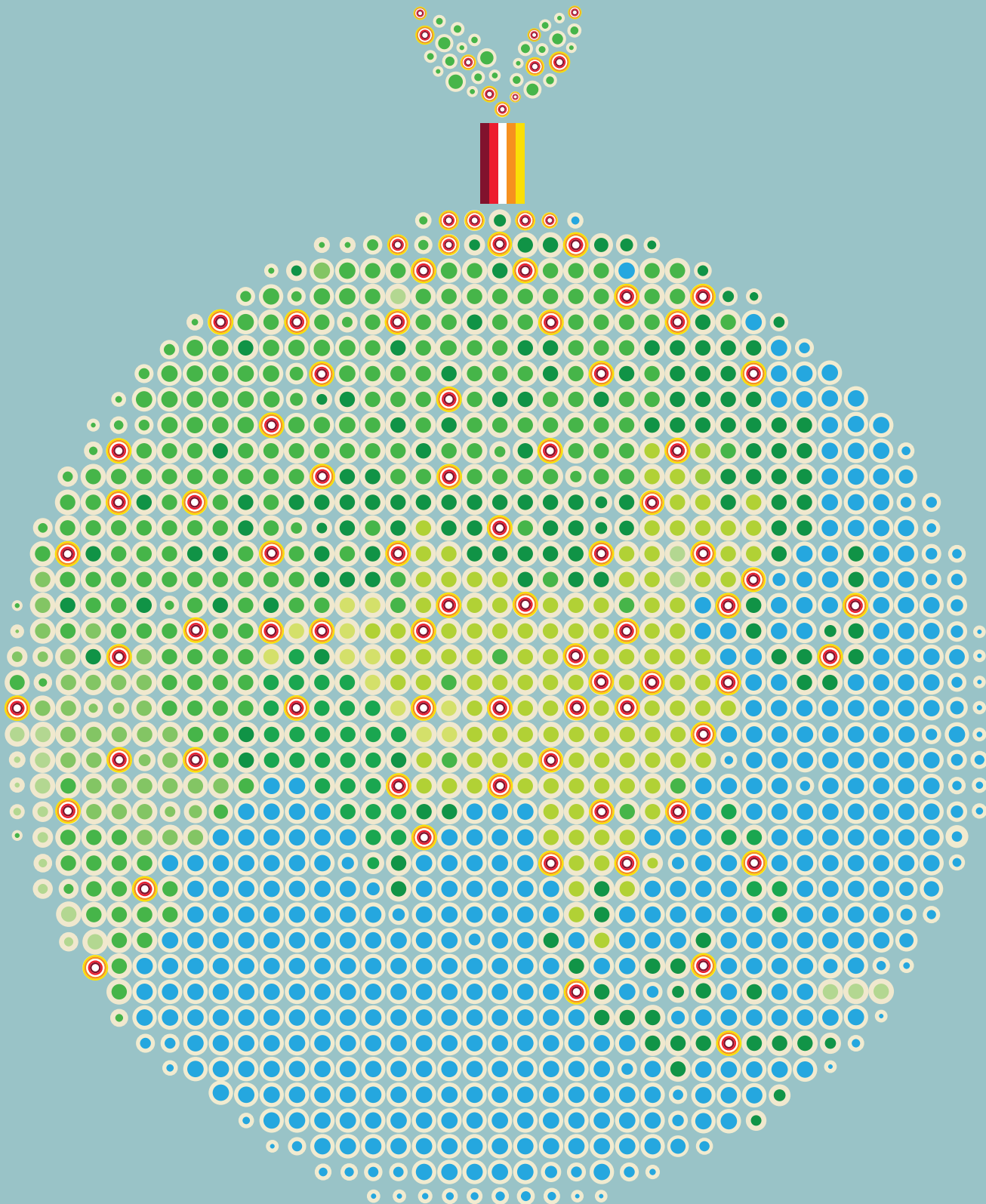




BEA 東亞銀行

(Stock Code 股份代號 : 23)

ENVIRONMENTAL
SOCIAL AND
GOVERNANCE REPORT
2020 環境、社會及管治報告





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2020 ESG HIGHLIGHTS

BEA AT A GLANCE

2020

(as at 31st December, 2020)¹



101
Years in business

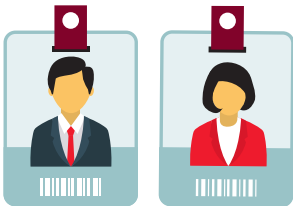


Worldwide outlets **~170**



Network coverage in Mainland China
40 cities

Total employees



9,536



Total consolidated assets
HK\$ 884 billion
(US\$114 billion)

Operating income
HK\$ 17.3 billion

Capital adequacy
Total capital ratio
21.9%

Dividends per share in 2020
HK\$ 0.4

2 Charitable organisations

The Bank of East Asia Charitable Foundation

The Shanghai Soong Ching Ling Foundation – BEA Charity Fund

東亞銀行
THE BANK OF EAST ASIA

1. Figures in this 2020 ESG Report may differ slightly from the Group's Annual Report 2020 due to differences in reporting scope.

MESSAGE FROM THE EXECUTIVE CHAIRMAN



The Bank of East Asia (“BEA”) is a leading Hong Kong-based financial services group, with an extensive presence on the Mainland and branches and partnerships in major centres in Asia, Europe, the United Kingdom, and the United States. We have supported the growth and prosperity of Hong Kong and the communities in which we operate for over a century by helping individuals, families, and businesses achieve their goals. Despite the unprecedented challenges of the past year, we remained true to our calling, ensuring that everyone we serve continued to have safe and reliable access to our financial services.

It is hard to overstate the disruption that has been caused by the coronavirus pandemic. In early 2020, we acted quickly to introduce a range of measures to provide relief to our corporate and personal banking customers. We worked closely with those who suddenly found themselves in financial distress, arranging principal moratoriums or loan restructurings as appropriate. We committed significant resources to the government’s 100% loan guarantee scheme for small and medium size businesses. Our aim has been to support our customers through these difficult times, so that they are able to recover quickly once the pandemic is under control.

Throughout this past year, we never neglected our wider commitment to the community, and continued to make progress on our sustainability agenda. We achieved the environmental, social and governance (“ESG”) goals that we had set for ourselves in 2020. We strengthened oversight of our non-financial impacts, brought in new employee-friendly policies focused on well-being and mental health, and further reduced our carbon footprint.

We also reviewed the way we present ESG information to our stakeholders, seeking to make the information more accessible. This year, the ESG Report

is structured into two main parts: *2020 ESG Highlights*, which provides a snapshot of major developments in the year under review; and *ESG Approach and 2020 Performance*, which provides comprehensive coverage of our practices and metrics.

The Group has made it a priority to facilitate the transition to a low-carbon economy by providing green finance products and services. We have charted a course to be recognised as a sustainability leader in Hong Kong and are investing in the people and initiatives to get us there. We are conducting our businesses responsibly and integrating ESG targets into all our operations.

I am confident that the journey ahead will be smoother than the road travelled in 2020. Our stakeholders can rest assured that our commitment to sustainable development is firm and unwavering, and I take great pleasure in presenting this report to inform you of the progress that we have made in the past year. Now, more than ever, I wish you sustained – and sustainable – good health, happiness, success, and prosperity.

**Dr. the Hon.
Sir David Li Kwok-po**

Executive Chairman

MESSAGE FROM THE CO-CHIEF EXECUTIVES



Adrian Li



Brian Li

As a Bank dedicated to serving and supporting our customers, we at BEA took decisive action in response to the pandemic. At the same time, we moved to secure the Bank's long-term success in the face of global social and environmental challenges.

Supporting Our Customers

Travel restrictions and public health policies aimed at stemming the spread of the coronavirus pandemic have led to economic disruption and uncertainty. In response, our priority has been to provide financial support to corporate and personal customers in need of assistance through payment holidays, loan tenor extensions, and other measures.

In Hong Kong, we extended relief measures to customers in the retail, hotel, food & catering, and other industries adversely affected by the pandemic. These measures included the Pre-approved Principal Payment Holiday Scheme, the Government's Special 100% Loan Guarantee, the Mortgage Principal Moratorium Programme, and other initiatives.

Meanwhile, our comprehensive digital offering enabled safe and convenient access to general banking services, even at times when customers were unable or unwilling to visit our branches. We observed strong growth in the use of our digital services in Hong Kong in 2020, with financial transactions via online and mobile channels increasing by 23% year-on-year.

Contributing to Our Communities

While the pandemic presented challenges to community engagement, our staff volunteers found ways to reach out to members of the local community. We prepared kits containing daily necessities for people in need, and we organised educational classes for children via web-conferencing and provided companionship to the elderly through phone calls. We worked with our non-governmental partners in Hong Kong and Mainland China to deliver nearly HK\$6.5 million in financial aid that went to providing medical supplies and personal protective equipment to the vulnerable in society.

Ambition and Strength

The difficulties faced this year by our communities and customers across the globe have emphasised the need for urgent action on the issues that connect us. The call is not new. Our regulators, investors, and customers have communicated that topics related to sustainability matter to them. These topics also matter to us, which is why at the beginning of 2020 we tasked ourselves with elevating ESG and have begun incorporating it into our wider, long-term strategic direction. To guide us, we have formulated our Sustainability Vision and Mission Statements.

To help us realise our Vision, we have established a robust structure to govern our ESG performance. At the Board-level, we have established an ESG Committee chaired by Dr. Delman Lee. The committee members have considerable experience in sustainability. Our Board is supported by an ESG Steering Committee, focused on strategy, and our ESG Work Group, which is responsible for the implementation of our initiatives. Meanwhile, a dedicated Sustainability Section is responsible for managing our ESG performance on an ongoing basis.

Delivering Progress

Despite the challenging operating environment due to the coronavirus pandemic, the year under review was a productive one for the BEA Group in regard to its development as a more sustainable organisation. For the first time, we set ESG goals across our business and operations. These goals were developed to address challenges identified in our ESG performance,

including the setting of a Group carbon emissions reduction target, which will guide us in reducing our contributions to climate change from our own operations.

More significantly, we set a number of goals that will address the impacts of our business on society and the environment. These include the establishment of a Responsible Investment Statement, which will serve as the basis for a Group policy in 2021, and the development of a roadmap for green and sustainable banking.

Outlook

While we are proud of our achievements over the past 12 months, we are equally aware of the challenges ahead. Our primary focus in the coming year will be to integrate ESG risks in our risk appetite framework, and to formulate green lending and responsible investment strategies and business plans based on our roadmap.

To achieve our ambitions, we will need to collaborate, develop greater capacity, and foster an ever-more ESG-conscious organisation. We are confident in the ability and commitment of our team, and we look forward to going from strength to greater strength in the years ahead.

