

# 2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

 **創興銀行有限公司**  
Chong Hing Bank Limited

Stock Code : 1111

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## ABOUT CHONG HING BANK

Chong Hing Bank Limited (“Chong Hing Bank” or the “Bank”) was founded in Hong Kong in 1948. It has been listed on the main board of the Stock Exchange of Hong Kong (Stock code: 01111) since 1994 and has been operating for more than 70 years. Since its establishment, the Bank has adopted a prudent and professional business approach, and has always endeavoured to provide excellent services to its customers. It was ranked among the top 400 in the list of the Top World Banks 2019 released by the British magazine “The Banker”, a recognition of its all-round performance by the international community.

The Bank offers comprehensive commercial banking and financial services to individual and corporate customers, which include HKD and foreign currency deposits, credit, foreign exchange, wealth management, investment, securities, insurance, and other products and services. It has also joined hands with a number of local financial institutions and is one of the founding members of BCT Group, which provides a full range of mandatory provident fund services to its customers.

Chong Hing Bank has been a member of Yuexiu Group since February 2014, which enables the Bank to actively explore business opportunities in Mainland China in addition to developing its business in Hong Kong. The Bank currently operates a network of more than 30 branches in Hong Kong. It also has branches in Guangzhou, Shenzhen, Shanghai, Shantou and Macau, sub-branches in Guangzhou Tianhe, Foshan, Nansha, Hengqin and Foshan Chancheng, and a representative office in San Francisco. Leveraging the resources and the network advantages of its major shareholder Yuexiu Group and strategic shareholder Guangzhou Metro, Chong Hing Bank has spared no effort in developing its cross-border financial services. It has been steadily tapping into the Mainland market and has achieved remarkable growth in deposit and loan services in Mainland China over the years.

Yuexiu Group was established in Hong Kong in 1985. At present, it has total assets of nearly RMB650 billion and was ranked 382 in the “Top 500 Chinese Enterprises” list in 2019.

# ABOUT THIS REPORT

## OVERVIEW

This Report is the fourth standalone Environmental, Social and Governance (ESG) report issued by Chong Hing Bank Limited, outlining the management approach, measures and performance on ESG issues. Unless otherwise stated, the reporting period of this Report is from 1 January 2019 to 31 December 2019.

## PREPARATION BASIS

This Report was prepared in accordance with the Hong Kong Exchanges and Clearing Limited (hereinafter HKEX) "Environmental, Social and Governance Reporting Guide" (Appendix 27 of the Main Board Listing Rules, hereinafter the "Guide").

## REPORTING SCOPE AND BOUNDARY

Any policies, statements and data covered in the Report apply to all operations of Chong Hing Bank Limited, Chong Hing Insurance Company Limited, Chong Hing Securities Limited and Chong Hing Commodities & Futures Limited in Hong Kong but excluding Mainland China and overseas operation for the time being. However, the Bank is exploring the opportunity of extending the reporting boundary to cover these geographies.

## TERMINOLOGY

Both "Chong Hing Bank" and "the Bank" refer to Chong Hing Bank Limited in the Report. The terminology used in this report is identical to the Bank's "2019 Annual Report", unless otherwise specified.

## DATA SOURCES AND RELIABILITY STATEMENT

The data used herein all comes from Chong Hing Bank Limited, Chong Hing Insurance Company Limited, Chong Hing Securities Limited and Chong Hing Commodities & Futures Limited in Hong Kong. The Bank is responsible for the truthfulness, accuracy and completeness of the contents of the Report.

## CONFIRMATION AND APPROVAL

This Report was endorsed by the ESG Working Group and the Executive Committee of the Bank, and was approved by the Board of Directors on February 27, 2020.



## ABOUT THIS REPORT

### REPORTING PRINCIPLES

To accurately respond to ESG issues that matters to stakeholders and are relevant to the Bank's operation, we abide by the four reporting principles outlined in the ESG Reporting Guide:

#### MATERIALITY

The Bank appointed an independent consultant to communicate with key stakeholders on various ESG issues. Based on the results of the communication, the Bank re-examined and confirmed the material issues of this report.

#### QUANTITATIVE

The Bank has built data collection tools to record and monitor ESG metrics with the coordination arrangements of the ESG Working Group. Where applicable, this report discloses the annual comparative data to allow stakeholders to understand the progress of work.

#### BALANCE

In order to discuss the Bank's ESG performance in an impartial manner, we intentionally cover our reflections on ESG management in this report apart from the achievements. Any reasons to the omission of specific ESG information has been explained.

#### CONSISTENCY

The quantitative information in this Report has been prepared in a consistent manner to allow readers to compare with the previous reports of the Bank. Disparity of reporting boundary of metrics, if any, has been remarked for readers' reference.

### FEEDBACK

You can request an electronic version of this Report at the following URL or Smartphone quick website access code. Chong Hing Bank regards this Report as a communication platform with stakeholders. If you have any comments or questions about this Report or Chong Hing Bank's management on ESG issues, please feel free to contact us:

Address: G/F, Chong Hing Bank Centre,  
24 Des Voeux Road Central,  
Hong Kong  
Telephone: (852) 3768 1111  
Website: [www.chbank.com](http://www.chbank.com)  
Email: [info@chbank.com](mailto:info@chbank.com)



Smartphone quick website access code

# MESSAGE FROM THE CHIEF EXECUTIVE

To achieve the vision of becoming an “integrated commercial bank with cross-border expertise”, the Bank has continued to develop its business in Hong Kong while exploring opportunities to expand its banking and financial services business in the Mainland in a prudent and steady manner. In order to speed up its business restructuring and transformation, the Bank has formally adopted digital banking transformation as its development strategy, proactively driving Fin-tech development and its application to facilitate the integration of Fin-tech and traditional business.

With the emergence of green finance as a global development trend, Chong Hing Bank this year became one of the first five financial institution signatories to the “Initiative on Environmental Information Disclosure among Guangdong-Hong Kong-Macao Greater Bay Area” developed by the Green Finance Committee of Guangdong Society for Finance & Banking. Acting as a forerunner for promoting green finance market, the Bank is devoted to contributing to the development of a systematic and transparent regulatory mechanism for environmental information disclosure in the Greater Bay Area, laying a solid foundation for green finance market development. At the same time, these efforts enhance the Bank’s ability to deal with environmental and climate risks, as well as the management and disclosure of its ESG information.

The Bank faced many challenges during the year, brought about by the slowdown of the Hong Kong economy and the market situation. To overcome the difficulties, we adopted a more proactive approach in reviewing and adjusting our ESG management strategies and policies. We actively communicate with internal and external stakeholders on a regular basis through diverse channels. This enhances our understanding of their expectations and how to address their needs, so as to create long-term value for them.

The Bank has always adhered to prudent governance principles and maintained rigorous risk management and internal control systems. The Bank upholds the highest standard regarding the compliance practices of its teams, and raises their code of conduct and risk awareness through employee training, assessment and performance management systems. Moreover, guided by its commitment to resource conservation and emission reduction, the Bank has incorporated various measures in its daily operations to monitor, manage and minimise the impacts of its operations on the environment.

The Bank also strives to apply Fin-tech to its banking and financial business. With the aim of providing customers with safer and more efficient services while safeguarding their personal privacy, the Bank continuously strengthens the security of its mobile banking service and streamlines its procedures. It is also committed to promoting financial inclusion. By exempting all customers from low-balance fees and installing special equipment at our branches to take care of the needs of the disabled, the Bank has implemented several initiatives to ensure that the threshold for accessing banking services is lowered, enabling people of all backgrounds to enjoy its services.

In addition, the Bank continues to support different community organisations and non-governmental organisations by providing them with adequate assistance and arranging its volunteer team to organise community activities in collaboration with them. To showcase and reinforce its positive and proactive image, the Bank also offers volunteer service leave to encourage employees to engage in community activities and give back to society by taking care of the underprivileged groups.

Looking ahead, as a core member of Yuexiu Group, Chong Hing Bank will continue to embrace the former’s core value of “Exceed • Excel”, striving to surpass not only its competitors but also itself, thus transforming mediocrity into excellence.

The Bank seeks to continuously enhance its business and reinforce its positioning as a service provider with cross-border expertise. Besides joining hands with our shareholders, employees, customers and the community to seize the opportunities arising from corporate sustainable development trends, we will observe full compliance with local ESG-related regulations, so as to achieve high quality development and create greater value.

**Zong Jianxin**  
*Chief Executive*

27 February 2020

# 2019 OVERVIEW

As a member of Yuexiu Group, Chong Hing Bank has been adhering to the former's core value of "Exceed • Excel", striving to surpass not only its competitors but also itself, thus transforming mediocrity into excellence. With the commitment to drive business development and provide customers with high quality services, the Bank is dedicated to speeding up its business transformation by investing more resources in Fin-tech application. It strives to integrate Fin-tech into traditional banking services, launching innovative financial products and services. It is also determined to be an "integrated commercial bank with cross-border expertise", grasping every opportunity to expand its business in Hong Kong and Mainland China. Apart from focusing on its business development, the Bank also demonstrates strong commitment to corporate social responsibility and endeavours to minimise the social and environmental impacts of its daily operations, thus fulfilling its mission: "to benefit Customers, Employees, Shareholders and Community".



