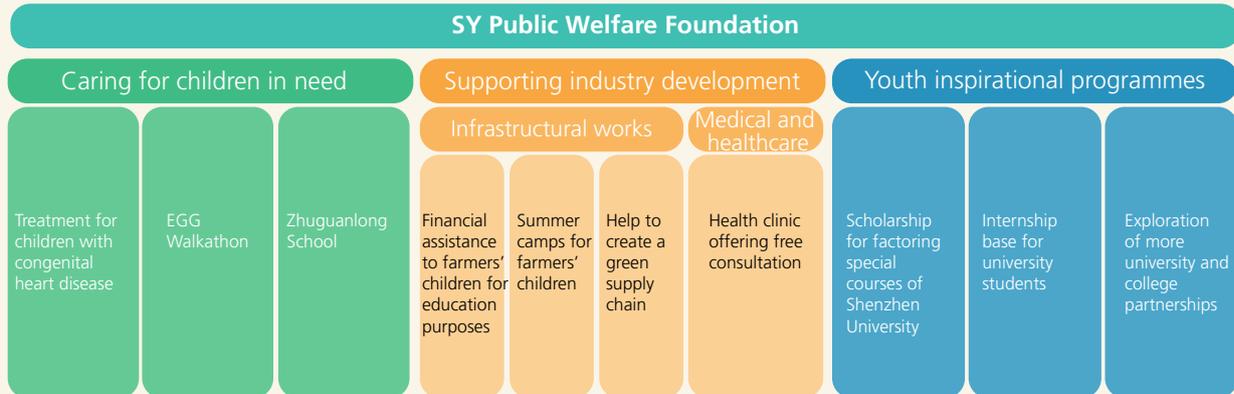
- Total number of employees participating in public charity/volunteer service programs: 76 person-time
- Total hours of employees participating in public charity/volunteer service programs: 2,304.5 hours
- Number of public charity/volunteer service programs conducted: 13
- Total amount invested in public charity/volunteer service programs: RMB2,866,700

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## 11.1. SY Charity Plan

Through concrete actions, SY conveys love and warmth, seeks long-term well-being through collaborative innovation, and empowers youth with the power of technology. The SY Public Welfare Foundation adheres to the public welfare concept of “Starting from the Heart, Radiating Goodness”, and carry out public welfare activities in three major areas: caring for children in need, supporting industry development and youth inspirational programmes.

### Plan of SY Public Welfare Foundation



- Launched the first digital RMB smart contract + charity donation project
- Sponsored 20 children in need to undergo surgery to recover their health
- Organized 2 construction site summer camps for children
- Sponsored 2 rural primary schools to improve teaching facilities and learning environments
- Funded the construction of a village road in one rural area
- Provided scholarships to 13 outstanding university students
- Distributed New Year gifts to 13 orphans in Huangnan Prefecture, Qinghai Province
- Organized a 50-kilometer charity walk with 5 SY team members, raising RMB30,000 for children in need in western regions affected by lack of parental care and improper guardianship
- Received charitable donations from 14 companies and individuals to the Foundation
- Received clothing donations from 16 caring SY partners, distributed to disadvantaged families in Shouning, Fujian, and Jianzha, Qinghai, and Ganzi, Sichuan

In the future, SY will continue to actively fulfill its social responsibilities. Through the establishment of the SY Public Welfare Foundation, SY will further carry out more diversified public welfare activities, contribute to a wider range of public welfare and charity causes, and take concrete actions to support the harmonious development of the society and extend the light of SY to a far-reaching place.

SY Public Welfare Foundation is a 3A-level charitable organization initiated by SY and approved by the Tianjin Home Affairs Bureau. It qualifies for tax exemption and pre-tax deduction. The Party Branch of the Foundation has been awarded the honorary title of Advanced Grassroots Party Organization in Dongjiang, Tianjin.