Adrian Li

Co-Chief Executive

Brian Li

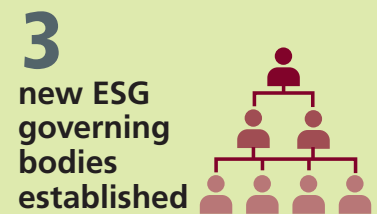
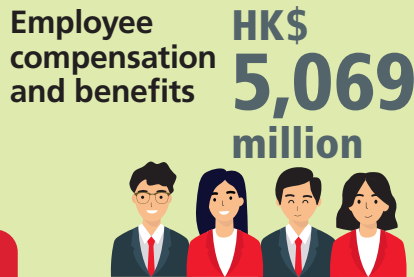
Co-Chief Executive



ESG PERFORMANCE SUMMARY

(as at 31st December, 2020)

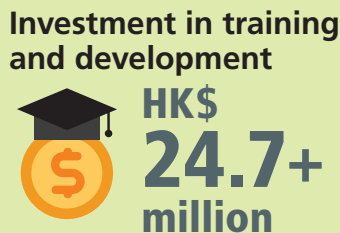
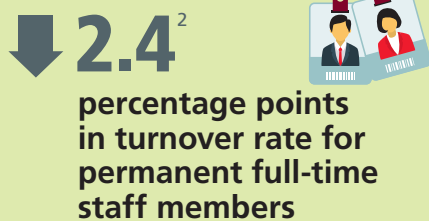
GROWING OUR BUSINESS RESPONSIBLY



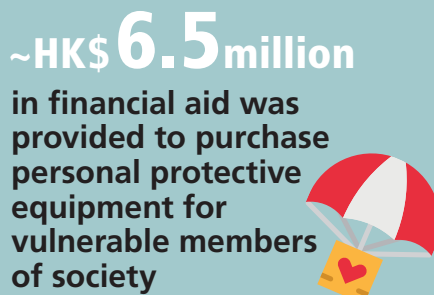
SERVING OUR CUSTOMERS BETTER



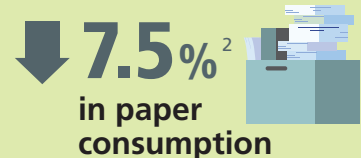
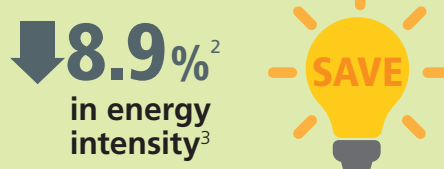
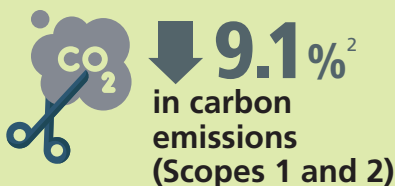
DEVELOPING OUR PEOPLE



CONTRIBUTING TO OUR COMMUNITY



ENHANCING OUR ENVIRONMENTAL PERFORMANCE



2. Compared with 2019

3. Group energy consumption (GJ) / gross floor area (m²)

BEA at a Glance	Message from the Executive Chairman	Message from the Co-Chief Executives	ESG Performance Summary	ESG Approach and 2020 Performance
2020 Achievements	Growing Our Business Responsibly	Serving Our Customers Better	Developing Our People	Contributing to Our Community
				Enhancing Our Environmental Performance

2020 ACHIEVEMENTS

We're on a mission to become more ESG-conscious. Our progress this year was driven by 10 goals that strengthen our ability to operate sustainably.

The world is changing rapidly. The climate emergency is a call to action and as a financial institution we have the opportunity to play a role in the transition to a low-carbon economy. We're responding by setting goals that drive us to innovate and collaborate.

We're taking important steps to build a more sustainable bank by focusing on becoming a more responsible company. We closed the year having strengthened our governance and we are now better prepared to navigate uncertainties and contribute to social, economic, and environmental progress.

Our momentum in 2020 builds on our previously established internal targets. You can read it as a signal that we are ramping up efforts to ensure BEA

is future fit. We're keeping the best of what we do – delivering excellent customer service – while levelling up in terms of sustainability. Our 2020 ESG goals are just the start.

We have a vision to be regarded as the leading financial institution in Hong Kong in terms of sustainability.

OUR PROGRESS IN 2020

GOVERNANCE

GOAL	STATUS
1 Embed ESG at the Board level by establishing a Board-level ESG Committee	Achieved
2 Enhance risk management by identifying the ESG risks including climate risk that may impact the Group	Achieved
3 Establish a Responsible Investment Statement to guide decision making	Achieved
4 Develop a roadmap for green and sustainable banking as a starting point to mitigate negative ESG impacts and identify opportunities in a low-carbon economy	Achieved

ENVIRONMENT

GOAL	STATUS
5 Set a Group-wide absolute carbon emissions reduction target	Achieved
6 Begin measuring our indirect (Scope 3) emissions by assessing the business travel of BEA's staff in Hong Kong to and from destinations outside Hong Kong	Achieved
7 Measure our Head Office Building waste to use as a baseline for future waste reduction solutions	Achieved

SOCIAL

GOAL	STATUS
8 Determine how BEA can best support financial literacy and inclusion in Hong Kong by organising a multi-stakeholder event to identify possible solutions	Achieved
9 Strengthen our Group's human rights stance and transparency by developing and implementing, or revising, relevant policies	Achieved
10 Enhance our supply chain management by launching a dedicated internal procurement and training resource	Achieved

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GOING FORWARD

Our 2020 goals aren't an end in themselves, but a set of milestones on our journey to becoming more sustainable. In 2021, we will be acting to build capacity and ensure this focus on ESG permeates our Bank.



Progress on these areas will be featured in our 2021 ESG Report. Read on for a snapshot of the progress we made in 2020.

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GROWING OUR BUSINESS RESPONSIBLY

GOOD GOVERNANCE GETTING BETTER

To capture sustainable banking opportunities and ensure we have no blind spots regarding ESG risk, we acted to embed ESG within the top levels of our Bank this year. Three new bodies were introduced to strengthen executive and Board-level ESG oversight.



Each group’s responsibilities link to the others. The ESG Committee formally evaluates the Bank’s management and performance on important environmental and social topics. The Steering Committee ensures that ESG goal setting is in line with business strategy, and that resources are allocated to set departments up for success. The Work Group is responsible for making progress on the ground.

Linked to this is our Risk Management Division, which has mapped out the Bank’s approach to ESG risk assessment in line with the Task Force for Climate-related Financial Disclosures (“TCFD”) and the expectations of our regulators.

CASE STUDY

GETTING TO GRIPS WITH CLIMATE RISK

Across the globe, we are seeing the consequences of climate change through increasingly frequent extreme weather events. In 2020, the 10 most destructive disasters caused estimated damages of over US\$140 billion⁴. At the same time, the number of governments targeting zero emissions grew, with Mainland China and Hong Kong among those making the pledge. In all, about 49% of the world’s annual GDP is generated by nations, regions, and cities with an actual or intended net-zero target⁵.

It is clear that climate risk is business risk, and so in 2020 we formalised our approach to assessing our exposure and gaining an understanding of the risks

in line with guidance from the Hong Kong Monetary Authority (“HKMA”). The findings from this assessment coupled with research into international principles and best practices have led us to develop a three-year roadmap for engaging with climate risk.

In 2021, we will be conducting a stress testing exercise, and reviewing our investment and lending portfolios through the lens of climate risk. We will integrate climate risk and wider ESG risks into our Enterprise Risk Management (“ERM”) framework, set thresholds related to these risks for our investment and lending portfolios, and determine our targets for green lending and responsible investment.

2020 ESG GOAL FINANCING RESPONSIBLY

Our industry has a key role to play in financing the transition to a low-carbon economy. We also need to ensure that the companies we lend to or invest in are operating responsibly. Our newly issued [Responsible Investment Statement](#) sets out our commitment to consider ESG factors when making investment decisions. It is the precursor to a Group Responsible Investment Policy to be issued in the coming year.

4. Reliefweb, Counting the cost 2020: A year of climate breakdown (2020)
 5. Energy and Climate Intelligence Unit (2020)

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BEA received awards during the year under review in recognition of its financing of green ventures. In November 2020, BEA won the “Outstanding Award for Green Loan Arranger” at the Hong Kong Sustainable Finance Awards.

The Bank will continue to drive ESG initiatives, incorporate climate-related risk assessment in its lending policies, and instill sustainability in its DNA.

2020 ESG GOAL PUTTING THE RIGHT POLICIES IN PLACE

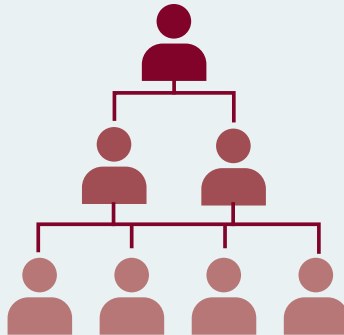
We are focused on understanding the impacts of our business decisions on people and the planet. Our main aim is to amplify good practices and minimise the bad, but when issues are out of sight, it can be difficult to know how to take action. This is the challenge posed to our Bank from our purchasing practices.

In recent years, we have been working with specialised supply chain consultants to review our purchasing processes. In 2020, we developed a [Human Rights Policy](#), which applies to our Group and to our stakeholders including employees, customers, and suppliers. To shine a light on our supply chain risk and inform our sourcing decisions we are also developing a more robust ESG risk assessment tool. Together, these new additions will help us reduce our supply chain risk and at the same time, promote the adoption of good business practices in line with international standards.

GROWING OUR BUSINESS RESPONSIBLY IN 2020

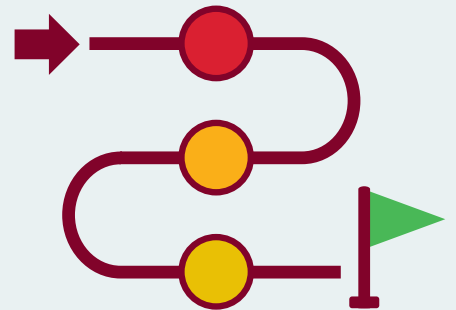
ESG GOVERNANCE

Introduced 3 new governing bodies



ESG INTEGRATION

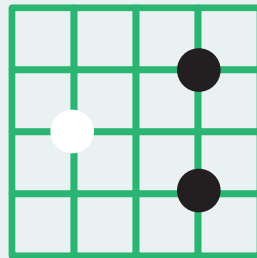
Developed a 3-year roadmap for sustainable lending and investing



STRATEGIC ALIGNMENT

Issued a [Responsible Investment Statement](#)

Identified ESG risks to our business and operations



DEFINING OUR RESPONSIBILITIES

Issued a [Group Human Rights Policy](#)



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SERVING OUR CUSTOMERS BETTER

RETHINKING INNOVATION

Since establishing our Digital & Innovation Office in January 2020, we've set up teams specialising in business innovation and FinTech, data science and governance, digital strategy and partnerships, and user experience. This dynamic group of experts is overseeing the development of new products and services in line with the Bank's latest digital development directions.

CASE STUDY



COOPERATION MAKES THINGS HAPPEN

We know that not everyone is comfortable with embracing digital banking. We also know that not doing so can have its downsides. That is why this year we gathered financial education experts from a range of stakeholders including the Investor and Financial Education Council ("IFEC"), local universities, and non-governmental organisations that work with mature adults for an

interactive workshop attended by key retail banking departments from BEA.

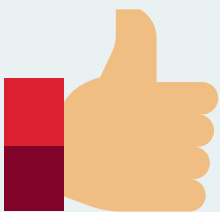
Together, we discussed the reasons why adults over 50 may be hesitant to adopt new financial services enabled by FinTech. Moving into 2021, our teams are considering the proposed solutions that arose from the multi-stakeholder collaboration.

SERVING OUR CUSTOMERS BETTER IN 2020

COMPLIMENTS RECEIVED

Year on year increase of

173%



SUPPORTING FINANCIAL LITERACY

We adopted a new approach by exploring how financial education could be integrated into our service delivery – one workshop resulted in several possible solutions.



INNOVATION ON SERVICES AND PRODUCTS

- BEA App e-Ticketing
- QR code ATM accessibility
- 2 new ESG-based investment options



SUPPORT FOR SMALL AND MEDIUM ENTERPRISES ("SMEs")

We received the "Best SME's Partner Gold Award" from The Hong Kong General Chamber of Small and Medium Business, for the third year in a row.



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ALL ABOUT OUR CUSTOMERS

Through our interactions with our customers, we strive to anticipate what they need from our Bank. It's this simple process that previously led us to be the first bank in Hong Kong to operate a fully digitalised branch network. This year, we reached out through a transactional survey to ask customers for their feedback on selected banking services. What we heard was that they want us to enhance the financial advisory services provided by our branch staff and improve the user experience in fund transfers with our digital banking. We're taking this feedback and putting it to our teams to exceed customers' expectations going forward.

DIGITAL AND DISTANCED

In a year characterised by social distancing, we launched an e-Ticketing service via the BEA App. Customers of our Supreme Gold Centres can use the app to join queues for counter services remotely, thereby minimising the time spent waiting in branches.

NO CARD? NO PROBLEM.