## CORE VALUES

- Exceed • Excel



## VISION

- An integrated commercial bank with cross-border expertise



## MISSION

- To benefit Customers, Employees, Shareholders and Community



AVERAGE TRAINING HOURS COMPLETED PER EMPLOYEE INCREASED BY

**11.4%**



ONLINE AND MOBILE BANKING SERVICE USERS INCREASED BY





**19.1%**



EMPLOYEE VOLUNTEERING HOURS INCREASED BY

**18.6%**



Award	Awarded by	
<b>Community Care</b>		
<p><b>Jockey Club Age-Friendly City Partnership Scheme</b></p>	<p>The Hong Kong Jockey Club</p>	
<p><b>10 Years Plus Caring Company Logo</b></p>	<p>The Hong Kong Council of Social Service</p>	
<p><b>The Child Development Fund – Certificate of Recognition</b></p>	<p>The Government of Hong Kong SAR - Labour and Welfare Bureau</p>	
<p><b>Tung Wah Group of Hospitals Charity Raffle Ticket Sale Competition – Second Runner Up</b></p>	<p>Tung Wah Group of Hospitals</p>	

**Award**

**Awarded by**

Community Care

**Tung Wah Group of Hospitals Charity Raffle Tickets Sale – Excellent Performance Award**

Tung Wah Group of Hospitals



**Po Leung Kuk Charity Raffle cum Housing Estate Fund-raising Campaign – Certificate of Appreciation**

Po Leung Kuk



Environmental Protection

**Charter on External Lighting – Platinum Award**

The Government of Hong Kong SAR - Environment Bureau





# ESG MANAGEMENT APPROACH

An efficient management structure and regular communication with stakeholders are indispensable in the process of driving sustainable development in Chong Hing Bank. A well-established ESG management structure has been developed with a dedicated ESG Working Group in place to ensure effective implementation of ESG policies and measures among departments and working groups. The Bank also gathers the feedback and expectation of internal and external stakeholders through regular engagement. This helps the Bank to evaluate its operations, mitigate its ESG-related risks and seize development opportunities.

The Bank is dedicated to driving its business development in a sustainable manner, thus fulfilling its mission: “to benefit Customers, Employees, Shareholders and Community.”

## ESG MANAGEMENT STRUCTURE

Chong Hing Bank’s ESG management work is led by the Board of Directors and Executive Committee. The Board is responsible for steering the Bank’s ESG strategies and evaluating related risks. The Executive Committee under the Board is charged with the responsibility to guide the ESG Working Group in maintaining effective cross-department communication and implementing ESG policies and measures. The tripartite unit works collectively to ensure that the Bank’s approach in sustainable development aligns with its developmental goals.

Responsible party	Core responsibility
<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>  Evaluates and determines the Bank’s ESG-related risks</li> <li>  Ensures that appropriate and effective ESG risk management and internal control systems are in place</li> <li>  Approves ESG-related policies and ESG reports</li> <li>  Provides strategic advice to the Executive Committee</li> </ul>
<b>Executive Committee</b>	<ul style="list-style-type: none"> <li>  Implements ESG risk management and internal control measures</li> <li>  Oversees work of the ESG Working Group</li> <li>  Reviews ESG-related policies and ESG Reports, and ensures the accuracy of the key performance indicator data</li> <li>  Audits the accounting records and statements provided by the Recreation Club</li> </ul>
<b>ESG Working Group</b>	<ul style="list-style-type: none"> <li>  Facilitates the implementation of ESG policies across business units</li> <li>  Collates ESG key performance indicator data</li> <li>  Prepares ESG Reports</li> <li>  Reports to the Executive Committee on the implementation status of ESG initiatives</li> <li>  Monitors the work progress of and reviews the annual budget of the Volunteer Team</li> </ul>
<b>Volunteer Team</b>	<ul style="list-style-type: none"> <li>  Executes and participates in volunteering events</li> </ul>
<b>Recreation Club</b>	<ul style="list-style-type: none"> <li>  Organises networking, gathering, sports and education activities to promote cohesion, sense of belonging and work-life balance among staff members</li> <li>  Communicates with Volunteer Team to organise volunteering activities and encourage employee participation</li> </ul>

## STAKEHOLDER ENGAGEMENT

The Bank believes that a two-pronged approach, comprising both internal review and external stakeholder engagement, is necessary to determine its environmental and social impacts. Therefore, a stakeholder engagement mechanism is in place. The Bank communicates with stakeholders via diverse channels to understand their expectations and suggestions on its ESG policies and measures.

### EXPECTATIONS OF STAKEHOLDERS AND HOW WE COMMUNICATE

Major stakeholders	Expectations	Major communication channels
Shareholders and investors	<ul style="list-style-type: none"> <li>  Robust operation</li> <li>  Reasonable return</li> </ul>	<ul style="list-style-type: none"> <li>  Shareholder meetings</li> <li>  Annual/interim reports</li> <li>  Annual general meetings</li> </ul>
Customers	<ul style="list-style-type: none"> <li>  Treat customers fairly, listening and responding to their needs</li> <li>  Develop diversified banking services</li> <li>  Provide professional advice and services</li> <li>  Focus on both the environment and economic development</li> </ul>	<ul style="list-style-type: none"> <li>  Branch visit by relationship manager</li> <li>  Daily operations and interactions</li> <li>  Events that promote customer loyalty</li> <li>  Emails</li> <li>  Bank service hotline</li> </ul>
Employees	<ul style="list-style-type: none"> <li>  Reasonable salary and benefits</li> <li>  More employee networking events</li> <li>  Foreseeable development and promotion opportunities</li> <li>  Strengthening employee training, including courses on bank-specific topics</li> </ul>	<ul style="list-style-type: none"> <li>  Emails</li> <li>  Intranet</li> <li>  Trainings and workshops</li> <li>  Online learning platform</li> <li>  Work performance and career planning meetings</li> <li>  Views-sharing platform</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>  Integrity management</li> <li>  Fair procurement</li> </ul>	<ul style="list-style-type: none"> <li>  Meetings and communication</li> <li>  Regular review and feedback</li> <li>  Email</li> </ul>
Non-governmental organisations (NGOs)	<ul style="list-style-type: none"> <li>  Caring for the underprivileged</li> <li>  Giving back to society</li> </ul>	<ul style="list-style-type: none"> <li>  Volunteer activities</li> <li>  Sponsorships and charity donations</li> <li>  Employee workshops</li> <li>  Corporate responsibility conferences/newsletters</li> <li>  Visit to NGOs</li> </ul>
Government and related organisations	<ul style="list-style-type: none"> <li>  Complying with industry standards</li> <li>  Working together to promote industry development</li> </ul>	<ul style="list-style-type: none"> <li>  Compliance reports</li> <li>  Regular meetings</li> </ul>
Media	<ul style="list-style-type: none"> <li>  Understanding the development of the Bank</li> <li>  Transparency</li> </ul>	<ul style="list-style-type: none"> <li>  Press conferences</li> <li>  Press releases</li> <li>  Interviews with senior executives</li> <li>  Announcement of results</li> <li>  Media meetings</li> </ul>

### ESG MATERIALITY ANALYSIS

The preparation of this report and the Bank's ESG policies are based on the assessment to the materiality of various ESG issues to Chong Hing Bank. This year, we continued to appoint an independent third-party professional body to gather stakeholders' feedback, then identify and assess the materiality of different ESG issues. The following flowchart summarises the materiality analysis process:



The analysis results identified two new material issues this year, namely "Response to climate change risks and opportunities" and "Serving the underprivileged". These two issues were added based on the non-financial disclosure of the Bank's peer group and focus areas of media coverage to align with the revised HKEx ESG Reporting Guide and the Bank's developmental goals.

The results this year are similar to that of last year and the industrial peers, with “Operating Practices” issues being regarded as relatively more material than the others. This year, stakeholders put more emphasis on “Environmental” issues than before, particularly the Bank’s management and performance in “Energy use and efficiency”, “Paper consumption” and “Waste management.”