#### Business scope of SY Public Welfare Foundation

The Foundation conducts assistance activities for people in need by donating money and supplies, including:

- Provide financial assistance to people in need
- Provide disease relief subsidies to people in need
- Provide financial aid to students in need
- Participate in public welfare and charitable activities advocated by registration authorities

### 11.2. Caring for Children in Need

The healthy growth and future development of minors are crucial to the happiness and well-being of millions of families and the harmony and stability of the society. During the Reporting Period, SY has extended warmth and hope to children in need through charitable donations, provision of goods, organizing summer camps, and participating in fundraising walks.

#### Case: Caring for Children in Legal Difficulties – Guarding the Distressed Minors involved in Lawsuits

On 4 December 2023 (National Constitution Day), Ms. Wu Na, the Chairperson of the SY Public Welfare Foundation, attended the signing ceremony of the “Qingkui Guardian Action (青葵守護行動)” in the morning. At the event, the SY Public Welfare Foundation donated RMB200,000 to the Hunan Youth Development Foundation for the assistance and relief of minors involved in legal difficulties as part of the “Qingkui Guardian Action”. The “Qingkui Guardian Action” is a public welfare project based on the “Sunflower” Youth Court in Changsha, which focuses on handling underage cases and providing family educational guidance. Through collaboration between the judiciary and social forces, it provides assistance and helps minors in distress or those who have suffered harm.



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## Case: Creative Fundraising, Delivering Hope-Supporting the Development of Children in Need

On 13 May 2023, a large-scale public welfare hiking fund-raising event “EGG Walkathon” was launched in Pudong, Shanghai. Five colleagues from SY formed the “SY Light” walking team, and successfully completed the 50-kilometer walking challenge with the motto “Walking for Love, Embracing the Sun”. The “EGG Walkathon” is a brand charity project initiated by the Shanghai United Foundation in 2011, aiming to support and cultivate children’s public welfare projects through fundraising walks to help children aged 0-18 to grow up healthily, happily, and with equal opportunities. Through the “EGG Walkathon”, SY, together with the Shanghai United Foundation, focused on child protection issues, mainly serving children in the western regions affected by lack of parental care and improper guardianship, as well as minors in Shanghai with different risk levels. The aim is to help more children overcome their difficulties.





### 11.3. Supporting Industry Development and Rural Revitalization

During the Reporting Period, SY has actively organized and participated in industry exchange conferences to share its experience in improving the financing environment for SMEs and promoting the cooperation among the upstream and the downstream enterprises in the industrial chain. We combined charitable assistance with rural revitalization and supported infrastructure construction.

#### Case: Technology Empowerment and Win-win Cooperation – Holding a Factoring Industry Theme Salon

On 6 November 2023, the “Cooperation for Development” Factoring Industry Salon, jointly organized by the Shenzhen Factors Association and SY, was successfully held in Shenzhen. This event aimed to further implement the requirements for promoting the high-quality development of inclusive finance, strengthen the cooperation and innovation in the factoring industry, promote the construction and upgrading of the supply chain ecosystem, and effectively facilitate the development of SMEs. During the conference, participating institutions shared their practical experiences in integrating inclusive finance with digital technology. They hoped that banks and factoring companies could join forces to establish a more reasonable access model to meet the diverse needs of different industries and markets. In the future, SY will continue to leverage its supply chain technology platform, utilize its resources and industry advantages to organize high-quality industry exchange events, and promote win-win cooperation in the industrial chain, with a view to becoming a new driving force for industry development.



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## Case: Implementing Infrastructure Development, Creating Livable and Business-Friendly Environments – Supporting Rural Infrastructure Construction

On 16 November 2023, the SY Public Welfare Foundation actively participated in a charitable donation event in Xiaojinzhuang Village, Xiawuqi Town, Wuqing District, Tianjin, and donated RMB80,000 to support the construction of rural roads in Xiaojinzhuang Village, Xiawuqi Town, Wuqing District, Tianjin. After the donation ceremony, representatives from SY visited the Xiaojinzhuang Village to understand its current situation and future plans for road construction. Previously, the condition of this rural road was poor, with exposed yellow soil, uneven and potholed surfaces. During rainy days, this road will become muddy and inconvenient. It is a true reflection of the villagers' difficulty in traveling, often resulting in "dirty clothes on sunny days and muddy shoes on rainy days". After the construction, the narrow and rugged road has transformed into a smooth and comfortable one, transforming from the "annoying road" to a comfortable "reassuring road". This road construction in the Xiaojinzhuang Village has fundamentally addressed the issue of safe travel for the villagers, enhancing their sense of well-being and satisfaction with their lives.