New tech continues to bring innovative ways for customers to safely access our services. As part of the JETCO consortium of banks in Hong Kong, we offer a cardless withdrawal service. Customers can simply arrive at a JETCO automated teller machine ("ATM"), use the BEA App, and scan a QR code to withdraw cash.

PROTECTING CUSTOMER HEALTH

Many of our customers prefer to handle their banking in-person and we make sure they can do so with confidence. To reduce the risk of infection in our branches, we conducted temperature checks on our staff and customers, sterilised surfaces frequently, and offered sanitising gel at all counters, where transparent barriers were installed between staff and customers. Social distancing measures were put in place, mask wearing was mandated on our premises, and we kept customers informed of new measures through our apps, emails, and our website.

CASE STUDY

COVID-19 CUSTOMER SUPPORT

We stand ready to help our customers as they face unprecedented challenges posed by the outbreak of the coronavirus. In 2020, we introduced a number of initiatives aimed at providing financial peace of mind.

CORPORATE CUSTOMER SUPPORT

- 6-month extendable principal moratorium applicable to all commercial loans and mortgages
- 30-day trade loan extension
- Conversion of up to HK\$10 million in unused trade loans to an overdraft
- Waiver of application fees for the SME Financing Guarantee Scheme ("SFGS") and SME Loan Guarantee Scheme ("SGS"), and a rebate of guarantee fees up to a limit of HK\$50,000
- Waiver of penalty charges and any penalty interest on past due loan repayments

PERSONAL CUSTOMER SUPPORT

- Mortgage Principal Moratorium Programme allowing customers to switch to interest-only payments and receive a waiver of the handling fees
- Mortgage, consumer loan, and credit card customers can apply for a late fee and penalty fee waiver
- 6 to 24-month relief loans of up to HK\$30,000 for individuals working in industries adversely affected by the pandemic with a 2-month payment holiday

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DEVELOPING OUR PEOPLE

PANDEMIC SUPPORT

The pandemic forced us to set up new ways of working, but our colleagues continued to deliver customer excellence. To support staff during the COVID-19 pandemic, the Bank provided two days of special leave to each staff member. In addition, an allowance of HK\$1,500 was given to designated staff members to assist them with any extra costs that they had to bear due to the pandemic.

PRIMED FOR PROFESSIONAL GROWTH

To grow as a Bank, we need a pipeline of talent to take our organisation forward. Our new talent development framework helps us identify employees with strong potential to serve at the senior management and department head levels within the Bank, supporting their aspirations for growth and development, and nurturing BEA’s future leaders.

PUTTING THE RIGHT PEOPLE IN PLACE

To hone our approach to sustainability, we established a Sustainability Section that is dedicated to enhancing the Bank’s ESG performance. The team comprises experienced sustainability practitioners who work closely with key units across the Group, and who regularly engage internal and external stakeholders to help ensure our ESG efforts remain on track.

THE FUTURE LEADER ACCELERATED PROGRAMME



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CASE STUDY

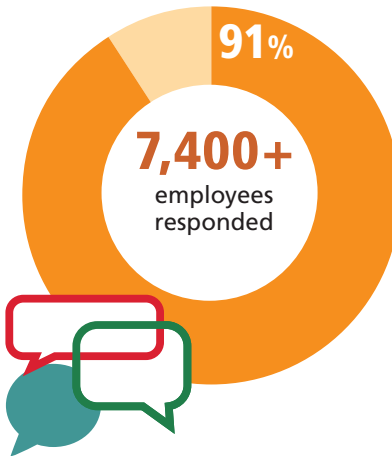
CULTIVATING A BANK-WIDE CULTURE

BEA is a local bank with an international footprint. To foster a culture aligned with our core values across offices, branches, and geographies, we've set up a Culture Dashboard to help track our progress and a Bank Culture Work Group to develop engagement initiatives.

The Culture Dashboard captures a range of inputs including customer feedback and findings from our Employee Survey, which had an impressive response rate of 91%*. Our colleagues see our strengths as providing work-life balance, our commitment to our colleagues, and delivering on BEA's core values.



BEA EMPLOYEE SURVEY 2020



Findings from the survey will guide us in our ongoing efforts to improve the BEA employee experience. Enhancements planned for 2021 include an additional day of annual

leave to employees at manager grade and below who joined in the past three years, monthly well-being time-off, extended maternity leave, and increased medical coverage.

DEVELOPING OUR PEOPLE IN 2020

STAFF TRAINING

HK\$ 24.7+
million
invested in
staff
development



38+
hours
of training
(on average)
per employee



SUSTAINABILITY

New
Sustainability
Section
established



* Among more than 8,200 eligible respondents from BEA, BEA China, and other selected subsidiaries.

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CONTRIBUTING TO OUR COMMUNITY

SUPPORTING LOCAL COMMUNITIES AMIDST THE PANDEMIC

As COVID-19 spread across the globe, The Bank of East Asia Charitable Foundation (“BEA Foundation”) responded by working with local non-governmental partners to provide vulnerable people with donations of personal protective equipment, cleaning products, and other resources including non-perishable food that were in short supply. BEA’s Senior Management joined with the BEA Volunteer Team to distribute these essential supplies.

The BEA Volunteer Team also prepared face masks, mask holders, and hand sanitisers for the needy and collaborated with St. James’ Settlement to provide companionship via phone calls for the elderly who live alone. To enable continued education while life at school and home was disrupted, we supplied equipment to schools and education centres. The Bank also repurposed 340 computers and monitors to be used by the Caritas Computer Workshop to enable underprivileged students to continue their education while classes moved online.

On the Mainland, BEA China donated CNY3 million to support front-line medical workers helping with Mainland China’s COVID-19 effort, while branch



Mr. Adrian Li (second from the left) and BEA volunteers packed necessities such as hand sanitiser and toilet paper for distribution by The Salvation Army during the pandemic.

staff in London, Birmingham, and Manchester donated food to food banks.

KEEPING CORE COMMUNITY PROJECTS IN MOTION

For the eighth consecutive year, the BEA Foundation funded the BEA Parent-Child Reading Programme in collaboration with the Hong Kong Sheng Kung Hui’s Religious Education Resource Centre. In 2020, a total of 2,000 primary school students and 400 kindergarten students whose families are recipients of Comprehensive Social Security Assistance or student financial assistance benefitted from the programme. A set of fiction and non-fiction books were distributed to these families to encourage both the bonding and learning that come from children reading with their parents.



Mr. Brian Li (middle), alongside other BEA volunteers, helped pack daily necessities at St. James’ Settlement into the \$100 relief kits BEA provided to Hong Kong’s underprivileged.

To promote financial literacy among teenagers, BEA China co-organised the “2020 Bank of East Asia Cup Financial Education School Tour” with the Shanghai Students Moral Education Development Centre and the Shanghai Educational Press Group. The event, now in its eighth year, attracted around 80,000 students from more than 120 schools in Shanghai.



We pride ourselves on contributing to financial education and inclusion in Hong Kong, Mainland China, and abroad. This year, our Bank was named **“Financial Education Champion 2021”** for the third consecutive year by the IFEC.

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CASE STUDY

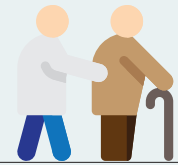
SUPPORTING THE DEVELOPMENT OF PALLIATIVE CARE

As a local bank, BEA is committed to tackling the most pressing needs of the community. In recent years, the special challenges faced by Hong Kong’s elderly and their families have become an increasing concern. In 2020, more than 19% of the population was aged 65 or above, and this figure is expected to continue to rise⁶. As the number of terminally ill also rises, Hong Kong has a significant unmet demand for palliative care. This is care that focuses on relieving and preventing the suffering of patients. Because preparing for death is a taboo subject in Chinese culture, this need is often not publicly discussed. Terminally-ill patients living in residential care homes are often sent to hospitals, which can be a stressful and disorienting process for them.

In 2010, the BEA Foundation together with “la Caixa” Banking Foundation and The Salvation Army Hong Kong and Macau Command (“The Salvation Army”) established the Palliative Care in Residential Care Homes for the Elderly Programme (“Palliative Care Programme”) to introduce a model of palliative care in residential care homes. In April 2020, BEA Foundation and its partners continued to support the Palliative Care Programme with the commencement of Phase IV, which ends 31st March, 2023.

After a decade of our support, thanks to this programme:

- 270+** cases have been taken on
- 15** residential care homes are involved
- ~5,300** care home staff have been trained
- 250+** family members have received counselling
- 16,200+** people have been engaged through outreach programmes



The first operational manual for palliative care in the residential setting in Hong Kong was published, which serves as an invaluable reference for the field.

“I would like to thank the Palliative Care Programme for making a family photo album for me with blessings written by my family. This album reminds me of the happy times that I have spent with my loved ones.”



Madam Fung
A service user of the Palliative Care Programme funded by the BEA Foundation

CASE STUDY

BEA SHOWS CARE TO THE UNDERPRIVILEGED DURING THE WINTER SOLSTICE

In December, BEA donated 1,000 coupons for the underprivileged. The Bank partnered with five non-governmental organisations, which helped distribute the coupons that could be redeemed for meal boxes at chosen establishments. The drive not only helped feed Hong Kong’s most vulnerable at a festive time of year,

but also provided much-needed financial support to the participating restaurants, which were struggling due to the COVID-19 pandemic.



Group donations amounted to **more than HK\$11.1 million** for 2020.

~HK\$ 6.5 million



in financial aid was provided to purchase medical supplies and personal protective equipment for vulnerable members of society.

6. Census and Statistics Department, The Government of the Hong Kong Special Administrative Region https://www.censtatd.gov.hk/en/web_table.html?id=1A

BEA at a Glance	Message from the Executive Chairman	Message from the Co-Chief Executives	ESG Performance Summary	ESG Approach and 2020 Performance
2020 Achievements	Growing Our Business Responsibly	Serving Our Customers Better	Developing Our People	Contributing to Our Community
				Enhancing Our Environmental Performance

ENHANCING OUR ENVIRONMENTAL PERFORMANCE

ZEROING IN ON CARBON

The COVID-19 pandemic is a wake-up call for stronger action in the face of global threats. One such threat is the substantial challenge posed by a rapidly warming world. While for years we have been focused on reducing energy consumption, this year we set our sights more specifically on reducing carbon emissions.

We pledge to reduce our total carbon emissions by 32% by 2030⁷.

We've identified a few ways to cut down emissions that can make a big difference. Key energy intensive equipment will be replaced at BEA Tower over the next five years. By

the end of the decade, over half of our fleet in Hong Kong will consist of electric vehicles. We will also explore opportunities to power our operations with renewable energy.

GETTING TO GRIPS WITH WASTE

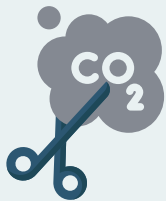
While recycling waste is one way of diverting it from landfill, reducing the total amount of waste produced should be everyone's primary aim. To better understand how we can make inroads, we installed general waste weighing equipment in our Head Office. This will be followed by a weighing scale at our BEA Tower offices in Kwun Tong to measure office waste. With this equipment in place, we aim to establish baseline waste data and identify initiatives to tackle the issue head on.

BITS AND BYTES GET A NEW LIFE

Globally, 53.6 million tonnes of electronics and electrical goods are discarded each year with only 17.4% of it being recycled. In Hong Kong, this e-waste equates to 20.2 kilograms per person⁸. To lessen our contributions to e-waste and its negative impacts including soil and water contamination, we recycle our e-waste or repurpose it through donations once it can no longer meet our needs. This year, we recycled 12.4 tonnes of IT equipment and donated 400 computers to local non-governmental organisations in Hong Kong and Taiwan. The donations in Hong Kong helped underprivileged children to continue learning at home while schools closed during the pandemic. At the same time, these donations help us to avoid emissions associated with e-waste disposal.