Highly Material Issues		Moderately Material Issues	
1	Anti-corruption, bribery, extortion, fraud and money laundering	12	Paper consumption
2	Operational compliance	13	Promoting financial Inclusion
3	Customer data privacy	14	Responsible procurement
4	Employment relationships	15	Energy use and efficiency
5	Occupational health and safety	16	Serving the underprivileged
6	Employee development training and education	17	Waste management
7	Employees diversification (Including equal opportunities and inclusion)	18	Promoting financial literacy
8	Human rights and anti-discrimination	19	Response to climate change risks and opportunities
9	Service quality, customer feedback and response	20	Water resource use and efficiency
10	Caring for the community		
11	Corporate ESG governance		

# GOOD BANKING PRACTICE

Integrity, compliance and a responsible business model are the keys to form an important basis for sustaining the business. Upholding professionalism and prudence, the Bank establishes ethical standards and codes of conduct for employees and keeps strengthening their awareness on compliance and risk management. The Bank also strives to establish responsible supply chain through stringent procurement practices.

## INTEGRITY AND COMPLIANCE

Integrity and compliance are the cornerstones of the Bank's business, and hence the management and employees are required to abide by the highest ethical standards. The Bank sets out relevant legal requirements in its Code of Conduct that require strict compliance from all employees of the Bank and its subsidiaries. The Anti-fraud Policy clearly defines fraudulent practices, preventive measures, departmental responsibilities, risk-monitoring mechanisms and whistleblowing and investigation procedures.

The Bank actively combats corruption and financial crimes. The employees have to comply with the Banking Ordinance, the Prevention of Bribery Ordinance and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance. This is to prevent non-compliance that results in financial losses to the bank and its customers, and damages the Bank's reputation. The Bank has also established an internal control system to prevent bribery.

To raise employees' awareness to compliance, the Bank provides online training courses on anti-corruption and anti-fraud to deepen their understanding of the latest internal codes, policies and laws and regulations. The Board members also have to attend an anti-corruption training. During the year, the Bank offered new online courses covering Competition Ordinance, the Foreign Account Tax Compliance Act and compliance requirements on the handling of consumer credit data to strengthen internal compliance management.

### As at the end of December 2019:

- | About 1,400 employees completed Code of Conduct for Employee 2019 online training course
- | About 1,400 employees completed the Anti-Fraud Policy 2019 online training course
- | Over 1,390 hours of online training had been achieved in total  
(The above figure covers existing and resigned employees)

The Bank has a comprehensive Whistleblowing Policy in place. In case of misconduct identified within the Bank, employees can report through the whistleblowing mechanism. The Bank will keep the whistle-blower's identity and all the information received confidential. It also protects the whistle-blower from harassment or harmful actions for having made a report under this policy. To link performance and remuneration with risk, a Risk/Compliance & Control Modifier is applied to the Bank's performance management system. The severity and impact of the risk factors, together with their related monitoring and compliance, are taken into account while rating the performance of the business unit, function unit or individual employees.

Apart from the aforementioned laws and regulations, the Bank continues to identify legal requirements relevant to product responsibility, employment, occupational health and safety, and environmental aspects which could have significant impacts on its operations, and monitors its compliance status. For details, please refer to the relevant sections and the ESG Performance Summary of this report.

## **RESPONSIBLE PROCUREMENT**

To foster responsible procurement, the Bank takes an active role in understanding its environmental and social risks along the supply chain. Suppliers of Chong Hing Bank mainly supply IT equipment, software, furniture, stationery and office supplies, cleaning services, logistics services, and printing services, etc. The Bank's supplier selection process refers to relevant operation manuals. Beyond the fundamental considerations of product and service quality, management style, scale of production, experience and technical competence of suppliers, the Bank also evaluates their social and environmental performance, such as the health and safety management system and environmental management system certification. Suppliers are required to provide supporting documents and site visits will be conducted when needed. The Bank respects intellectual property rights as well. Only copyrighted products can be purchased to safeguard intellectual property rights and avoid infringement risks.

Environmental Policy is set in place with the goal of minimising the environmental impact through green procurement by the Bank. We give priority to suppliers and products with environmental certifications such as the Forest Stewardship Council (FSC) certification and Grade 1 energy labels.

The Bank selects local service providers and product suppliers wherever possible to reduce emissions arising from transportation, and also to support the local economy. As at 31 December 2019, Chong Hing Bank had 247 suppliers, of which 233 (94%) were based in Hong Kong and the remainder 14 (6%) in Mainland China and other geographies.



# COMMITMENT TO CUSTOMERS

With the enterprise spirit of being customer-centric, the Bank is committed to serving customers from the heart and optimising customer services. Thus, we see innovative thinking as our core value and keep transforming our business. We strive to develop new products and services through the application of Fin-tech. We are committed to providing professional, efficient and convenient services that enhance customer experience. Looking back at the last year, with the commitment to digital banking transformation, Chong Hing Bank has been improving its mobile banking service. This includes the launch of Faster Payment System (FPS) QR code payment and collection services. The Bank also continues to support the business development of SMEs. In recognition of Chong Hing Bank's efforts, it has been awarded the "Best SME's Partner Award" and the "Best SME's Partner Gold Award 2019" by the Hong Kong General Chamber of Small and Medium Business.

The Bank seeks to seize the opportunity in the Guangdong-Hong Kong-Macao Greater Bay Area development to progressively develop its cross-border business and promote digital banking transformation. We strive to provide excellent services to gain trust from customers and become an integrated commercial bank with cross-border expertise.

## PROTECTING CUSTOMERS' PRIVACY

When the Bank provides banking services to customers, the Bank only collects necessary personal data in a lawful and fair manner. We understand the negligent handling of personal data privacy can have a significant impact on the interests of customers and the Bank's integrity. Therefore, the Bank has established "Privacy Policy Statement" stating the measures of safeguarding privacy, confidentiality and security of customers' personal data. The Policy mainly covers the following:

- | The Bank clearly sets out the purposes of collection and use of personal data.
- | The Bank appoints Data Protection Officer (DPO) to monitor the Bank's compliance with the Ordinance, other relevant rules and guidelines. The public can contact DPO through email, post, telephone or facsimile to understand how the Bank implements the Policy.
- | The Bank restricts the actual access to data by providing secure storage facilities and implementing security measures to the equipment in which the data are held with an aim to achieving appropriate level of security protection.
- | Whenever there is any material breach against personal data protection requirements, loss or leakage of customer data, the Bank will handle it properly and in a timely manner according to the relevant guidelines, and report to the relevant authorities where appropriate.

All new staff are required to complete the online training course on Personal Data (Privacy) Ordinance in the New Staff Induction Program. All employees also required to complete the online training course on personal data protection every year. The Bank also communicates the latest information published by the Office of the Privacy Commissioner for Personal Data to its employees. Dissemination of information security policy and training to employees are also carried out to ensure employees comply with the relevant policies and are fully aware of personal data protection.

Since mobile banking is becoming more popular, the Bank provides our customers with "Security Tips for using Internet Banking and Mobile Banking." It includes information about fraudulent websites, emails and mobile applications and examples of some common online fraud.

In addition, to further enhance the security of the Bank's mobile banking services, a biometric authentication solution was introduced. Users of the mobile banking services can log in with their fingerprint or facial recognition for authentication, replacing the traditional login method with username and password. As such, users do not always have to remember the login information and can be safe from their information being compromised or stolen by others.

### **HANDLING CUSTOMER OPINIONS**

The Bank has always adhered to a customer-centric approach. To gain the trust of customers, collecting and responding to customers' feedback for continuous improvement in customer services is crucial. The Bank solicits customers' feedback through different channels, including the Customer Opinion Boxes located at each branch, the customer services hotline, email, fax etc. In addition, the Bank has established an online feedback platform to allow customers to submit their feedback anytime from anywhere.

Striving to fulfil customers' expectation and advance the business development, the Bank proactively investigates and responds to feedbacks collected from customers. During the year, the Bank received a total of 1,390 customer appreciation, an increase of nearly six times compared to last year. On the other hand, the Bank has also established a complaint-handling mechanism. Each case received is first classified according to the type of the complaint and its complexity, then assigned and investigated by the corresponding departments and teams. The Bank determines whether the complaints are well-formed by understanding and analysing the customers' needs thoroughly. It then provides satisfying feedback to each complainant with the investigation results and follow-up plans to ensure all the complaints are handled effectively and fairly.

### **ENHANCING CUSTOMER EXPERIENCES**

The Bank strongly believes that innovation is the key to drive its business development. Hence, we are dedicated to developing new and innovative products and services to enhance customer experiences. The Bank has developed a series of innovative banking services under the three-pronged approach, which are expanding cross-border financial services, enhancing branch services and promoting digital banking transformation.

### **CROSS-BORDER FINANCIAL SERVICES**

Rooted in Hong Kong, the Bank seeks to seize opportunities in Guangdong-Hong Kong-Macao Greater Bay Area development, setting up cross-border financial services and expanding its business in the Mainland. To provide customers with efficient cross-border financial services, the Bank has launched a new cross-border property secured loan service. The advantages of the services are being simple and convenient, as qualified applicants can undergo property secured loan application, including procedure of valuation, for their properties in Guangzhou and Shenzhen in any of its branches in Hong Kong.