**Before construction**



**After construction**



#### 11.4. Youth Inspirational Programmes

SY adheres to the people-oriented principle, focuses on cultivating young talents, and contributes to the career development of young people. During the Reporting Period, SY has granted university students scholarships and held scholarship presentation ceremonies and organized school-enterprise exchange activities to motivate them to pursue knowledge, which would be helpful to promote education development and the integration of industry and academia.

##### Case: Empowering Education, Building Dreams – Issuing the First Digital RMB Smart Contract + Charitable Donation Scholarship

During the Reporting Period, under the guidance of the Shenzhen branch of the People's Bank of China, SY Public Welfare Foundation, in collaboration with the Agricultural Bank of China, Shenzhen branch and the Shenzhen University, leveraged the precise control of charitable donation funds through digital RMB smart contracts. This initiative marked the industry's first digital RMB smart contract charitable scholarship and established a new model of "digital RMB + charity" cooperation, representing another important exploration in the digitalization of the philanthropy sector. The implementation of this donation signifies a new digital phase in the development of public welfare and charity. With the traceability and the targeted payment features of digital RMB, the donated funds can reach the recipients accurately, reducing the management costs of philanthropic funds and making the flow of donations more transparent, providing reassurance to donating companies, and injecting new vitality into public welfare and charity.



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## Case: Valuing Talent and Driving Employment – Organizing School-Enterprise Exchange Activities

On 2 November 2023, the Shenzhen Factors Association organized senior undergraduate students from the “Supply Chain Finance – Commercial Factoring” Special Class of the College of Economics Shenzhen University to visit SY’s headquarters in Shenzhen for learning purposes. Led by Li Kaixi from SY’s Human Resources Department, the students were given a tour of the Shenzhen headquarters and provided an overview of the Company’s current development. Subsequently, a discussion and exchange session took place in the meeting room, where Li Kaixi conducted a thematic sharing on “Career Planning and Interview Skills for College Students”, emphasizing the importance of career planning, how to make effective plans, and sharing interview skills and experiences. Through this visit and the sharing session, the students will be able to gain firsthand experience of the work environment and atmosphere of the workplace, broadened their horizons, and strengthened their awareness of career planning, professional employment, and interview skills. Adhering to the corporate culture of “people-oriented”, SY highly values the role and development of talents and will continue to deepen cooperation with universities, fully mobilize students’ enthusiasm and creativity, enhance their professional competence, and promote high-quality employment.





## 12. APPENDIX

### 12.1. Key Performance Table

#### 12.1.1. Social key performance table

Indicator Category	Key Social Performance Indicator	Unit	2023	2022	2021	
Labor force management	Total number of employees	Person	358	377	347	
	Number of employees by gender	Male employee	Person	172	177	158
		Female employee	Person	186	200	189
	Number of employees by employee type	General employee	Person	227	277	201
		Engineer	Person	93	91	88
		Middle management	Person	26	47	49
	Number of employees by age group	Senior management	Person	12	12	9
		30 years old and below	Person	162	169	177
		31-40 years old	Person	179	185	153
		41-50 years old	Person	11	19	15
	Number of employees by region	51 years old and above	Person	6	4	2
		Mainland China	Person	344	356	329
		Hong Kong, China	Person	14	21	18
	Total employee turnover rate		%	16.2	18.57	33
	Employee turnover rate by gender	Male employee	%	15.7	18.64	34
		Female employee	%	16.67	18.50	31
	Employee turnover rate by age	30 years old and below	%	16.67	20.71	37
		31-40 years old	%	15.08	18.37	28
		41-50 years old	%	36.36	5.26	32
		51 years old and above	%	0	0	0
Employee turnover rate by region	Mainland China	%	15.70	19.10	34	
	Hong Kong, China	%	28.57	9.52	6	