ENHANCING OUR ENVIRONMENTAL PERFORMANCE IN 2020

ENERGY AND CARBON⁹



↓ 9.1%
in carbon emissions
(Scopes 1 and 2)



↓ 5.2%
in energy use

PAPER CONSUMPTION AND WASTE



↓ 7.5%⁹
in paper
consumption



12.4 tonnes
of IT waste recycled

7. Absolute carbon emissions (Scopes 1 and 2) reduction target based on a 2019 baseline.

8. [The Global E-waste Statistics Partnership](#)

9. Variations are based on comparison with 2019 data. The reduction in Group energy use and emissions, and paper consumption may be attributable in part to operating conditions during the COVID-19 pandemic.



ESG APPROACH AND 2020 PERFORMANCE

ABOUT THIS REPORT

[GRI 102-10, 46, 49:50, 53:54]

Our 2020 ESG Report is approved by the Board and is prepared in accordance with the following regulations and standards:

- Environmental, Social, and Governance Reporting Guide (“ESG Guide”) contained in Appendix 27 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”).
- Global Reporting Initiative (“GRI”) Standards – Core Option. New and revised Standards that have been adopted include GRI 207: Tax 2019; GRI 403: Occupational Health and Safety 2018, and; GRI 306: Waste 2020.

This report provides information that enables our stakeholders to make an informed assessment of how we manage our most significant impacts on society and the environment. Detailed economic information is published in our [Annual Report 2020](#).

Beginning in 2020, we have partitioned our report into two main sections. The *2020 ESG Highlights* section (pages 1-16) is provided to inform stakeholders of recent developments. How we manage our material ESG topics and our annual performance are presented in the *ESG Approach and 2020 Performance* section as well as the *Appendices*.

Reporting boundary

The information in this report covers BEA and its major subsidiaries (collectively the “BEA Group” or the “Group”) for the period from 1st January to 31st December, 2020. There has been no change in reporting boundary for our 2020 ESG Report. Likewise, there have been no significant changes to our organisational size, structure, ownership, or supply chain.

The Bank of East Asia, Limited (“BEA” or the “Bank”)	www.hkbea.com
The Bank of East Asia (China) Limited (“BEA China”)	www.hkbea.com.cn
BEA Life Limited (“BEA Life”)	www.hkbea.com
Bank of East Asia (Trustees) Limited (“BEA Trustees”)	www.hkbea.com
Blue Cross (Asia-Pacific) Insurance Limited (“Blue Cross”)	www.bluecross.com.hk
East Asia Securities Company Limited (“East Asia Securities”)	www.easecurities.com.hk
East Asia Futures Limited (“East Asia Futures”)	www.eafutures.com.hk
East Asia Digital Information Services (Guangdong) Limited (“EADIS”)	
Blue Care Medical Services Limited (“Blue Care”)	
BEA Union Investment Management Limited (“BEA Union Investment”)	www.bea-union-investment.com

We welcome your feedback

BEA has teams across the Group dedicated to maintaining relationships with the stakeholders we interact with on a regular basis. Our teams are eager to hear your feedback and we provide a few ways for you to contact us about this ESG Report and our ESG performance:

Feedback on this report: Sustainability@hkbea.com

Customers and suppliers: info@hkbea.com

Investors: FD-IR@hkbea.com

Community investment: CSR@hkbea.com

Mail: 19/F, 10 Des Voeux Road Central, Hong Kong

ABOUT BEA

[GRI 102-1:8, 45]

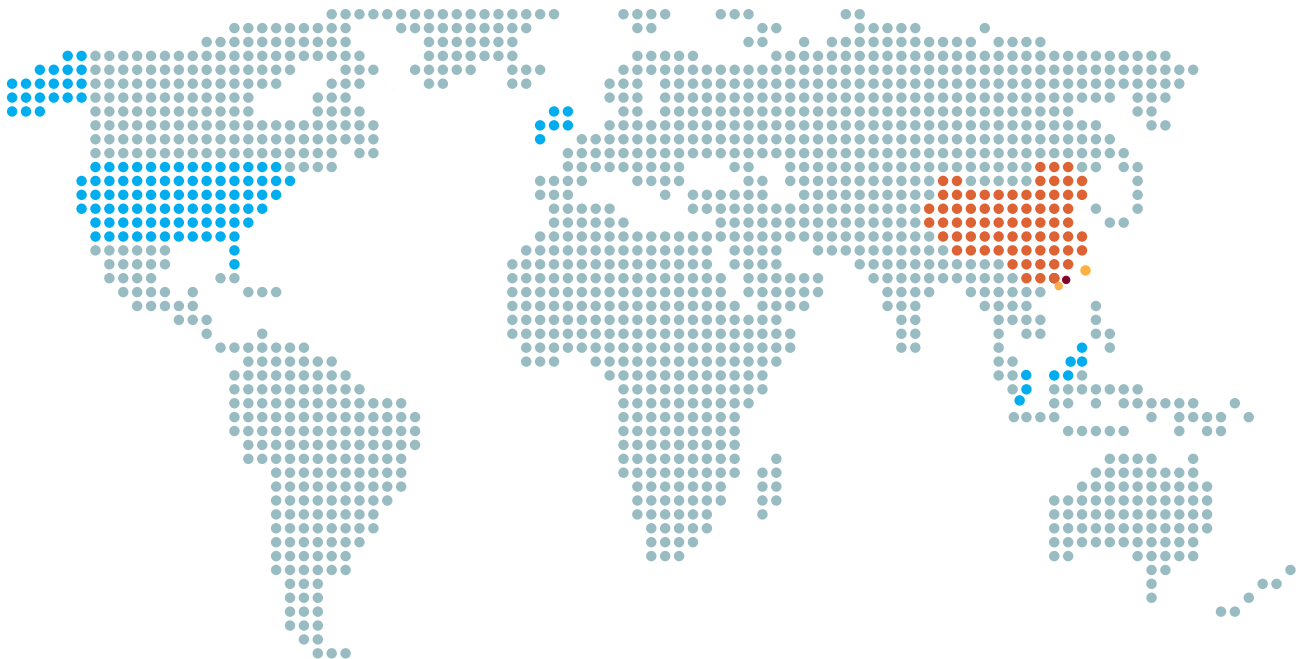
BEA is a leading Hong Kong-based financial services group listed on the Stock Exchange, with total consolidated assets of HK\$884.4 billion (US\$114.1 billion) as of 31st December, 2020.

Worldwide, the Group’s 9,500 employees serve our customers through approximately 170 outlets. We provide a comprehensive range of corporate banking, personal

banking, wealth management, and investment services. We maintain one of the largest retail networks of any bank in Hong Kong. Our wholly-owned subsidiary, BEA China, operates one of the most extensive networks of any foreign bank on the Mainland. To support people and businesses with links to Hong Kong and Mainland China, we have established a presence in a number of markets including Macau, Taiwan, Malaysia, Singapore, the United Kingdom (“UK”), and the United States (“US”).

BEA Group

HONG KONG		MAINLAND CHINA		OVERSEAS	
Group members covered by report	Products & services	Group members covered by report	Products & services	Group members covered by report	Products & services
BEA	- Personal & corporate banking - Wealth management - Treasury services	BEA China	- Personal & corporate banking - Life & general insurance	Malaysia Labuan Branch	- Personal & corporate banking
BEA Trustees	- Mandatory Provident Fund (“MPF”) services	EADIS	- Back-office data processing	Kuala Lumpur Representative Office	
East Asia Securities East Asia Futures	- Securities & futures broking			Singapore Branch	
BEA Union Investment	- Asset management - Corporate financial advisory			UK Branches	
BEA Life	- Life insurance			US Branches	
Blue Cross	- General insurance				
Blue Care	- Medical services				
		MACAU & TAIWAN			
		Group members covered by report	Products & services		
		Macau Branch	- Personal & corporate banking - Wealth management		
		Taiwan Branch	- Life & general insurance		



OUR APPROACH TO SUSTAINABILITY

[GRI 102-11, 16]

We aim to use our expertise to facilitate the flow of capital to help our customers achieve their goals. It is through diligently meeting society’s evolving financial needs that we create long-term value, retain customers, and strengthen our global team. Our corporate vision and mission are underpinned by a sustainability vision that guides the Bank’s progress on its key commitments.

Our corporate vision

To be the trusted and preferred banking partner in Greater China and beyond.

Our corporate mission

To ensure every customer experience is positive. We achieve this by providing best-in-class financial products and services.

Our core values






<p>EXCELLENCE</p> 	<p>We strive to perform to the best of our ability in everything we do, and to deliver the best products and services possible.</p>	<p>CUSTOMER FOCUS</p> 	<p>Our success depends on our ability to understand our customers’ genuine needs and preferences, and to anticipate these needs and satisfy them with value-added solutions.</p>
<p>COMMITMENT</p> 	<p>We are committed to achieving sustainable growth and having a positive impact on our stakeholders by prudently managing our business and fostering a people-oriented environment for our staff and customers.</p>	<p>TEAMWORK</p> 	<p>Our goals as an organisation can only be achieved if we work together with a shared purpose. We encourage our staff to look beyond their specific roles, build trust among themselves and to work with common purpose and mutual respect.</p>
<p>INTEGRITY</p> 	<p>We expect our team to uphold the highest ethical and professional standards, hold themselves and others to account, and respect our obligations to our many stakeholders including customers and shareholders.</p>	<p>INNOVATION</p> 	<p>We encourage and empower our staff to explore ways to capitalise on market trends, grow our business, and enhance our operations. We value initiative, creativity, and innovative thinking at all levels to transform ideas into successful ventures.</p>



Our strategy on a page

We have a vision to be regarded as the leading financial institution in Hong Kong in terms of sustainability. Progress towards achieving this vision will see us integrate sustainability in our business and daily operations. We will evaluate progress through setting and achieving long-term targets. Delivering on these targets will require enhanced interdepartmental collaboration, awareness raising on why sustainability matters to BEA, and capacity building to deliver on our commitments.

Our commitments address the most material environmental, social, and governance issues for our business. We need to be accountable for our decisions and actions, operate ethically and efficiently, and contribute meaningfully to society. A suite of policies relating to our material topics guide the Group’s strategic approach to sustainability¹⁰. We are exploring how we can further integrate sustainable practices into our business and operations, and develop a longer-term approach to ESG performance management.

Our commitments	What it means to BEA
Growing Our Business Responsibly 	To act with integrity, comply with applicable laws and regulations, and set the same standards for our suppliers To offer products and services that support small businesses, marginalised groups, and companies or projects that create value for society and the environment To consider ESG in our risk management process, and work with others to promote corporate responsibility and sustainability
Serving Our Customers Better 	To provide high-quality products and ensure customers have full and accurate information to make informed decisions To ensure that appropriate channels for feedback are accessible and made known To treat all customers fairly and with respect, and provide accessible services for all our customers To protect customer data privacy
Developing Our People 	To invest in people development and training To provide a safe, healthy, and inclusive working environment To promote equal opportunities to all employees and job applicants To encourage open dialogue between Senior Management and staff
Contributing to Our Community 	To leverage our resources to make a positive contribution to the communities in which we operate To encourage employees to connect with their communities through volunteering activities
Enhancing Our Environmental Performance 	To minimise the environmental footprint of our office buildings and branches, with a particular focus on reducing energy consumption, carbon emissions, paper use, and waste To promote eco-conscious behaviour in our employees, customers, and suppliers

10. Links to relevant publicly available policies are provided throughout the report. A comprehensive list of our ESG-related policies is included in the *Appendices*.

Corporate Governance

[GRI 102-18]

BOARD STATEMENT

The Board believes that the Bank’s financial and non-financial performance are interlinked and together will dictate our long-term success. As such, overall responsibility for sustainability at BEA lies at the Board level. We constantly review and enhance the effectiveness of the Group’s corporate governance practices by referencing market trends and responding to the guidelines, requirements, and increasing expectations of our regulators.

The Board is supported in conducting these activities by three key governing bodies. Established in 2020, these governing bodies ensure accountability for ESG performance at BEA extends throughout the Bank’s operating levels and across its markets.