## COMMITMENT TO CUSTOMERS

At the same time, we recognise that differences in local regulations and investment procedures could be a challenge for Hong Kong enterprises to invest in the Mainland. Building on the Bank's business foundation in Hong Kong and the Mainland, and with the support of the Shenzhen government, it launched the "Shenzhen and Hong Kong Pass" commercial service. This scheme utilises the Bank's well-established cross-border network and operation procedures, allowing Hong Kong investors to enjoy business registration service for their enterprises in Shenzhen. The scheme enables investors to establish their business in Shenzhen more easily, thus assisting their business development in the Mainland.

With Chong Hong Bank's steady business development in both the Mainland and Hong Kong, the Bank looks forward to expanding its business in other regional markets in the Greater Bay Area, thereby providing Hong Kong customers with more comprehensive cross-border financial services of premium quality, meeting the Bank's vision of becoming an integrated commercial bank with cross-border expertise.

### ENHANCING BRANCH SERVICES

Aiming to provide better professional customer service, the Bank further completes the branch network by classifying the branches into four types, which are "Flagship", "Professional", "Integrated" and "Community". In order to enhance customers' experience of digital banking, tablets are provided at branches for customers, allowing them to access digital banking services at any branch. This will also help in reducing the workload of the Bank's frontline employees and enhancing their work efficiency and performance.

Furthermore, the Bank continues to enhance the cross-border financial services offered at its Hong Kong branches. Currently, the Bank is providing RMB ATM withdrawal service in seven branches in Hong Kong. Hong Kong Account Opening Witness Service is also available at three mainland branches to help customers from Mainland China open a Hong Kong banking account easily in Mainland China.

### DIGITAL BANKING TRANSFORMATION

Chong Hing Bank strives to integrate Fin-tech into banking services and promote digital banking transformation. It continues to enhance the convenience and security of its mobile banking services. We adopted the use of QR code technology to simplify the transaction procedures, allowing mobile banking users to complete payment and transfer by scanning the payee's specific QR code through the interface of Faster Payment System (FPS) in the mobile banking app. Also, all our ATMs support JETCO "Cardless Cash Withdrawal Transaction," whereby customers can withdraw cash by scanning the QR code on the Bank's ATM through JETCO member banks' mobile app. In addition, the Bank has restructured various traditional banking services for streamlining the process. For instance, it has simplified its foreign exchange and remittance services to allow customers to complete the relevant procedures with a registered account under the same name through their mobile phones, without the need to submit the remittance form to the Bank.

The Bank has authorised third-party service providers and financial institutions to access to our API, which enables customers to view the latest product information and promotion, and apply for the Bank products and services through the external online platform operated by the third-parties.

## PROMOTING FINANCIAL INCLUSION

### SUPPORT SMES' BUSINESS DEVELOPMENT

Chong Hing Bank believes that SMEs are indispensable in driving the economic growth of society. We aim to support SMEs in coping with their funding needs for different business cycle, including the financial needs of daily operations and business development. The Bank pays constant attention to the needs of customers. In close collaboration with units across its business operation, the Bank supports corporate customers with value-added services such as employee banking, MPF and wealth management, aiming to provide a one-stop banking services platform. In addition to its participation in the "SME Loan Guarantee Scheme" of the HKSAR Government, the Bank whole-heartedly supports the "SME Financing Guarantee Scheme" offered by HKMC Insurance Limited, serving as a stable and flexible financing platform for SMEs to address their financial needs.

At the same time, to reinforce the Bank's positioning as an integrated commercial bank with cross-border expertise, it provides cross-border services such as Loan against Outbound Security, Loan against Inbound Security and Guangdong Free Trade Zone Direct Lending for SMEs, assisting them in seizing the opportunities in Greater Bay Area and to expand their businesses in the Mainland.

Moreover, the Bank is committed to developing and maintaining a long-term partnership with SME councils. Thus, every year, it supports and sponsors events organised by different SME councils, including Hong Kong Associations from Industrial & Commercial Sectors Limited and Professional Validation Council of Hong Kong Industries.



Our continuous support to SMEs has won recognition from the industry. The Bank received the "Best SME's Partner Award" for the 11th time and "Best SME's Partner Gold Award 2019" by the Hong Kong General Chamber of Small and Medium Business.

### POPULARISATION OF BANKING SERVICES

The Bank treats every customer fairly and is a signatory to the "Treat Customers Fairly Charter" of the Hong Kong Monetary Authority since 2013. The Bank ensures everyone can get access to basic banking services. To actively support the initiatives of the Hong Kong Monetary Authority in promoting financial inclusion, it has developed different measures, including cancelling dormant account fees and exempting all customers from low-balance fees. The Bank is committed to ensuring people with all backgrounds such as persons receiving Comprehensive Social Security Assistance and belonging to low-income groups can get access to basic banking services.

## COMMITMENT TO CUSTOMERS

### SERVE THE UNDERPRIVILEGED

The Bank believes in treating customers fairly and values every single customer's experience. We strive to minimise the threshold for accessing to basic banking services, enabling people of all backgrounds to get access to it. We recognised that disabled people may encounter certain inconveniences in accessing to banking services at branches. Therefore, we have taken consideration of their needs in the branch design and service arrangement. Currently, the "Guide Dogs Welcome Sign" issued by the Hong Kong Guide Dogs Association is posted at all branches of the Bank. People with visual impairments are welcome to come to our branches with their guide dogs. Voice navigation ATMs have been installed in some of the branches. Here, the audio guide mode can be turned on by inserting earphones so that visually impaired customers can operate the ATM for services such as cash withdrawal, account balance checking, and ATMs card password changing. The bank pledges to provide all branches with the relevant services to cater to the needs of the visually impaired. In addition, installation of facilities such as doorbells, doorbell signs and ramps for wheelchair access are being considered according to the branch location and environment to provide convenient services to persons with disabilities.

#### INNOVATIVE DESIGNS TO ENHANCE CUSTOMER CONVENIENCE AT CHONG HING BANK LEI YUE MUN BRANCH

The Chong Hing Bank Lei Yue Mun branch, which started operating this year, has taken consideration of the needs of persons with disabilities in its branch design, renovation and facilities. To take care of the needs of people using wheelchairs, no front door was installed at the branch. Besides, a client meeting room has been designed with a sliding door. Apart from welcoming guide dogs, barrier-free ATMs and hearing devices are offered to enable people with physical disabilities, hearing impairments and visual impairments to use the Bank's services conveniently.



The open design at Chong Hing Bank Lei Yue Mun branch (left) and barrier-free ATMs (right).



The hearing devices (left) and "Guide Dogs Welcome Sign" (right) installed at the Bank.

## **RESPONSIBLE SALES AND MARKETING**

The Bank values the interests of customers and has established internal procedures to monitor services promotion and to supervise and train its employees regarding sales techniques. To prevent any untoward cases, promotional products related to credit cards, wealth management and time deposit are thoroughly reviewed internally, and it is ensured that the terms and conditions are clearly listed before they are launched.

In addition, the Bank arranges conference calls or training sessions before new products and services related to wealth management and time deposit are launched to ensure its employees have acquired the necessary knowledge of the products so as to deliver appropriate sales services to customers.

Last year, the Bank revised the "Account Terms (For Corporate)" to organise and merge disaggregated terms that apply to different services, ensuring customers are aware of all our product and service terms. Chong Hing Bank complies with the Anti-Competition Ordinance during the sale of products and services and prohibits any anti-competition acts.

## **CLIENT-SERVING ENVIRONMENT**

Since the indoor air quality (IAQ) can affect the health of employees and customers, the Bank is committed to maintaining a healthy and comfortable environment for all. A maintenance service provider has been appointed to clean the air conditioning systems of all branches and offices once every month so as to maintain the IAQ. The new branch at Lei Yue Mun uses a paint with low-volatile organic compound content to minimise its impact on the air quality. The Bank has been participating in the Indoor Air Quality Certification Scheme of the Environmental Protection Department annually since 2017. As part of this scheme, professional third parties under the IAQ Certificate-Issuing Body accredited by the Hong Kong Accreditation Service are invited to conduct walkthrough inspections. This year, the IAQ of the office at Chong Hing Bank Centre was classified as "Good" under the scheme. The Bank will adopt the advice from professionals and continuously improve the indoor air quality at our offices and branches.



# CARING FOR EMPLOYEES

Committed to fulfilling its corporate mission: "to benefit employees", Chong Hing Bank endeavours to establish a healthy, safe, harmonious and inclusive work environment, while providing diverse training and development opportunities to attract and retain talent. In order to achieve this, it has devoted resources to implement policies and programmes related to employee benefits, career development as well as health and safety.