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Indicator Category	Key Social Performance Indicator	Unit	2023	2022	2021	
Health and safety	Number of work-related accidents	No.	0	0	0	
	Number of work-related deaths	Person	0	0	0	
	Proportion of work-related deaths	%	0	0	0	
	Number of working days lost due to work-related accidents	Day	0	0	0	
	Coverage rate of employee health examination	%	88.83	74.54	74	
Development and training <sup>9</sup>	Number of training courses conducted	No.	168	87	/	
	Employee satisfaction with training	%	98	98.97	/	
	Total number of employees participating in training	Person	342	366	/	
	Total percentage of trained employees	%	95.53	97.08	94.52	
	Average training hours of employees	Hour/person	61.61	14.30	21.61	
	Percentage of trained employees by gender	Male employee	%	94.19	95.48	94.30
		Female employee	%	96.77	98.50	94.71
	Average training hours per employee by gender	Male employee	Hour/person	50.56	13.59	16.98
		Female employee	Hour/person	71.84	14.91	25.47
	Percentage of trained employees by employee category	General employee	%	94.71	97.80	93.53
		Engineer	%	95.70	95.60	95.45
		Middle management	%	100	100	95.52
		Senior management	%	100	75	100
	Average training hours per employee by employee category	General employee	Hour/person	78	15.24	27.4
		Engineer	Hour/person	38	12.54	10.47
		Middle management	Hour/person	36	14.48	20.20
Senior management		Hour/person	26	7.22	12.06	
Supply chain management	Total number of cooperating suppliers	No.	86	86	86	
	Number of suppliers in Mainland China	No.	78	77	78	
	Number of suppliers in Hong Kong, China	No.	8	9	8	
	Number of suppliers conducting evaluation	No.	86	86	25	
	Supplier evaluation coverage	%	100	100	29.07	

<sup>9</sup> During the Year, SY independently developed nearly 200 courses and conducted internal training, so the training hours increased.

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Indicator Category	Key Social Performance Indicator	Unit	2023	2022	2021
Customer services <sup>10</sup>	Handling rate of customer complaints	%	100	100	100
	Customer service satisfaction	%	98.9	97.0	94.6
	Number of customer service trainings	Time	15	8	/
	Customer service training person-time	Person-time	360	181	/
Intellectual property protection	New calculator software copyright	No.	11	5	14
	Cumulative calculator software copyright	No.	58	47	42
	New invention patent authorization	No.	2	2	/
	Cumulative invention patent authorization	No.	4	2	/
Information and privacy security	Total number of information security training	Time	13	9	/
	Information security training person-time	Person-time	4,079	2,956	/
	Number of data security complaints	No.	0	0	0
	Number of customer privacy security incidents	No.	0	0	0
Business ethics	Number of customer privacy security complaints	No.	0	0	0
	Number of corruption lawsuits against the Company and its employees	No.	0	0	0
	Economic losses caused by corruption lawsuits to the Company	Yuan	0	0	0
	Number of anti-corruption training sessions for employees	No.	1	3	12
	Number of anti-corruption training sessions for directors	No.	1	2	/
	Number of directors participating in anti-corruption training	Person-time	7	5	/
	Number of employees participating in anti-corruption training	Person-time	358	496	179
	Coverage rate of business ethics standard training for employees	%	100	100	100
Public charity	Review frequency of business ethics standards	Year/time	1	1	/
	Total number of employees participating in public charity/volunteer service programs	Person-time	76	97	71
	Total hours of employees participating in public charity/volunteer service programs	Hour	2,304.50	1,097	932
	Number of public charity/volunteer service programs conducted	No.	13	13	8
	Total amount invested in public charity/volunteer service programs	RMB 0'000	286.67	83.00	139.65

<sup>10</sup> In order to improve the quality of customer services, SY carried out a number of business trainings for the internal customer relations team this year.