Supporting aspects of ESG governance

- **The Audit Committee** reviews related policies annually, or as required, and makes recommendations to the Board.
- **General Manager and Head of Human Resources & Corporate Communications Division (“GM and Head of HR & CCD”):** The GM and Head of HR & CCD supervises BEA’s ESG initiatives and reports directly to the Senior Management. The GM and Head of HR & CCD is also a Director of the BEA Foundation” and Chair of the ESG Work Group.
 - **Corporate Communications Department:** Under the GM and Head of HR & CCD, the Corporate Communications Department is responsible for executing and coordinating Corporate Social Responsibility (“CSR”) initiatives of the Bank and the BEA Foundation. The Department is also responsible for communicating sustainability-related information internally and externally.
 - **Human Resources Department** manages the Staff Relations Team and the Staff Sports & Recreation Club (“SSRC”).
 - **Sustainability Section** is dedicated to ensuring BEA is operating in line with ESG listing regulations, keeping abreast of relevant sustainability developments, and engaging internally to help the formulation and implementation of ESG goals. Reporting to the GM and Head of HR & CCD, it is responsible for the production of the annual ESG report.
- **Cross-function work streams** support ongoing ESG efforts such as reporting and disclosure, and drive achievement of specific ESG goals.

- **The BEA Foundation and the Shanghai Soong Ching Ling Foundation – BEA Charity Fund (“BEA Charity Fund”)** support the Group’s major community investment initiatives in Hong Kong and Mainland China, respectively.
- **BEA Volunteer Team Committee** is comprised of active members of the BEA Volunteer Team, which consists of staff members appointed by the heads of the Bank’s divisions and other Group members based in Hong Kong.

GUIDING POLICIES

- [Anti-Bribery and Corruption Statement](#)
- [Corporate Governance Policy \(internal\)](#)
- [Environmental Policy](#)
- [Human Rights Policy](#)
- [Responsible Investment Statement](#)
- [Slavery and Human Trafficking Statement](#)
- [Statement on Anti-Money Laundering and Counter-Financing of Terrorism \(“AML/CFT”\)](#)
- [Supplier Code of Conduct](#)
- [Sustainability Policy](#)
- [Whistleblowing Statement](#)

A list of our ESG-related polices and their external references is available in the *Appendices*.

Our Material ESG Topics

[GRI 102-40, 42:44, 47]

We conduct a comprehensive materiality assessment about every five years, or in response to significant changes in our operating environment. We also conduct targeted annual pulse checks through ongoing stakeholder engagement. Our most recent comprehensive materiality assessment was conducted in 2017.

Determining what matters:

1. Identification

- Topic identification through research into global, regional, and industry trends; the requirements and expectations of our regulators; and ESG issues relevant to the markets in which we operate.
- Stakeholder mapping based on the groups we interact with and who are influenced by our actions and who can affect the operations of the Bank.

2. Prioritisation

- Engagement with internal and external stakeholders through daily operations and targeted interviews,

focus groups, and surveys to determine the impacts of our operations on people, the economy, and the environment.

- Development of a materiality matrix and determination of a threshold for materiality.

3. Validation

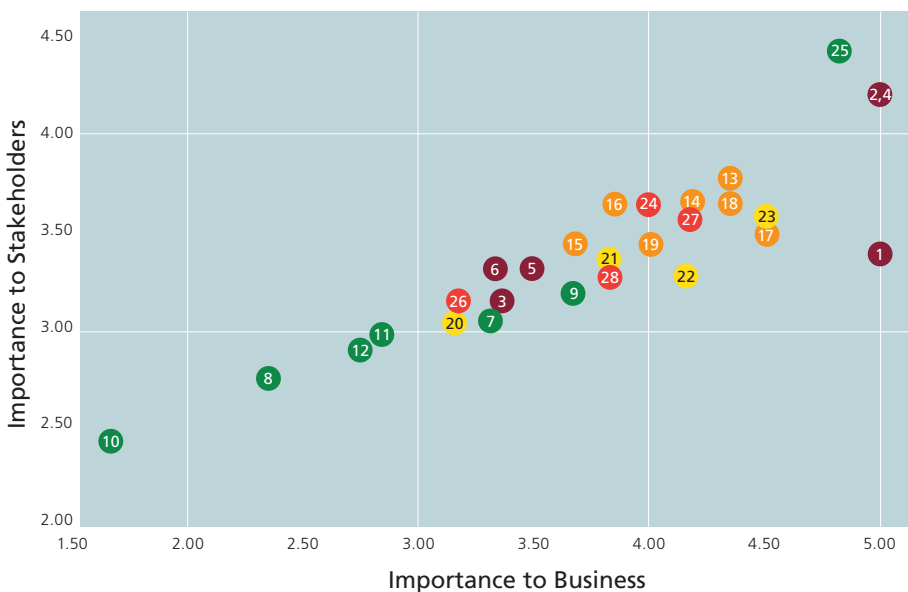
- The ESG Steering Committee reviews the material topics, confirms those that are most material, and provides direction on which emerging topics should be monitored.

4. Evaluation

- The ESG Steering Committee reviews an annual materiality pulse check based on research into changes in the regulatory and operating environments and stakeholder engagement.

In 2020, a review by the ESG Steering Committee confirmed the Bank’s material ESG topics were consistent with the 2019 results.

BEA Materiality Matrix



- BUSINESS**
 1. Economic value generated and distributed
 2. General compliance with laws and regulations
 3. Sustainable procurement that integrates environmental and social considerations into the procurement process
 4. Anti-corruption
 5. Integrating ESG considerations into financing decisions
 6. Integrating ESG considerations into risk assessment
- ENVIRONMENTAL**
 7. Energy consumption
 8. Water consumption
 9. Paper consumption and waste
 10. Biodiversity
 11. Greenhouse gas emissions
 12. Use of materials
- EMPLOYEES**
 13. Employee benefits and turnover rates
 14. Promoting equal opportunities
 15. Grievance mechanisms
 16. Communication between employees and management
 17. Occupational health and safety
 18. Training and career development
 19. Succession planning
- SOCIETY**
 20. Providing access to financial services for marginalised groups
 21. Contribution to the community
 22. Anti-competitive behaviour
 23. Non-discrimination
- CUSTOMERS**
 24. Customer feedback
 25. Customer data privacy
 26. Promoting financial literacy
 27. Fair design and marketing of products and services
 28. Customer health and safety

Stakeholder engagement

We value regular, honest, and open dialogue with our stakeholders. The views of our key stakeholders' shown below, and others including our strategic partners and public sector bodies directly inform our sustainability strategy, help us to identify and manage our ESG impacts, and shape our ESG reporting.

Targeted engagement in 2020

This year, we engaged members of the ESG Work Group and other department heads within BEA in four focus groups to review existing material topics and identify the topics they believe the Bank should prioritise for action in the short and long term. The outputs of these focus groups were critiqued by five regional external sustainability experts from academia, CDP¹¹, and the Hong Kong Green Finance Association. Areas for improvement as identified by ESG ratings agencies were layered into stakeholder feedback and findings were presented to the ESG Steering Committee as part of the material topic review and ESG goal setting process for 2021 and beyond.

Stakeholder	Engagement	Engagement channels
Customers	We listen to our customers to understand their needs and respond with the services and products that ensure we offer service excellence while managing relevant sustainability topics that matter to them.	Customer feedback channels
		Customer events
		Sustainability communications via the Bank's website and social media
Shareholders	Our shareholders expect good returns on their investment in our Group, and they are keen to know how we are ensuring our business is future fit.	Annual General Meeting
		Corporate communications
		Communications with representatives of ESG rating agencies and ESG indices
Regulators	We seek input from our regulators and share our developments and challenges with them to ensure we are addressing the risks and seizing opportunities in our major markets.	Participation in industry events
		Communications with regulator representatives
		Responding to information requests
Employees	Our employees are key to the growth of the Bank Group. We maintain frequent open communication to understand their needs and how BEA and its people can grow together.	Bank-wide and division town halls
		Focus groups
		Employee surveys
		Staff e-Newsletters
Society	We have a century of history in Hong Kong and as such have strong ties with the local community. We engage through our Foundation and local non-governmental organisations ("NGOs") to contribute where it matters.	Sustainability communications via BEA's intranet
		BEA Foundation programmes
		Staff volunteering
		Meetings with NGOs

11. Formerly known as the Carbon Disclosure Project



OUR COMMITMENTS

[GRI 102-44]

Our commitments centre on our most material topics. This section of the report details our approach to their management, related programmes and initiatives, and our performance in 2020.

GROWING OUR BUSINESS RESPONSIBLY

- Anti-corruption
- Economic value generated and distributed
- Compliance with laws and regulations
- ESG integration with risk management and business decision making¹²
- Responsible finance
- Sustainable procurement



SERVING OUR CUSTOMERS BETTER

- Customer feedback
- Customer data privacy
- Promoting financial literacy and inclusion
- Fair design and marketing of products and services



DEVELOPING OUR PEOPLE

- Employee benefits
- Employee turnover
- Employee-management communication
- Equal opportunity
- Occupational health and safety
- Succession planning
- Training and career development



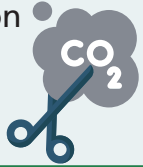
CONTRIBUTING TO OUR COMMUNITY

- Financial and in-kind contributions to the community
- Promoting financial literacy among vulnerable groups
- Non-discrimination among community members



ENHANCING OUR ENVIRONMENTAL PERFORMANCE

- Carbon emissions
- Energy consumption
- Paper consumption and waste



12. Integrating ESG considerations into risk assessment and business decision making includes the material topic Addressing climate risks from our 2019 ESG Report.

2020 ESG Highlights	About This Report	About BEA	Our Approach to Sustainability	Our Commitments	Our Performance	Appendices
Growing Our Business Responsibly	Serving Our Customers Better	Developing Our People	Contributing to Our Community	Enhancing Our Environmental Performance		

Growing Our Business Responsibly

We have built our business around a structure of sound governance, independence, ethics, and compliance. Our core values provide the highest-level guidance for our corporate culture.

As a responsible business, BEA must ensure compliance with relevant laws and regulations in all places we do business. We must consider the impacts of our decision making when selecting or engaging with customers, borrowers, and suppliers. By acting ethically and with transparency, we strengthen our brand and build confidence in our industry. By growing responsibly, we believe we can have a positive influence beyond our own operations.

RESPONSIBLE VALUE CREATION AND DISTRIBUTION
[GRI 201, 207]

Why it matters

Despite continual year-on-year improvement in public trust in our industry, financial services remains one of the least trusted customer-facing industries among the general public¹³. Continuing to build trust must be a key objective of those operating in our industry. Integral to this is how we create and distribute value, including our approach to tax payments. Tax is a matter of government interest, and also affects those in the societies we serve. Sound tax practices are expected.

Management approach

The tax strategy of the Bank is based on the principles of responsible compliance and cooperative relationship with the tax authorities in various jurisdictions. The Bank is a Hong Kong tax resident and pays taxes mainly in Hong Kong. We comply with laws and avoid abusive tax planning schemes and practices.

In relation to the management of tax risk, we conduct a detailed review of, and control, the tax reporting process to ensure that accurate and relevant tax information is reported, and that tax returns are submitted on a timely basis.

For tax transparency purposes, we comply with the Foreign Account Tax Compliance Act of the United States and the legislative framework of the automatic exchange of financial account information in tax matters ("AEOI") under the Inland Revenue Ordinance of Hong Kong, which is aligned with relevant requirements including the common reporting standard for AEOI promulgated by the Organisation for Economic Co-operation and Development.

2020 Performance

Our primary markets are Hong Kong and Mainland China, which bring in 90% of our operating income **90%**

94% of our 9,536 employees are based in our primary markets

>50% More than half of our operating income comes from our operations in Hong Kong

Economic value distributed: **HK\$17,678 million**

Employee compensation and benefits: **HK\$5,069 million**

Payments to providers of capital: **HK\$1,958 million**

Operating costs: **HK\$2,886 million**

Cash donations to charitable organisations: **HK\$11.1+ million**

1% of cash donations to charitable organisations are from other markets. 41% from Mainland China, 58% from Hong Kong.