## EMPLOYMENT RELATIONSHIPS

As a service provider, talents are our vital assets for providing quality banking services. In this regard, the Bank has put adequate resources to enhance employee benefits, which include developing the employee benefits and human resources policy in line with the market standards and in accordance with the Minimum Wage Ordinance, the Employment Ordinance and the Employees' Compensation Ordinance. The Bank also provides competitive salary and benefits packages, including medical insurance, life and accident insurance, and health check-up allowances. Besides, we have increased the number of paid leave during the year, including annual leave, marriage leave, full-paid maternity leave, full-paid paternity leave and examination leave. In order to better care our employees' medical needs, the insurance coverage for specialist medical care and dental services has been enhanced, increasing the maximum number of days covered for hospitalisation, as well as cancelling the co-payment requirements for outpatients service within the network. In addition, we have provided preferential discounts to our employees and their families for purchasing insurance products from the Bank in order to foster a greater sense of belonging.

The Bank also pays particular attention to its employees' physical and mental health and encourages them to maintain work-life balance. Therefore, the Bank often organises a variety of networking events, such as Lunar New Year pastry making class, dim sum making class, Lunar New Year Barbecue and hiking activity, in which its current employees, their families and the retirees are invited to participate. The activities not only help employees relieve stress, but also strengthen team cohesion. In 2019, the Bank also organised a Basketball Carnival for employees and their families. The Guangzhou Chimelong and Yuexiu Group Brand Pavilion Tour was another enjoyable experience for the Bank's staff and enabled them to gain an in-depth understanding of Yuexiu Group and its corporate culture, enhancing their sense of belonging. In addition, the Bank has introduced a team-building allowance to sponsor team activities for each business unit so as to boost team spirit and morale.

ACTIVITIES ORGANISED BY THE RECREATION CLUB



Mooncake baking class



Lunar New Year pastry making class



Lunar New Year barbecue



Dim sum making class



Guangzhou Chimelong and Yuexiu Group Brand Pavilion Tour



Hiking on Lamma Island

## CARING FOR EMPLOYEES

The Bank issues the Chong Hing Recreation Club Newsletter regularly via emails and the intranet to disseminate information about its activities to all staff. To strengthen internal communication, it has also started publishing the CHB Newsletter to provide a quarterly update on the latest business developments and staff activities during the year. A "Bright Ideas Platform" was set up in 2018 to collect employees' views and recommendations on cost-effectiveness, operational efficiency, operation procedures, customer experience and satisfaction, risk management, and corporate cultures via emails and electronic forms. The Culture Improvement Steering Workgroup of the Bank evaluates the suggestions collected quarterly to select the "Best Ideas". Winning employees will be awarded as a recognition. The platform has received more than 470 suggestions since its launch. Furthermore, Chief Executive conducts skip-level meetings periodically, in which employees of various departments and levels are invited to share their thoughts and suggestions to the management in order to raise the competitiveness of the Bank.

### Strengthening employees' understanding of corporate culture and their sense of belonging through the Culture Ambassador Program

Chong Hing Bank launched the Culture Ambassador Program in 2019 and 21 cultural ambassadors selected by department heads were entrusted with the task of promoting corporate culture by conducting trainings within their departments. The training helps to deepen employees' understanding of corporate culture as well as encourages them to put it into practice, with the ultimate goal of incorporating it into the different aspects of the workplace.

"Dedication, Innovation, Commitment, Teamwork" are Chong Hing Bank's enterprise spirit. The Bank places heavy emphasis on corporate culture and expects to unite employees with the same cultural belief for generating greater value, enhancing the sense of identity and belonging as well as encouraging team cohesion.

The Bank aims to continue to improve its employees' benefits and take their opinions into account in order to retain high-calibre people.

## TRAINING AND EDUCATION

In line with Yuexiu Group's core values of "Exceed • Excel", Chong Hing Bank encourages employees to strive for continuous improvement. To this end, the Bank provides a wide variety of internal and external trainings and learning opportunities to employees at all levels to upgrade their skills.

Every year, the Bank offers employees different types of internal trainings to equip them with the up-to-date professional knowledge and grow their capabilities. During the year, training programmes on credit and lending, sales and services, as well as risk awareness and risk management topics such as anti-money laundering and customer due diligence were provided in response to the business development needs and latest regulatory requirements. The Bank also organises trainings on management, leadership development and corporate culture to enhance the soft skills of the employees. To create a positive learning environment, its senior management participates in various trainings to serve as role models to the employees. They are also encouraged to read books on leadership and related business management articles. The management team gets inspired through sharing thoughts on readings materials and related work experience. In addition to internal training, the Bank also offers courses on business credit, advanced trade finance and insurance compliance with the help of external organisations to further enhance employees' performance in the business operation.

To encourage continuous learning and development, the Bank has in place the "Education Sponsorship Scheme" to sponsor eligible full-time employees for attending external training and academic programmes, as well as attaining relevant professional qualifications. The approval of the sponsorship applications is based on a number of criteria, including the relevance of the training to the applicant's job function and personal development needs, the availability of similar training provided by the Bank, as well as the credibility of the institute providing the training. During the year, the successful sponsorship application rate was 99.4%.



**DIVERSITY AND INCLUSION**

To maintain a diverse and inclusive environment, Chong Hing Bank does not tolerate any discrimination and provides equal promotion opportunities to all employees. The Bank strictly complies with the laws and regulations relating to equality and anti-discrimination, which include the Sex Discrimination Ordinance, the Disability Discrimination Ordinance, the Family Status Discrimination Ordinance and the Race Discrimination Ordinance. The Bank also requires employees to strictly abide by the Equal Opportunities Policy in Employment and the Prevention of Sexual Harassment Policy, and prohibits any violations, including discrimination, harassment, slander and unfair treatment due to gender, family status and race. The policy sets out the responsibilities of the management, the rights and responsibilities of the employees and the procedures for handling discrimination incidents. In case employees find any suspected misconduct or discrimination, they can directly report to the management through the complaint mechanism developed by the Bank to protect the rights of each employee.

The Bank upholds the principles of quality and fairness in employment and promotion. As at the end of December 2019, the number of employees was close to 1,800. As an equal opportunity employer, it has succeeded in maintaining a 1:1 male-to-female ratio for the workforce, where 38% of the managerial positions are held by female employees. Below is an overview of the figures:

Employee data summary								
By age			By gender		By employee category		By employment type	
<30	30-50	>50	Male	Female	Management	General staff	Permanent staff	Supervised workers
14.7%	67.0%	18.3%	50.4%	49.6%	32.2%	67.8%	97.7%	2.3%

(Include temporary staff/contract staff/seasonal staff)

### OCCUPATIONAL SAFETY AND HEALTH

To create a comfortable and safe working environment, the Bank strictly complies with the Occupational Safety and Health Ordinance. It has also formulated the Occupational Health and Safety Policy, implemented by the ESG Working Group, which includes a series of measures in branches and offices to lower the potential health and safety risks to employees. The Bank distributes safety messages to employees on a regular basis and has made it mandatory for new hires to complete online training course on occupational safety and health to raise employees' safety awareness. During the year, a total of 182 hours of occupational health and safety training was offered to the employees. To monitor the effectiveness of these measures, the Bank reviews its implementation and conducts regular occupational safety and health risk assessments. In addition, it continues to provide free influenza vaccination to all its employees to safeguard their health. The Bank also abides by the Fire Safety (Commercial Premises) Ordinance. Fire wardens, trained annually by the Fire Services Department, have been appointed in each business unit to develop a higher level of awareness on crisis and fire prevention.

The Bank also takes an active role in implementing the 5S management system in office and has put forth a series of guidelines in accordance with the five principles of organisation, neatness, cleanliness, standardisation and discipline. In order to maintain a clean, tidy and orderly working environment, employees are encouraged to develop ways to organise, classify and store items, regularly clean up the workspaces, as well as exchange ideas on good practices, so as to achieve higher work efficiency and avoid injuries caused by poor workplace management. This management guideline has been uploaded on our intranet for employees' easy reference.



We provide 5S in Office Management Guideline to employees to enhance their safety consciousness in the working environment.



# COMMUNITY ENGAGEMENT

With the mission of giving back to the community, Chong Hing Bank is committed to taking up its corporate social responsibility and making a positive impact through its active participation in community activities. Adhering to the Community Investment Policy formulated by the ESG Working Group, the Bank continues to work with stakeholders in the fields of education, social welfare and environment to create greater value for society.

To lead and promote employees' participation in our volunteering activities, we set up the Chong Hing Bank Volunteer Team in 2017. We have also introduced volunteer leave since 2018 to encourage employees and their family members to join the volunteering activities organised by the Bank. In addition, the Bank actively supports and takes part in programmes organised by NGOs, including charitable donations and sponsorships. With the support of the management, the Volunteer Team and other staff, we contributed 1,180 volunteering hours and raised HKD229,500 through donation and sponsorship during the year. The Bank has been awarded the "Caring Company Logo" by the Hong Kong Council of Social Service for its volunteer work and contribution to the community for 13 consecutive years.