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## 12.1.2. Environmental key performance table

Indicator Category	Key Social Performance Indicator	Unit	2023	2022	2021
Energy use	Total electricity consumption	MWh	585.19	554.10	280.12
	Gasoline consumption	MWh	130.34	102.77	62.01
	Total energy consumption	MWh	715.53	656.87	342.13
	Energy consumption per capita	MWh/ person	2.00	1.74	0.99
	Energy consumption per unit area	MWh/ square meter	0.12	0.11	0.07
Greenhouse gas emissions	Scope 1: Greenhouse gas emissions from direct emission sources	tCO <sub>2</sub> e	32.60	25.39	15.51
	Scope 2: Greenhouse gas emissions from indirect emission sources	tCO <sub>2</sub> e	357.02	338.06	148.77
	Scope 3: Other indirect greenhouse gas emissions <sup>11</sup>	tCO <sub>2</sub> e	529.57	228.93	185.26
	Total greenhouse gas emissions	tCO <sub>2</sub> e	919.19	592.38	349.54
	Greenhouse gas emissions per capita	tCO <sub>2</sub> e/ person	2.57	1.57	1.01
	Greenhouse gas emissions per unit area	tCO <sub>2</sub> e/ square meter	0.16	0.10	0.06
Water use	Municipal water supply consumption	Tonne	2,262.00	2,262	2,082
	Drinking water consumption	Tonne	73.08	73.78	81.87
	Total water consumption	Tonne	2,335.08	2,336	2,163.87
	Water consumption per capita	Tonne/ person	6.52	6.20	6.24
Exhaust emissions	Nitrogen oxide (NO <sub>x</sub> ) emissions	Kilogram	2.09	1.88	1.52
	Sulfur dioxide (SO <sub>2</sub> ) emissions	Kilogram	0.42	0.17	0.52
	Particulate matter (PM) emissions	Kilogram	0.37	0.50	0.16
Waste management	Total amount of non-hazardous waste generated	Kilogram	6,580	6,580	6,580
	Amount of non-hazardous waste generated per capita	Kilogram/person	18.38	17.45	18.96
	Total amount of hazardous waste generated	Kilogram	10	10	10
	Amount of hazardous waste generated per capita	Kilogram/person	0.03	0.03	0.03
	Paper recycling volume	Kilogram	61.00	60.20	55.40
	Plastic bottle recycling volume	Kilogram	530.00	525.47	483.66
	Total amount of recycled waste	Kilogram	591.00	585.67	539.06
Total amount of waste recycling per capita	Kilogram/person	1.65	1.55	1.55	

<sup>11</sup> Since January 2023, after the lifting of various pandemic control and travel restrictions, the Group's travel frequency and mileage have further increased, especially the international travel has increased significantly, resulting in a significant increase in Scope 3 emissions in 2023.

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## 12.2. Indicator Index

### HKEx Environmental, Social and Governance Reporting Guide Index

Disclosure Requirements		Disclosure	Reporting Section or Explanation
<b>Mandatory Disclosure Requirements</b>			
Governance Structure		Disclosed	5.2.1. ESG Governance Structure
Reporting Principles		Disclosed	1. About This Report
Reporting Boundary		Disclosed	1. About This Report
<b>“Comply or Explain” Provisions</b>			
<b>Aspect A1: Emissions</b>			
General Disclosure		Disclosed	7.3. Promoting Green Operation
A1.1	The types of emissions and respective emissions data	Disclosed	7.3. Promoting Green Operation 12.1.2. Environment Key Performance Table
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)	Disclosed	7.3. Promoting Green Operation 12.1.2. Environment Key Performance Table
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Disclosed	7.3. Promoting Green Operation 12.1.2. Environment Key Performance Table
A1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility)	Disclosed	7.3. Promoting Green Operation 12.1.2. Environment Key Performance Table
A1.5	Description of emissions target(s) set and steps taken to achieve them	Partially disclosed	7.3. Promoting Green Operation Emissions are not closely related to the Group’s main business, mainly generated from daily office operations. Currently, there is no relevant target and only relevant emission reduction measures are disclosed.
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	Partially disclosed	7.3. Promoting Green Operation Waste is not closely related to the Group’s main business, mainly generated from daily office operations. Currently, there is no relevant target and only relevant emission reduction measures are disclosed.