13. 2020 Edelman Trust Barometer Spring Update

2020 ESG Highlights	About This Report	About BEA	Our Approach to Sustainability	Our Commitments	Our Performance	Appendices
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STRONG GOVERNANCE
Anti-corruption • Compliance with laws and regulations
 [KPI B7]
 [GRI 205, 419]

Why it matters

As a major financial services provider, we are aware of the impact we have on society and how much individuals and businesses rely on us. We understand that banking stability is crucial to building and maintaining confidence in the financial industry, protecting the assets of those who bank and invest with us, and supporting economic development.

Management approach

The Group has an established robust governance structure led by a Board of Directors with a strong independent element. An experienced Senior Management team supports the Board and ensures activities and processes at the Bank are conducted in line with the Bank’s suite of policies, which have been developed with reference to relevant legislation¹⁴.

Risk management and internal audit

Key to operating responsibly is the proactive management of risk and the assessment of how effectively our policies and processes are implemented. The Board reviews and approves the Group’s Enterprise ERM framework. The objectives of the framework are to identify and manage potential risks in a holistic and effective manner; to fulfil the expectations from HKMA for risk management of the Group as a Domestic Systemically Important Bank; and to reinforce the “Three Lines of Defence” risk management model.

The Group’s Compliance Division is responsible for overseeing and mitigating the compliance risks of the Group, and reporting to Senior Management. The Compliance Division is responsible for reviewing regulatory requirements and delivering compliance advice to affected business units to ensure adherence. To determine the extent to which the Group’s risk management framework and internal control processes are effective, the Internal Audit Division independently assesses its design and operating

effectiveness, reporting findings directly to the Group’s Audit Committee.

Anti-corruption and anti-fraud

BEA is committed to addressing major business ethics risks. Our staff members are expected to act ethically, upholding the highest standards of professionalism and integrity.

The Bank’s anti-corruption policies are clearly communicated to all staff members in the Bank’s Code of Conduct¹⁵, which is available via BEA’s intranet. All employees are required to review the Code of Conduct on an annual basis and sign to acknowledge that they understand and agree to the Code. Refresher training is periodically arranged to ensure that all Group employees are aware of the Group’s zero-tolerance position on fraud, money laundering, and corruption. The Bank’s [Anti-Bribery and Corruption Statement](#) is available via our website for general public access.

BEA’s strategy to address fraud is outlined by a risk management mechanism that coordinates and leverages the efforts of the Bank’s staff and business partners. In doing so, we combat fraud by way of prevention, detection, investigation, and corrective actions. BEA’s subsidiaries and joint ventures have similar policies that are in line with the Bank’s stipulations and values.

Anti-money laundering

The Group Policy on Anti-Money Laundering and Counter-Financing of Terrorism (“Group AML Policy”) covers tax evasion risk and sanction risk, and provides guidance on meeting the customer due diligence and record-keeping requirements under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance.

It is mandatory for all Group members to comply with the Group AML Policy to the extent permitted by local laws. Relevant guidelines relating to anti-money laundering and counter financing of terrorism are developed by the Bank to provide detailed guidance and assist Group members in understanding, implementing, and complying with the Group AML Policy. Annual training on this and related topics is also provided to relevant staff.

The Group AML Policy and guidelines are kept under regular review to ensure they remain responsive to legal and regulatory changes. The Group AML Policy and guidelines are available to staff members via the BEA intranet.

14. Links to several publicly available policies are available on page 64 of this report
 15. Internal policy document



2020 ESG Highlights	About This Report	About BEA	Our Approach to Sustainability	Our Commitments	Our Performance	Appendices
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The Bank also publishes its [Statement on Anti-Money Laundering and Counter-Financing of Terrorism](#) and makes the Statement available for general public access via the Bank’s corporate website.

We have in place a Compliance Risk Management Manual through which individual departments of the Bank and relevant units of Group entities are required to report non-compliance or potential non-compliance incidents to the Compliance Division, which is also applicable to Group members. The Bank’s [Whistleblowing Statement](#) provides a mechanism through which external stakeholders who are aware of malpractice can confidentially and anonymously report concerns to the Bank without fear of retaliation. The Bank regularly reviews and enhances the effectiveness of the Group’s AML/CFT, Anti-Bribery and Corruption, and whistleblowing mechanisms.

2020 performance

In 2020, we introduced three new governance bodies responsible for ESG at the Group, a description of which can be found in the *Corporate Governance* section of this report. Detailed information relating to corporate governance is available in our [Annual Report 2020](#).

RESPONSIBLE FINANCE

ESG integration with risk management and business decision making • Responsible finance

[KPI A4]
[GRI 201]

Why it matters

As a financial services provider, we have a unique opportunity to have a positive impact on businesses and the economy. Integrating environmental, social, and governance criteria into our business practices, services, and lending can restrict credit flows to projects not aligned with the global sustainability agenda and can help us to identify opportunities that contribute towards the transition to a low-carbon economy.

Management approach

We recognise that a growing number of investors and clients are eager for our Group to integrate environmental

and climate-related issues into our operations, products, and services. Doing so can provide increased access to international capital markets, while helping to reduce our exposure to bad debt and investment risk.

We have begun to establish a management framework to identify, assess, and manage environmental and social risks and opportunities. Those risks include both physical and transition climate risk. A key climate risk identified is the material exposure to climate risk on borrowers, which may affect their repayment abilities, and hence affect the asset quality of the Bank.

The Bank assesses environmental and social risks as part of our ERM framework and underwriting criteria. We have in place an ESG assessment tool in the form of a checklist, which focuses on the potential environmental and social impacts of business activities, as well as the potential environmental and social impacts the projects would have as a result of financing from our Bank. The checklist is enhanced when needed to ensure it addresses salient contemporary risks.

Our management approach involves an evaluation of how we can align our financing activities with international standards and principles including the United Nations (“UN”) Principles for Responsible Investment, the Green Loan Principles, and The Equator Principles. Climate risk will be included in the Bank’s risk appetite statement as of 2021.

We closely communicate with HKMA on its expectations of us to understand, mitigate, and report climate-related risks. In 2021, BEA will participate in the HKMA’s pilot climate change stress testing exercise.

ESG screening

For non-retail lending and debt and equity investments with exposure of more than HK\$50 million, ESG assessment is required, with customers engaged in sensitive industries such as energy, forestry, mining, oil and gas, and chemicals coming under particular scrutiny.

Business units will conduct the ESG assessment through multiple measures including the “Know Your Customer” process to understand the company’s operations and those of its business partners. Potential ESG impacts including our exposure and risk mitigation are evaluated and submitted to the Bank’s Credit Committee for deliberation before credit is approved.

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Green finance

The Bank proactively explores investment opportunities with the aim to increase the portion of green assets in our bond portfolio. The Bank supports corporate clients in their transition to a low-carbon economy by issuing green loans and mobilising capital market financing via green bond issuance. Our wealth management businesses also help our customers achieve their sustainable investment preferences while meeting their financial goals by offering a range of sustainable investment products.

BEA China welcomes opportunities for green loans in line with the national agenda on the Mainland. With all other criteria for approval being met, BEA China gives priority to loan applications with environmentally friendly elements.

We are also a signatory to the [Green Investment Principles for the Belt and Road](#). These voluntary principles closely align with how we are developing our services and ways of operating. They have been developed by the Green Finance Committee of China Society for Finance and Banking, and the UK-China Green Finance Centre to accelerate green investment in the Belt and Road region.

Green and Sustainable Banking Roadmap

In 2020, the Group developed a 3-year roadmap, which includes a series of measures that will enable BEA to reduce the indirect impacts arising from its business and investment activities. This roadmap will be used to guide the Bank’s future green finance and responsible investment strategies and related ESG goals.

2020 performance

This year, we set up a taskforce under the Risk Management Division to drive and execute ESG and climate-related tasks on risk management initiatives. We enhanced our ESG risk assessment by extending the scope to cover climate risk factors. We also organised several sessions on ESG and green financing with our strategic partners and other leading financial institutions to facilitate knowledge sharing, and enhance the capacity of the Bank’s ESG Work Group members.

The newly established taskforce developed a 3-year ESG and climate risk action plan with reference to the framework of recommendations developed by TCFD, which has informed the expectations of our regulators.

In 2020, we stepped up our efforts to incorporate ESG considerations in our business activities.

- The Bank maintained an ESG investment portfolio of green bonds and social bonds.
- Across our markets, we financed green loans and green bonds, mainly for green building development, sustainable building materials, and waste management.
- We offered sustainable investment products to our private banking customers including ESG-themed mutual funds and debts issued by ESG-conscious entities available in worldwide financial market.
- To enhance customer education and engagement on ESG, our Wealth Management team organised a webinar and published a market digest on ESG topics.

Outlook

Beginning in 2021, the Risk Management Division will be implementing the Bank’s ESG and climate-risk action plan. In the near term, we will be defining our climate risk appetite, and defining our strategic focus with regard to climate risks and opportunities. Risk management processes and policies will be strengthened to address pertinent climate risks and will be determining targets for our lending portfolio.

PROMOTING A SUSTAINABLE SUPPLY CHAIN

Sustainable procurement

[KPI B4, B5]
[GRI 102-9]

Why it matters

Recent estimates put the number of people in modern slavery at over 40 million¹⁶. In response to this global challenge, seven G20 countries including the UK have formally enacted laws, policies, or practices to stop businesses and governments from sourcing goods and services produced by forced labour. In some of our markets, these regulations have a direct effect on our business. By understanding the potential impact of our procurement

16. www.globallslaveryindex.org

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practices, we can introduce policies and actions that help promote responsible business practices in our supply chain. This enables us to protect vulnerable groups, promote sustainable products, and reduce our exposure to risk.

Management approach

While the Group’s procurement process is decentralised for many items and services, we have taken steps in recent years to improve our sourcing practices and their robustness. This has included partnering with external experts to develop, review, and strengthen policies and procedures; implementing a supply chain risk assessment tool; and delivering training to relevant staff.

As a result, our [Supplier Code of Conduct](#) is now embedded within the procurement process such that all suppliers signing agreements and the Code with BEA are confirming they acknowledge compliance with the Code as a condition of business. Our newly established [Human Rights Policy](#), applicable to our suppliers, aligns with the UN Guiding Principles on Business and Human Rights. Our business activities are guided by the UN International Bill of Human Rights including the UN Universal Declaration of Human Rights as well as the fundamental conventions of the International Labour Organisation (“ILO”).

The Bank prohibits slavery and human trafficking in its supply chain. Suppliers must satisfy the Bank’s requirement regarding social and ethical standards of conduct as well as conditions of employment including health & safety, wages, working hours, discrimination, harassment, and grievance mechanisms. We are committed to working with suppliers that showcase best practice, while encouraging others to develop and demonstrate improvement within these fields. As a Bank with a global footprint, laws and regulations may differ in countries and regions in which we operate, we aim to adopt higher standards where possible.

Our [Slavery and Human Trafficking Statement](#), published in line with the UK’s Modern Slavery Act 2015 is available via our website.

Programmes and initiatives

We have established a tool for conducting a review of suppliers based on the inherent geographical and product risks for the items and services we source. The risk assessment tool is deployed on purchase orders over a threshold value. It allows us to segment suppliers into four groups: priority, moderate, specialised, and minimum. Each segment has different due diligence requirements based on associated risks.

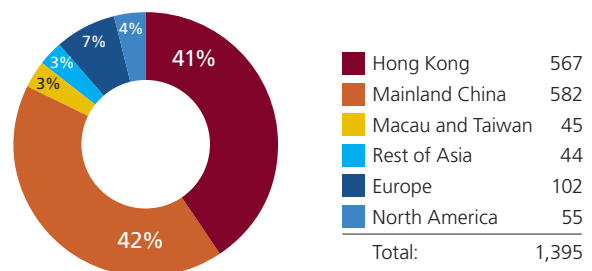
2020 performance

In 2020, we worked with ELEVATE, a global business risk and sustainability solutions provider, to conduct a review of our sourcing procedures to identify areas for improvement. To help guide procurement staff through the responsible procurement process and ensure staff properly manage supplier relationships, a Sustainable Procurement Toolkit was established during the year under review, which contains related resources including the Procure-to-pay guidelines, [Supplier Code of Conduct](#), procurement workflow, risk calculator, and training materials. The Toolkit is available to Hong Kong staff members via the Bank’s intranet.