## PROMOTING FINANCIAL LITERACY

As a financial service provider, the Bank actively supports promotion of financial literacy advocated by the Hong Kong Association of Banks and the Hong Kong Monetary Authority to deepen the public's understanding of financial management. Chong Hing Bank also supported the Financial Education Workshop jointly organised by the Hong Kong Association of Banks and the Hong Kong Council of Social Service. During the workshop, our staff shared their professional knowledge and introduced savings and loan concepts through case studies, group discussions and interactive games to grassroots families.



The Financial Education Workshop



In addition, the Bank mobilised volunteers to support the ATM Education Talks for Elderly organised by the Hong Kong Association of Banks, which was aimed at encouraging senior citizens to utilise ATMs for basic banking services. Our volunteers visited the elderly centres managed by the NGOs to conduct briefings on the convenience and safety of ATM banking services, besides demonstrating basic ATM transactions through simulation games. The Bank also provides financial education pamphlets at its branches and offers help to customers in need proactively.

To promote saving habits among children and the youth, the Bank supports the Child Development Fund initiated by the Labour and Welfare Bureau in collaboration with Baptist Oi Kwan Social Service (BOKSS). A matching fund was donated to 50 participants who could successfully achieve the target savings over a two-year period. This scheme aims to guide the children and the youth to use their savings wisely for personal development.

### “DREAMS FOR THE FUTURE” FINANCIAL PLANNING SHARING SESSION

After organising a bank tour and career orientation sharing session in January 2019, Chong Hing Bank continued to offer exclusive programmes for the participants of the Child Development Fund during the summer holidays, helping them to understand the concepts of financial management as well as to develop their personal development plans.

Collaborating with BOKSS, Chong Hing Bank organised the “Dreams for the Future” Financial Planning Sharing Session for more than 600 students, teachers and their families on the importance of savings and financial management. The Bank’s Deputy Chief Executive, Mr Lau Wai Man, shared the significance of financial planning with real-life examples by interacting with the audience. The session not only enhanced students’ knowledge of financial management, but also encouraged them to realise their dreams by starting to plan for their future and setting clear and achievable saving targets.

#### *Mr Lau Wai Man, Chong Hing Bank’s Deputy Chief Executive, said:*

“Chong Hing Bank has been operating in Hong Kong for more than 70 years and it was founded with the mission of helping people develop money-saving habits. While saving is a crucial part of financial planning, we need to have a clear target and plan to manage our saving progress, thus preparing for our future development. There are diversified financial products and packages provided to help youngsters save money in an effective way. Through this session, I hope to deepen their understanding of financial concepts and knowledge of wealth management, enabling them to achieve their goals and targets in life.”



“Dreams for the Future” Financial Planning Sharing Session

**CARE FOR THE COMMUNITY**

The Bank actively participates in charitable activities. Apart from making donations to a number of NGOs, it also strives to give back to society through various channels.

During the year, the Bank continued to support fundraising events through its business operations to demonstrate its care for the underprivileged. It contributed through the free collection of flag bags and processing services, sale of charity raffle tickets in branches, distribution of NGOs’ promotional leaflets to its customers, as well as placing donation boxes in branches. With the joint efforts of its employees, the Bank was well-recognised by the beneficiaries. It was the second runner-up in the Commercial and Industrial Institutes and Group category in the charity raffle tickets selling competition and was awarded the Raffle Tickets Selling Award by the Tung Wah Group of Hospitals. It also received a Thank You Certificate from Po Leung Kuk in appreciation of the Bank’s participation in the selling of raffle tickets. The fundraising activities supported by Chong Hing Bank during the year are listed as below:

Types of activities	Beneficiaries
Flag bag collection	<ul style="list-style-type: none"> <li>  St. Barnabas’ Society and Home</li> <li>  Yan Oi Tong</li> <li>  Hong Kong Federation of the Blind</li> </ul>
Charity raffle ticket sales at branches	<ul style="list-style-type: none"> <li>  Tung Wah Group of Hospitals</li> <li>  Po Leung Kuk</li> </ul>
Distribution of promotional leaflets	<ul style="list-style-type: none"> <li>  Red Cross</li> <li>  Sheng Kung Hui St. Christopher’s Home</li> <li>  Tung Wah Group of Hospitals</li> </ul>
Placing donation boxes at branches	<ul style="list-style-type: none"> <li>  Po Leung Kuk</li> </ul>

In addition, Chong Hing Bank encourages its employees to care for the disadvantaged through community events as part of its commitment to building a harmonious community. During the year, we organised an elderly home visit and engaged our employees to serve the elderly as volunteers.

**CELEBRATING DRAGON BOAT FESTIVAL WITH THE ELDERLY**

Chong Hing Bank and Helping Hand co-organised an event called “Celebrating Dragon Boat Festival with the Elderly”. The Bank sent 20 volunteers to an elderly home Po Lam Jockey Club Housing for the Elderly to celebrate the festival. The volunteer team collectively made 500 rice dumplings to share with the elderly of Helping Hand, spreading warmth and joy. The volunteers learnt about the needs and feelings of the elderly through the event and expressed their love and care to them.



Celebrating Dragon Boat Festival with the Elderly

### PROMOTE GREEN LIVING

Chong Hing Bank attaches great importance to environmental protection and promotes green living through different ways. In addition to implementing environmental strategies in the office, the Bank also encourages employees to participate in environmental activities and disseminates messages about green living.

#### PROMOTING SOCIAL INCLUSION AND ENVIRONMENTAL PROTECTION

Chong Hing Bank organised an ecotour to a social enterprise of New Life Psychiatric Rehabilitation Association, Ecotour 330, located in Tuen Mun for about 60 employees, their families, the intellectually disabled from Fu Hong Society and students invited by BOKSS, aiming to promote environmental awareness and social inclusion.

The farm instructor led the participants through the lookout areas and farmlands, and taught them the concepts and methods of organic farming. The participants practised farming on the field to apply what they had learnt. They also participated in green workshops to learn how to make planters and bags with eco-friendly materials. These helped to encourage them to integrate green concepts into their daily lives and adopt these practices in their homes, companies and communities, thereby achieving sustainability. The ecotour also promoted the understanding and acceptance of mental rehabilitants through direct engagement and interaction.

*Mr. Zong Jianxin, Chong Hing Bank's Deputy Chairman and Chief Executive, said:*

"The ecotour successfully integrated environmental conservation and social inclusion by involving three social service groups. It was aimed at promoting green living and building a harmonious society by connecting people from different backgrounds. Chong Hing Bank will continue to carry out our corporate social responsibility and work alongside our employees and partners to contribute to and cultivate a better community."



Ecotour to promote social inclusion and environmental protection

# ENVIRONMENTAL PROTECTION

The economic impacts of climate change are becoming increasingly prominent. Frequent occurrence of extreme weather events can pose threats to economic growth. Therefore, Chong Hing Bank strives to reduce greenhouse gas emissions and is preparing to address the increasingly frequent risks of climate change. To fulfil the Bank's social responsibilities and obligations in protecting the environment, we have formulated the Environmental Policy, which clarifies our management strategies and commitments regarding environmental protection. It also provides employees guidelines on environmental management. The Bank pledges to incorporate practical resource conservation and emission reduction measures in its daily operations and administration in the branches and offices, with the ESG Working Group in charge of the implementation, coordination and monitoring of the overall progress.

The Bank's policy requires all business units to comply with local environmental laws and regulations of the operating regions. The Waste Disposal Ordinance is one of the most relevant ordinances and material to the business units in Hong Kong. We actively promote waste reduction and recycling at our offices and branches. Even the Bank's operations do not result in a large quantity of waste generation. Aiming to address the waste challenge in Hong Kong, the Bank is committed to achieving waste reduction following the "Municipal Solid Waste Charging Scheme" that is yet to be launched by the HKSAR Government.

## GREEN OPERATIONS

The major environmental impacts of the Bank's operations are caused by the consumption of electricity and paper. Purchased electricity contributed to majority of our carbon footprint. Paper is one of the most significant sources of solid waste. Thus, we have implemented a range of measures towards energy conservation and paperless operation.

In 2019, Chong Hing Bank continued to implement various energy conservation measures. For instance, LED lamps were installed in place of traditional fluorescent tube lights following the renovation of our branches and offices. In addition to this, the Chong Hing Bank Centre also adopted zonal lighting. After the close of business, the lighting in client meeting areas is turned off and only office areas are kept illuminated to conserve electricity. The temperature of the air conditioning system is also manually adjustable at the newly renovated offices. This helps to maintain a comfortable indoor environment for employees and avoid unnecessary electricity consumption. We also encourage offices and branches to give preference to models with Grade 1 Energy Label when procuring new electronic devices.