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Disclosure Requirements		Disclosure	Reporting Section or Explanation
<b>Aspect A2: Use of Resources</b>			
General Disclosure		Disclosed	7.3. Promoting Green Operation
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	Disclosed	7.3. Promoting Green Operation
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Disclosed	7.3. Promoting Green Operation
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Disclosed	7.3. Promoting Green Operation
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	Disclosed	7.3. Promoting Green Operation
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Not applicable to principal business	
<b>Aspect A3: Environment and Natural Resources</b>			
General Disclosure		Disclosed	7.3. Promoting Green Operation
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Disclosed	7.3. Promoting Green Operation
<b>Aspect A4: Climate Change</b>			
General Disclosure		Disclosed	7.2. Tackling Risks of Climate Change
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	Disclosed	7.2. Tackling Risks of Climate Change

# 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT



Disclosure Requirements		Disclosure	Reporting Section or Explanation
<b>Aspect B1: Employment</b>			
General Disclosure		Disclosed	10.1. Protecting Employees' Rights and Interests
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region	Disclosed	10.1. Protecting Employees' Rights and Interests 12.1.1. Social Key Performance Table
B1.2	Employee turnover rate by gender, age group and geographical region	Disclosed	10.1. Protecting Employees' Rights and Interests 12.1.1. Social Key Performance Table
<b>Aspect B2: Health and Safety</b>			
General Disclosure		Disclosed	10.1. Protecting Employees' Rights and Interests
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Disclosed	10.2. Attaching Importance on Health and Safety 12.1.1. Social Key Performance Table
B2.2	Lost days due to work injury	Disclosed	10.2. Attaching Importance on Health and Safety 12.1.1. Social Key Performance Table
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	Disclosed	10.2. Attaching Importance on Health and Safety
<b>Aspect B3: Development and Training</b>			
General Disclosure		Disclosed	10.3. Assisting Employee Development
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Disclosed	10.3. Assisting Employee Development 12.1.1. Social Key Performance Table
B3.2	The average training hours completed per employee by gender and employee category	Disclosed	10.3. Assisting Employee Development 12.1.1. Social Key Performance Table

# 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT



Disclosure Requirements		Disclosure	Reporting Section or Explanation
<b>Aspect B4: Labour Standards</b>			
General Disclosure		Disclosed	10.1. Protecting Employees' Rights and Interests
B4.1	Description of measures to review employment practices to avoid child and forced labour	Disclosed	10.1. Protecting Employees' Rights and Interests
B4.2	Description of steps taken to eliminate such practices when discovered	No such violation occurred during the Reporting Period	
<b>Aspect B5: Supply Chain Management</b>			
General Disclosure		Disclosed	9.4. Building Responsible Supply Chains
B5.1	Number of suppliers by geographical region	Disclosed	12.1.1. Social Key Performance Table
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	Disclosed	9.4.1. Supplier Management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Disclosed	9.4.2. Responsible Procurement
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Disclosed	9.4.2. Responsible Procurement
<b>Aspect B6: Product Responsibility</b>			
General Disclosure		Disclosed	8.1.4. Providing Responsible Products
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not applicable to principal business	
B6.2	Number of products and service related complaints received and how they are dealt with	Disclosed	8.1. Optimizing Customer Experience
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	8.2. Protecting Intellectual Property
B6.4	Description of quality assurance process and recall procedures	Disclosed	8.1. Optimizing Customer Experience
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Disclosed	8.3. Attaching Importance to Data Security 8.4. Protecting Customer Privacy

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Disclosure Requirements		Disclosure	Reporting Section or Explanation
<b>Aspect B7: Anti-corruption</b>			
General Disclosure		Disclosed	9.1. Adhering to Business Ethics
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	Disclosed	9.1. Adhering to Business Ethics
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Disclosed	9. Attach Importance to Ecological Business Ethics
B7.3	Description of anti-corruption training provided to directors and staff	Disclosed	9.1. Adhering to Business Ethics
<b>Aspect B8: Community Investment</b>			
General Disclosure		Disclosed	10. Delivering SY Social Values
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Disclosed	10. Delivering SY Social Values
B8.2	Resources contributed (e.g. money or time) to the focus area	Disclosed	10. Delivering SY Social Values 12.1.1. Social Key Performance Table