As part of the engagement, we also developed our [Human Rights Policy](#), which applies to our own operations, customers, and suppliers. Going forward, we will be implementing several of the proposed recommendations to build on the progress achieved to date.

Number of suppliers by geographical location

contract value ≥ HK\$50,000 or equivalent per year



Serving Our Customers Better

For more than a century, our business has thrived by delivering quality products and services with integrity, while innovating to meet the diverse and evolving needs of our existing and prospective customers.

CUSTOMER SERVICE EXCELLENCE

Customer data privacy • Customer feedback

[KPI B6]

[GRI 418]

Why it matters

The improvement of consumer trust in our industry over the past decade must not be taken for granted. Our customers and investors expect us to act in an ethical manner, in compliance with all relevant laws and regulations, and with adequate measures to control material risks. Increasingly, the focus is on how banks manage data privacy and security. Digital banking is growing at pace, with our second largest market, Mainland China, moving towards being a cashless economy and the FinTech industry expanding across the globe.

Against this backdrop come reports that cybersecurity attacks on the financial services sector are on the rise¹⁷. The impact of data breaches on consumer trust in banking institutions cannot be overstated. As treasurers of our customers' data, we have a responsibility to ensure our systems are fit for purpose and our staff act with probity.

Management approach

Customer suggestions and shared opinions help us shape our service delivery in a manner that meets and exceeds customer expectations. Feedback and complaints received via our range of communication channels are reviewed and responded to promptly in accordance with guidelines governing the handling of customer enquiries established by the HKMA.

During the year under review, we achieved ISO 10002 Quality Management: Customer Satisfaction certification. Applying this standard helps us to identify trends, external and internal issues, interested parties, and eliminate causes of complaints leading to the continual improvement of our operations, products and services.

The Bank fully complies with the Hong Kong Personal Data (Privacy) Ordinance. We have implemented a suite of policies and guidelines to protect our customers' data privacy and personal data. Our [Privacy Policy Statement](#) outlines our approach to the collection and retention of personal information in accordance with the regulatory requirements. It is our policy to provide individuals with a Personal Information Collection Statement informing them of the purpose of data collection, classes of persons to whom the data may be transferred, their rights to access and correct the data, and other relevant information. This ensures BEA obtains personal data through lawful and transparent means, with explicit consent of the data subject where necessary.

We protect user data from increasingly sophisticated cyber-attacks through a system of governing and monitoring bodies and related policies and procedures. Our Technology Risk Management Working Group, Technology Risk Management Manual, Information Security Policy, and guidelines on Handling Phishing Email help govern and manage cybersecurity at the Bank. We have in place multiple levels of monitoring. The Bank's emergency response team provides direction on managing any cyber-attack situation and ensures effective precautionary and contingency measures are in place. The integrity of our approach is assessed through regular internal and external independent audits, including but not limited to customer facing applications.

We conduct privacy risk assessments to identify and detect any potential data privacy risks, while mitigation measures are developed to ensure the identified risks are addressed. Through staff training, we have developed a culture of compliance with data privacy and security at its centre.

17. IMF, [Cyber Risk is the New Threat to Financial Stability \(2020\)](#), Insights & Analysis on Economic & Finance


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Each year, all staff members are required to successfully complete a refresher course on personal data protection. The Head of BEA's Compliance Division serves as Group Data Protection Officer. Other Group members develop their own personal data protection policies and procedures by making reference to their local regulatory requirements and the Bank's approach, defined in our General Guideline on Personal Data Protection. Both our [Privacy Policy Statement](#) and General Guideline, and all other data privacy-related policies and guidelines, are subject to annual review.

We continually invest to improve our security measures and leverage our digital platforms to communicate key security updates to our users in order to keep them informed and their data secure.


CUSTOMER COMMUNICATION CHANNELS

- _____ In-branch customer service representatives
- _____ In-branch suggestion forms
- _____ Online enquiry e-form
- _____ Customer service hotlines



POLICIES TO PROTECT CUSTOMER DATA

- _____ Information Security Policy¹⁸
- _____ [Privacy Policy Statement](#)
- _____ Staff Code of Conduct¹⁸



Programmes and initiatives

Pandemic support for corporate and personal customers

As part of our customer commitment, we aim to understand our customers' genuine needs. The indiscriminate effects of the coronavirus pandemic have affected all of our customers and prompted us to act swiftly to provide support. During the past year, we introduced a suite of measures to help our corporate clients and personal banking customers navigate these challenging times. In addition to the measures listed on page 11, Blue Cross offered an extension of the Compulsory Quarantine Cash Allowance, free additional Hospital Cash Allowance Benefit for selected medical and general insurance products, a 6-month deferral of the

effective date of travel insurance policies, extended coverage of up to 3 months for new Job Changer Medical Protection policies, and a simplified claims procedure for COVID-19 related coverage.

Embracing innovation

Our Digital & Innovation Office has been set up to explore ways to deliver more value to customers through digital services. The Office will be at the cutting edge of digital product and service development for a bank that was the first in Hong Kong to operate a fully digitalised branch network, to ensure BEA remains at the forefront of technological innovation in the industry. It will spearhead digital banking development and upgrade data analytics capabilities to enable customised solutions. Initiatives will be focused on three areas: enhancing customer experience by increasing the range of easy-to-use digital services, improving data science and governance capabilities by upgrading the Bank's digital infrastructure, and enriching the Bank's ecosystem by expanding open banking partnerships.

Cashless transactions and mobile wealth management

Many of our customers expect convenient, fast, and secure banking to be available through their mobile phones. The BEA Flash mobile account opening app allows customers to open a bank account at BEA securely and quickly, within six minutes. For existing customers, the BEA App offers an all-round banking service with a host of innovative features including fee-free and real-time transfers in Hong Kong dollars and Renminbi to other banks in Hong Kong using the Faster Payment System. For investors, BEA App Mobile Wealth offers comprehensive investment services.

In 2020, we launched a Live Chat messaging service to enable BEA Flash customers to connect with the Bank's customer service representatives for enhanced assistance in opening bank accounts outside branches.

Meeting customer expectations

Our Customer Experience Research surveys conducted by an external consultant over the past five years have indicated that how we manage our environmental and social impacts is important to our customers and the general public. In response, we have enhanced our key communication channels to keep our customers well informed about our ESG performance. Our ESG reporting continues to mature alongside our approach to ESG, and our media efforts provide customers with updates throughout the year.

18. Internal policy document

2020 performance

Group customer service feedback



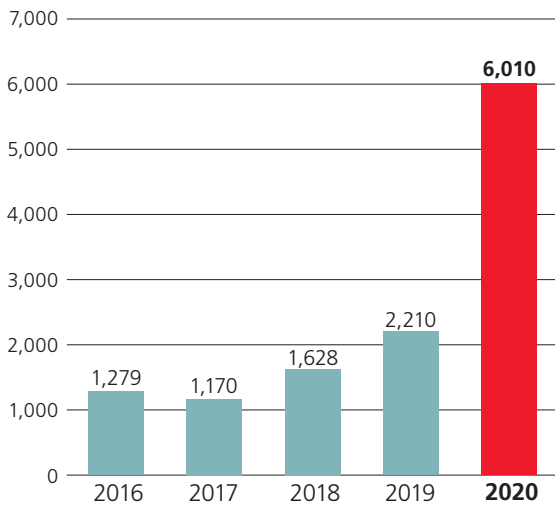
72% customer satisfaction
 (+1 percentage point compared with 2019)

In 2020, the Group received 6,010 compliments and 3,194 complaints from customers in regard to products and services, an increase of 173.1% and 32.6%, respectively, compared with 2019.

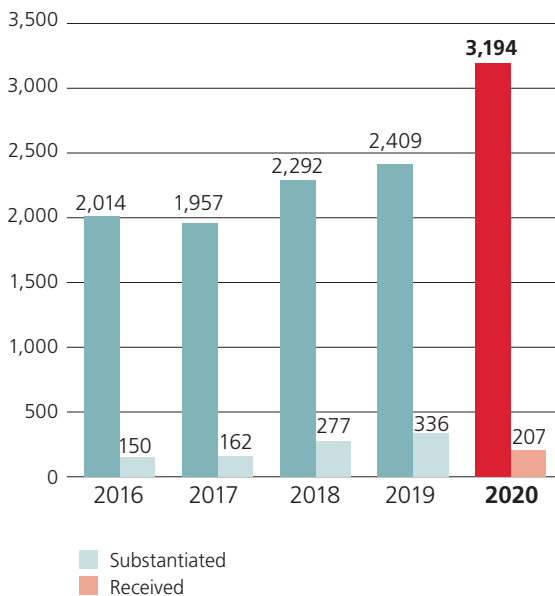
Group members report that compliments received were related to professional and proactive service delivery of our staff. Such achievement was attributed to service quality and customer experience enhancement initiatives, including:

- the Mystery Shopping Programme and transactional surveys, which increased awareness among branch staff of the importance of service excellence;
- the issuance of “Complaint Watch”, an internal complaint newsletter that reinforces operations and service standards; and
- broadcasts on the corporate intranet featuring complaint case handling, customer feedback, and best practice sharing, which helped promote high service standards and prevent the recurrence of sub-standard service delivery.

Number of compliments



Number of complaints



The increase in the total number of complaints across the Group can be attributed to a number of factors. On the Mainland, BEA China observed that credit cardholders affected by the pandemic would frequently request to negotiate repayment terms via the customer complaint channel. In addition, the launch of a complaint hotline for the industry in 2020 also facilitated the ability of customers to lodge complaints.

After investigation, the total number of substantiated¹⁹ complaints amounted to 207, a 38.4% decrease compared with the figure reported for 2019. All complaints were handled in line with our internal procedures and relevant regulatory complaints handling requirements.

19. Substantiated complaints are those where proof/competent evidence in the investigation conducted by the Bank supports the complainant’s allegation.

MEETING DIVERSE CUSTOMER NEEDS

Fair design and marketing of products and services •
Promoting financial literacy and inclusion

[KPI B6]

[GRI 417]

Why it matters

Since its founding more than a century ago, BEA has grown together with the people of Hong Kong. We feel we have a duty to the local population and are purpose-driven to ensure underserved people in our communities also have access to financial services, a key focus of our regulator²⁰.

To increase access and deliver high levels of customer satisfaction, we must respond to shifting preferences. This means maintaining an extensive network of outlets, preferred by mature customers, while providing recommendable services both digital and in-person, to respond to the needs of younger customers and the digitally savvy²¹.

Management approach

At BEA, we see customer experience excellence as our competitive advantage. In the face of increasing competition, we listen carefully to what our customers want, and strive to provide them with best-in-class service to ensure positive customer experiences.

We established a foundation for excellence by committing to the principles of transparency, reasonableness, and efficiency as a signatory to the [Treat Customers Fairly \(“TCF”\) Charter](#). In recent years, we strengthened our commitment by establishing a TCF Steering Group headed by the Deputy Chief Executive & Chief Operating Officer. Meeting on a bi-annual basis, the TCF Steering group discusses ways BEA can continue to improve on customer experience.

We are assisted in our effort to deliver best-in-class banking services by making significant investments in advanced technology. The rapid digital transformation of the financial industry has provided the Group with an opportunity to

extend its product and service offerings. Today, about 96% of BEA’s financial and non-financial banking transactions in Hong Kong are performed via e-channels. Technological advances improve access to our services and build upon our extensive network of outlets.