This year, 32 branches of the Bank participated in the "Charter on External Lighting" initiated by the Environment Bureau and pledged to switch off external light signboards from 11 p.m. to 7 a.m. to lower energy consumption and light pollution. Chong Hing Bank was also awarded the "Charter on External Lighting – Platinum Award" for the fourth consecutive year in recognition of its determination and efforts in energy saving.



Chong Hing Bank was awarded the "Charter on External Lighting – Platinum Award" for the fourth consecutive year.

## ENVIRONMENTAL PROTECTION

The Bank actively promotes paperless practices in its daily operations and promotion. It has now digitised the procurement process. The process of sending and receiving purchase requisitions, approving and issuing purchase orders, sending and retrieving purchase quotations and checking invoices are all performed via email. The Bank has also taken steps to introduce paperless marketing. For instance, traditional printed brochures and posters have been replaced with a digital display screen at the new Lei Yue Mun branch. This helps to minimise paper consumption while not affecting the promotion effectiveness. At the same time, Chong Hing Bank is dedicated to promoting electronic banking services, such as accepting electronic cheque deposits and online application of credit card and personal loan. The bank is also speeding up the development of its online investment services, allowing its customers to create investment accounts and make online investment transactions. These initiatives aim to reduce the need for printing papers, thus leading us towards our ultimate goal of paperless operation.



Chong Hing Bank's logo at its Lei Yue Mun branch has LED lighting (left), and a digital display screen is used for advertising and promotion (right).



## GREEN OFFICE

To put our green commitments in practice, the Bank continues to implement various environmental protection measures at its offices and enhance employees' environmental awareness. The Bank now plans to avoid purchasing new equipment when there are office and branch renovation works in order to reduce waste. In addition, it has set up recycling bins and stations at the offices, in addition to reusable paper collection boxes near printers for the efficient collection of various recyclable resources, such as waste paper, plastic bottles and metals. We prioritise service providers who have been registered in the HKSAR Government's "Hong Kong Collector/Recycler Directory" for the recovery and recycling of our waste electronic equipment. Currently, most of the waste generated by the Bank and its subsidiaries are handled by cleaning service providers and property management companies. Toner cartridges, electronic and electrical equipment, and confidential documents are collected and handled by our suppliers, sellers/recyclers and confidential waste disposal service providers, respectively.





Recycling bins were set (left) and water saving tips were posted (right) to enhance employees' environmental awareness.

Despite the fact that its operations do not involve intensive water consumption, the Bank continues to implement various water-saving initiatives to further reduce its environmental impact. For instance, infrared automatic faucets have been installed in the washrooms of our main offices at Chong Hing Bank Centre and Enterprise Square. Water conservation notices have also been posted in our office pantries to remind staff members of it.

The Bank's environmental protection measures cannot be implemented effectively without the support of our employees. In light of this, the Bank proactively advocates the concept of green office internally to raise its employees' environmental awareness. This year, it updated and uploaded the "Green Office Tips" on the intranet, which covers four aspects, including "Paperless Practices", "Energy Conservation", "Treasuring Water Resources" and "Waste Management". For instance, clear guidelines on the setting of duplex printing and toner-saving printing mode were provided to encourage employees to reduce paper consumption, conserve energy and extend the lifespan of toner cartridges. Through these tips, the Bank also introduced its employees to the current state of the environmental resource usage in Hong Kong and how green office measures matters. These help to drive changing attitude among employees and ensure effective implementation of various environmental measures. Besides, notices have been displayed around the offices to remind our employees of the Bank's environmental measures. Guidelines on the optimum use of computers and equipment maintenance and recycling have also been provided to encourage employees to make best use of the Bank's resources and avoid waste generation.



Environmental tips on energy conservation were displayed at the offices.

# ESG PERFORMANCE SUMMARY

## ENVIRONMENT

### TOTAL GREENHOUSE GAS (GHG) EMISSIONS

Indicator	2017	2018	2019
<b>Direct GHG emissions (Scope 1)</b>			
Company Fleet (tonnes CO <sub>2-e</sub> )	33.5	23.0	22.4
<b>Indirect GHG emissions (Scope 2)</b>			
Electricity (tonnes CO <sub>2-e</sub> )	4,011.7	3,766.2	3,784.7
<b>Total GHG emission (Scope 1 and 2) (tonnes CO<sub>2-e</sub>)</b>	<b>4,045.2</b>	<b>3,789.2</b>	<b>3,807.1</b>
<b>GHG emissions intensity per Gross Floor Area (GFA) (tonnes CO<sub>2-e</sub>/m<sup>2</sup>)</b>	<b>0.12</b>	<b>0.11</b>	<b>0.11</b>

## ENERGY

Indicator	2017	2018	2019
Electricity consumption <sup>1</sup> (MWh)	6,390.4	5,978.0	5,998.5
Gasoline consumption (Litres)	12,381.9	8,510.5	8,265.4
<b>Total energy consumption (MWh)</b>	<b>6,505.9</b>	<b>6,057.4</b>	<b>6,075.6</b>
<b>Overall energy intensity per GFA (kWh/m<sup>2</sup>)</b>	<b>185</b>	<b>177</b>	<b>177</b>

## PAPER

Indicator	2017	2018	2019
<b>Total paper consumption<sup>2</sup> (kg)</b>	<b>72,855.9</b>	<b>67,782.3</b>	<b>68,673.8</b>
<b>Total waste paper recycled (kg)</b>	<b>99,714</b>	<b>98,000</b>	<b>65,985</b>

## WATER

Indicator	2017	2018	2019
<b>Total water consumption<sup>2</sup> (Cubic Metres)</b>	<b>6,047.2</b>	<b>4,701.9<sup>3</sup></b>	<b>4,155.7<sup>4</sup></b>
<b>Water intensity per GFA (Cubic Metres/m<sup>2</sup>)</b>	<b>0.17</b>	<b>0.14</b>	<b>0.12</b>

<sup>1</sup> Our electricity consumption includes all our offices and locations in Hong Kong, including but not limited to the head office, branches and 24-hour ATMs. Several operation locations have yet to obtain the official electricity consumption record for Q4, this reported figure includes estimated value for those operation locations.

<sup>2</sup> Our paper consumption and water use figures include data from all our offices and operating locations in Hong Kong. Water consumption reported covers municipal water and distilled drinking water.

<sup>3</sup> The figure presented in the 2018 ESG Report was an estimated figure. The figure is restated in this report as the official consumption record of Q4 2018 is available.

<sup>4</sup> As the water supply authority has yet to report the official water consumption record for Q4, this is an estimated figure. This figure is expected to be restated in the coming ESG Report.

## WASTE MANAGEMENT

Indicator	2017	2018	2019
<b>Non-Hazardous waste disposal</b>			
General office waste <sup>5</sup> (kg)	322,000	0	170,000
<b>Hazardous waste recycled</b>			
Toner cartridges <sup>6</sup> (Pieces)	1,006	1,639	1,458
Electronic waste (Pieces)	809	580	360

<sup>5</sup> It refers to non-hazardous waste generated during branches relocation or closure. The 170,000 kg of general office waste disposed in 2019 was due to the relocation of Lei Yun Mun Branch.

<sup>6</sup> The amount of recycled toner cartridges include data from most of our offices and operating locations in Hong Kong.

## OPERATIONS AND CUSTOMER SERVICE

### SUPPLY CHAIN MANAGEMENT

Indicator	2017	2018	2019
<b>Number of major suppliers</b>	231	231	247
<b>By region</b>			
Mainland China	19	19	13
Hong Kong	209	210	233
Other region	3	2	1

### PRODUCT AND SERVICE RESPONSIBILITY

Indicator	2017	2018	2019
<b>The total number of complaints</b>	73	45	70



## ESG PERFORMANCE SUMMARY

### EMPLOYEE

#### EMPLOYEES<sup>7</sup>

Indicator	2017	2018	2019
<b>Employees by gender</b>			
Female	49.6%	49.3%	<b>49.6%</b>
Male	50.4%	50.7%	<b>50.4%</b>
<b>Employees by age</b>			
<30	16.6%	14.8%	<b>14.7%</b>
30-50	64.5%	65.0%	<b>67.0%</b>
>50	18.9%	20.2%	<b>18.3%</b>
<b>Employees by position</b>			
Executive	31.9%	34.4%	<b>32.2%</b>
General staff	68.1%	65.6%	<b>67.8%</b>
<b>Employees by category</b>			
Permanent staff	98.8%	98.0%	<b>97.7%</b>
Supervised worker (Temporary staff/Contract staff/ Seasonal staff)	1.2%	2.0%	<b>2.3%</b>

#### TRAINING AND DEVELOPMENT<sup>8</sup>

Indicator	2017	2018	2019
Total number of employees received training	1,360	1,650	<b>1,725</b>
Total hours of training (hours)	32,816	27,930	<b>33,118</b>
Average training hours per employees (hours)	23.7	20.2	<b>22.5</b>

<sup>7</sup> Total number of employees includes Chong Hing Bank's employees in Hong Kong, Mainland China and other regions.

<sup>8</sup> Only includes training data of Chong Hing Bank's employees in Hong Kong.

## COMMUNITY

### COMMUNITY INVESTMENT AND EMPLOYEE VOLUNTEERING SERVICE

Indicator	2017	2018	2019
Total amount of donations and raised funds (HKD)	225,000	472,306	229,500 <sup>9</sup>
Employee volunteering hours	230	996	1,181

<sup>9</sup> The two years donation to Dreams for the Future was included in the donation amount of 2018. Therefore, the total amount of donations and raised funds in 2019 appeared to be less than 2018.

# APPENDIX

## HKEX'S ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX

This index indicates how this Report has been complied in accordance with the “Comply or Explain” provisions and “Recommended Disclosure” set out in HKEx’s Environmental, Social and Governance Reporting Guide.

Aspect	Performance indicator	Page	Remarks
<b>A. Environment</b>			
<b>A1 General Disclosure</b>	Policies relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	<b>P31-33</b>	The Bank has no case of non-compliance with Waste Disposal Ordinance.
<b>A1.1</b>	The types of emissions and respective emissions data.	<b>P31, 34</b>	
<b>A1.2</b>	Greenhouse gas emissions in total and intensity.	<b>P34</b>	
<b>A1.3</b>	Total hazardous waste produced and intensity.	<b>P35</b>	As a financial services provider, we do not generate a significant amount of hazardous waste. This KPI only covers hazardous waste collected from offices, such as toner cartridges and computer equipment, which are sent to recycling.
<b>A1.4</b>	Total non-hazardous waste produced and intensity.	<b>P35</b>	
<b>A1.5</b>	Description of measures to mitigate emissions and results achieved.	<b>P31-33</b>	The Bank has relevant measures in place. Yet, as most of these are employee awareness-raising initiatives rather than facility enhancement, the result of respective measure is inestimable. The Bank has disclosed the year-to-year change in our greenhouse gas emissions in “ESG Performance Summary”.
<b>A1.6</b>	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	<b>P31-33</b>	

Aspect	Performance indicator	Page	Remarks
<b>A. Environment</b>			
<b>A2 General Disclosure</b>	Policies on efficient use of resources, including energy, water and other raw materials.	<b>P31-33</b>	
<b>A2.1</b>	Energy consumption in total and intensity.	<b>P34</b>	
<b>A2.2</b>	Water consumption in total and intensity.	<b>P34</b>	
<b>A2.3</b>	Description of energy use efficiency initiatives and results achieved.	<b>P31, 33</b>	The Bank has relevant measures in place. Yet, as most of these are employee awareness-raising initiatives rather than facility enhancement, the result of respective measure is inestimable. The Bank has disclosed the year-to-year change in our energy consumption in "ESG Performance Summary".
<b>A2.4</b>	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	<b>P33</b>	<p>The Bank mainly consumes municipal water, and there is currently no issue in sourcing water. We do not operate in water-stressed areas.</p> <p>The water-consuming facilities of the restrooms of the Bank's office are mainly provided and managed by the property management company. Therefore, the Bank only implements measures to enhance employees' awareness of water saving; The Bank has disclosed the year-to-year changes in water consumption in "ESG Performance Summary".</p>
<b>A2.5</b>	Total packaging material used for finished products and with reference to per unit produced.	<b>N/A</b>	The Bank's major product and service offerings do not involve the use of packaging.
<b>A3 General Disclosure</b>	Policies on minimising the issuer's significant impacts on the environment and natural resources.	<b>P31-33</b>	
<b>A3.1</b>	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	<b>P31-33</b>	

Aspect	Performance indicator	Page	Remarks
<b>B. Social</b>			
<b>Employment and Labour Practices</b>			
<b>B1 General Disclosure</b>	Policies relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare and compliance with relevant laws and regulations that have a significant impact on the issuer.	<b>P22, 25</b>	The Bank has no case of non-compliance with the Employment Ordinance, Employees' Compensation Ordinance, Minimum Wage Ordinance, Sex Discrimination Ordinance, Disability Discrimination Ordinance, Family Status Discrimination Ordinance, Race Discrimination Ordinance, and other relevant laws and regulations.
<b>B1.1</b>	Total workforce by gender, employment type, age group and geographical region.	<b>P25, 36</b>	
<b>B1.2</b>	Employee turnover rate by gender, age group and geographical region.	<b>N/A</b>	Not disclosed as this is considered commercially sensitive.
<b>B2 General Disclosure</b>	Policies relating to providing a safe working environment and protecting employees from occupational hazards and compliance with relevant laws and regulations that have a significant impact on the issuer.	<b>P26</b>	The Bank has no non-compliances with Occupational Safety and Health Ordinance and Fire Safety (Commercial Premises) Ordinance.
<b>B2.1</b>	Number and rate of work-related fatalities.	<b>N/A</b>	The Bank has not recorded any cases of work-related fatality.
<b>B2.2</b>	Lost days due to work injury.	<b>N/A</b>	The Bank has recorded 3 work-related injuries in Hong Kong, resulted in 92 lost days.
<b>B2.3</b>	Description of occupational health and safety measures adopted, how they are implemented and monitored.	<b>P26</b>	
<b>B3 General Disclosure</b>	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	<b>P24-25</b>	
<b>B3.1</b>	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	<b>N/A</b>	Under normal circumstances, new and existing employees are required to attend training.
<b>B3.2</b>	The average training hours completed per employee by gender and employee category.	<b>P25, 36</b>	The Bank has not reported this indicator by gender and employee category.

Aspect	Performance indicator	Page	Remarks
<b>B. Social</b>			
<b>Employment and Labour Practices</b>			
<b>B4 General Disclosure</b>	Policies relating to preventing child and forced labour and compliance with relevant laws and regulations that have a significant impact on the issuer.	N/A	The Bank's major operation is based in Hong Kong. The Bank mainly hires people with certain qualifications and work experience. Before formal appointment, the applicant is required to provide the originals of supporting documents to Human Resources Division of the Bank for verification. As it is believed that the probability of employing child and forced labour is very low, this information will not be disclosed.
<b>B4.1</b>	Description of measures to review employment practices to avoid child and forced labour.	N/A	
<b>B4.2</b>	Description of steps taken to eliminate such practices when discovered.	N/A	
<b>Operating Practices</b>			
<b>B5 General Disclosure</b>	Policies on managing environmental and social risks of the supply chain.	P15	
<b>B5.1</b>	Number of suppliers by geographical region.	P15, 35	
<b>B5.2</b>	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	P15	
<b>B6 General Disclosure</b>	Policies relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress and compliance with relevant laws and regulations that have a significant impact on the issuer.	P16-21	The Bank has no case of non-compliance with Competition Ordinance, Personal Data (Privacy) Ordinance and relevant laws and regulations.  The Bank's business is service-based and we do not offer any tangible products. The discourse on "Health and Safety of Product" is not applicable.
<b>B6.1</b>	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A	This indicator is not applicable as we do not offer any tangible products which could possibly lead to customer health and safety issues.

Aspect	Performance indicator	Page	Remarks
<b>B. Social</b>			
<b>Operating Practices</b>			
<b>B6.2</b>	Number of products and service related complaints received and how they are dealt with.	<b>P17, 35</b>	The Bank received 70 complaints, but less than 30% of them were substantiated. During the year, the Bank did not receive any material complaints against products and services.
<b>B6.3</b>	Description of practices relating to observing and protecting intellectual property rights.	<b>P15</b>	
<b>B6.4</b>	Description of quality assurance process and recall procedures.	<b>N/A</b>	This indicator is not applicable as we do not offer any tangible products which could be recalled.
<b>B6.5</b>	Description of consumer data protection and privacy policies, how they are implemented and monitored.	<b>P16-17</b>	
<b>B7 General Disclosure</b>	Policies relating to bribery, extortion, fraud and money laundering and compliance with relevant laws and regulations that have a significant impact on the issuer.	<b>P14</b>	The Bank complies with Banking Ordinance, Prevention of Bribery Ordinance, Anti-Money Laundering and Counter-Terrorist Financing Ordinance and other relevant laws and regulations.  The Bank did not breach any relevant regulations during the year.
<b>B7.1</b>	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.	<b>N/A</b>	The Bank was not involved in any lawsuits or legal cases related to bribery or corruption brought against the Bank, its subsidiaries or any employee in 2019.
<b>B7.2</b>	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	<b>P14</b>	

Aspect	Performance indicator	Page	Remarks
<b>B. Social</b>			
<b>Community</b>			
<b>B8 General Disclosure</b>	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	<b>P27-30</b>	
<b>B8.1</b>	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	<b>P27</b>	
<b>B8.2</b>	Resources contributed (e.g., money or time) to the focus area.	<b>P27, 37</b>	