We also dedicate substantial resources to research, which enables us to understand how our distinct customer groups use our services today and what they want to see going forward. We evaluate the quality of our services and satisfaction of our customers through bi-monthly reviews of customer feedback. Cross-departmental improvement plans are developed and implemented in our drive for customer service excellence.

Programmes and initiatives

Our commitment to local business

We enable businesses to establish and grow through our commercial loan products backed by the Hong Kong Mortgage Corporation (“HKMC”) and provided via the SFGS. In addition, we provide access to capital for business installations and equipment through the SGS supported by the Hong Kong government.

The i-Payment Hub provides a comprehensive solution for merchant customers to accept multiple payments through a variety of digital payment methods and manage different types of transaction records. This functionality brings a range of benefits to users and their customers across a variety of industries, including greater convenience, reduced operating costs, and enhanced cash management.

The dedicated teams of our recently established Enterprise Banking Department assist SMEs on financing matters, and address their business banking from account opening to cash management and treasury and insurance services. To support smaller enterprises that are particularly vulnerable to market disruptions, BEA launched relief measures through the SFGS and SGS including a principal moratorium of up to 12 months for all term loans under both schemes, which is renewable subject to a maximum of 18 months. To provide additional support to SMEs, the Bank also launched a 90% loan guarantee product under SFGS with a maximum loan amount of HK\$8 million.

20. HKMA, ‘Financial inclusion’, <https://www.hkma.gov.hk/eng/key-functions/banking/banking-conduct-supervision/financial-inclusion/>

21. PWC, ‘2019 Consumer Digital Banking Survey’ (2019)

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Senior citizens and customers with special needs

Physical branches are a mainstay of daily banking transactions for many in our society. We provide convenient access to our services by operating an extensive branch network across Hong Kong. Specially designed teller counters and ATMs are installed across our branch network to assist customers requiring wheelchair access, visual or auditory support, and other assistance.

For senior citizens, we offer:

- preferential interest rates;
- service charge concessions;
- fee waivers²²;
- HKMC Reverse Mortgage Programme; and
- FastCash Card abridged ATM banking service.

Barrier-free banking services

We aim to ensure all customers can access our banking services with convenience. We engage our customers and provide feedback channels to help us understand where to invest to remove any existing barriers. In the past year, this has led to the installation of Active Listening Systems at counters and meeting rooms in 70 branches to support customers with hearing impairments.

Customers in remote areas

We feel a duty to our customers to provide access to our services in places local to them. In some instances, this may present us with logistical challenges. However, we remain committed to our customers in remote areas through:

- extended operating hours through i-Teller virtual counter services, and
- enhanced banking services through multi-functional ATMs.

In addition, customer needs and development in remote communities are monitored on an ongoing basis and service arrangements are adjusted as appropriate.

Microfinance

To help build the social capital of Hong Kong, BEA was a participating bank in the HKMC’s Microfinance Scheme since its launch in 2012. While the Scheme was closed in 2019, our Bank continues to seek ways to help customers to:

- become business owners,
- make the transition to self-employment, and
- invest in their careers.

22. Participants of the Comprehensive Social Security Assistance Scheme only.

Non-governmental organisations

We recognise the importance of charitable donations reaching their target beneficiaries. Our Online Donations Services, developed in collaboration with the Hong Kong Council of Social Services (“HKCSS”), have proven to be a highly efficient and low-cost way for NGOs to collect payments from their websites using the Bank’s payment gateway.

2020 performance

The last 12 months have seen a complete reformation of the Bank’s core innovation team. With the emergence of new technological opportunities, it became essential to strengthen the Bank’s technological innovation capabilities, leading to the formation of the Digital and Innovation Office. This dynamic group of experts is overseeing the development of new products and services in line with the Bank’s latest digital development directions.



At the financial literacy and inclusion workshop organised by BEA in October 2020, community stakeholders specialising in financial education joined BEA staff members to discuss the issues faced by older customers in relation to digital banking services and how the Bank could more effectively support them in adopting these services.

Outlook

Early in 2021, we will promote inclusive, barrier-free service by extending conversational live chat service to the BEA website and BEA App for persons with hearing impairments.

Developing Our People

Our people deliver the products and services that enable BEA to be the preferred banking partner of our customers. By providing a fulfilling and supportive work environment, we create the foundation for our staff to serve our customers and other stakeholders effectively. We therefore invest in building a workplace where employees feel engaged, valued, and motivated.

RECRUITING AND RETAINING THE RIGHT PEOPLE

Employee benefits • Employee turnover • Occupational health and safety

[KPI B1, B2]

[GRI 401, 403, 405]

Why it matters

To deliver the level of service and financial products our customers expect, we need a dedicated, motivated, and capable workforce. However, turnover in the financial services industry is typically high, although less movement was observed during the pandemic. According to independent research, the turnover rate for employees in the banking sector who voluntarily leave service (excluding termination, dismissal, and retirement) was 10.3% in 2020²³. In addition to facing fierce competition in searching for and attracting talent to the Group, we are also under considerable pressure to retain our staff and develop talented teams to ensure we achieve our mission to ensure a positive experience for our customers and outperform other financial institutions.

Management approach

Our Code of Conduct and Staff Handbook have been developed to address regulatory requirements and laws in each of our markets and set out our commitments to our employees while helping them understand our expectations.

To attract the best candidates, we provide competitive remuneration and comprehensive benefit packages that include medical and life insurance, paid leave, retirement plans, and preferential rates on a range of banking services²⁴. We track voluntary turnover and conduct exit interviews to monitor and evaluate our performance.

Employee health and well-being is important to BEA. Although we operate in an industry where risk of physical injury is low, we recognise that the demanding pace of the financial services industry in Hong Kong can take a toll on our workforce. We have implemented an Occupational Health and Safety (“OHS”) Policy and Manual that applies to all employees.

To promote a healthy work-life balance, we provide comprehensive health insurance, free access to the staff gym and rooftop garden, wellness talks, and healthy lunch options in staff canteens. Throughout the year, the SSRC organised over 50 wellness and staff recreational activities. These hybrid events were attended by more than 3,000 staff and their family members.

For those in need, we provide an Employee Assistance Programme that gives staff and their family members access to professional counsellors in-person, by telephone hotline, or via email, 24 hours a day. To help mothers return to the workforce after pregnancy, we offer support by providing them with relevant amenities including lactation rooms.

In addition to building a positive work environment, we offer development opportunities that enable people to grow within the organisation. We complement this by inviting employees to join various volunteering and charitable activities in alignment with the Group’s core values and its employee value proposition.

23. AON, ‘2020 Q4 McLagan Consumer/Commercial Banking turnover rate study in Hong Kong’ (2020)

24. The following branches and subsidiaries have a staff remuneration policy: BEA’s branches in Macau, Taiwan and overseas; BEA China; BEA Life; and Blue Cross.

Programmes and initiatives

The global public health situation has provided us with the opportunity to find new ways of working to keep our people safe while ensuring business continuity. The Bank has taken steps to substantially increase the proportion of staff able to work from home by granting additional remote access and Webex licenses for meetings. Colleagues can also work at alternative sites to reduce the risk of exposure to COVID-19.

In view of the unprecedented strain brought on by the pandemic, the Bank took further steps to support employee well-being by providing an extra two days of leave in recognition of their dedication and outstanding effort in maintaining smooth daily operations under abnormal circumstances. We also gave designated groups of employees a one-time special financial allowance to help alleviate the financial burden brought on by combating COVID-19. In addition, the Bank dispatched vitamin supplements and BEA branded-reusable masks to all staff in Hong Kong to show we care and to safeguard staff health.

We continually explore ways to improve work-life balance for our employees. For example, we have extended the scope of early release arrangements for major festivals and our well-being time off policy to individuals in need of respite.

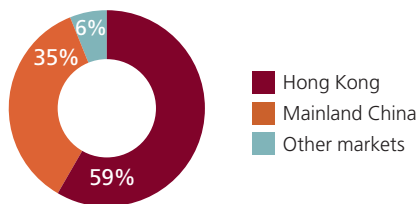
2020 performance

We monitor staff turnover with a view to identifying and managing problems as they arise, and to retaining our talented employees. For the second consecutive year, staff turnover declined. In 2020, our overall turnover rate for full-time employees (including both voluntary and involuntary leavers) fell by 2.4 percentage points to 15.7% when compared to 2019. We also saw encouraging numbers of employees returning to the Bank after parental leave, and more than two in three new mothers who returned to the Bank in the previous reporting period have remained with us. We onboarded 1,190 employees during the year under review.

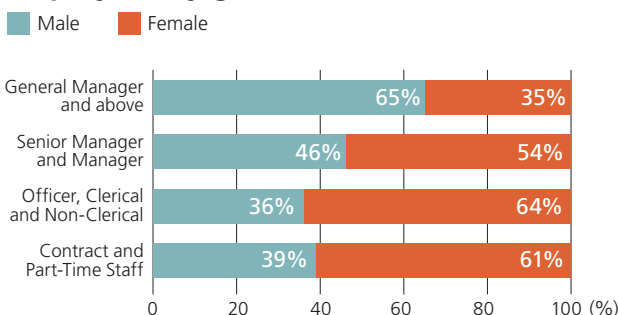
Outlook

Enhancing employee benefits is a key focus for 2021. New mothers will be offered an additional two weeks of maternity leave, while all employees who are at manager grade or below who joined in the past three years will be given an extra day of annual leave. As we continue to promote work-life balance and support our colleagues' well-being, we will grant early release once per month to all employees. We will also be revising our medical benefits with improvements to inpatient, outpatient, and dental benefits and new coverage for mental health.

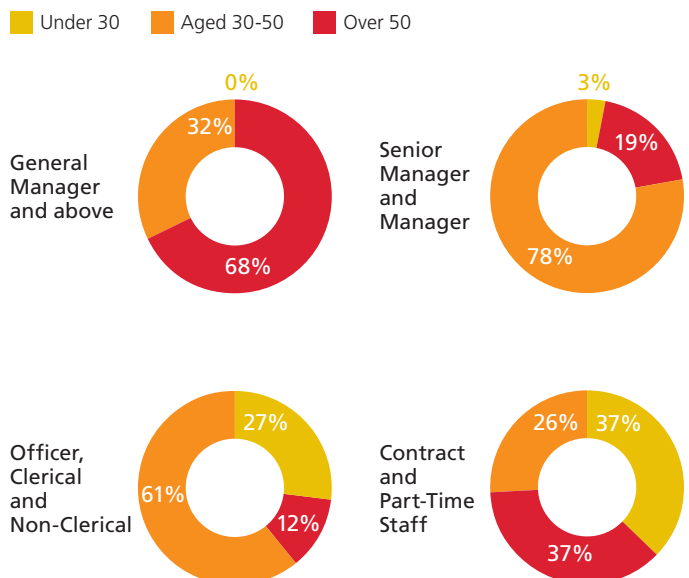
Employees by region



Employees by gender



Employees by age group



INVESTING IN TRAINING AND DEVELOPMENT

Training and career development • Succession planning

[KPI B3]

[GRI 404]

Why it matters

By supporting the professional and career growth of our colleagues, we show that we value the contribution of every individual staff member. Through ongoing professional development, our staff members are better able to serve the evolving needs of our customers in today's rapidly changing world. Recent research has shown that a staggering 93% of employees would stay at a company longer if it invested in their careers²⁵. We therefore approach investment in our people as an investment in our long-term growth.

Management approach

The Training and Development function of the Bank is tasked with the development of our people and leadership. Its key objectives are to support talent development, upskilling and reskilling of staff, culture building, and the Bank's transformation journey.

BEA offers a wide range of online and in-person training courses, from beginner to advanced²⁶. Training is tailored to equip staff members throughout the Group with the skills they need to meet the demands of their current role, to prepare staff for advancement and to build capacity in order to meet the evolving needs of our customers and expectations of our regulators. We also provide subsidies to employees eager for self-development who take relevant accredited courses outside the Bank.

We ensure that every member of staff is provided training in modern business risks, such as cybersecurity, money laundering, and terrorist financing risks. Training also focuses on product and financial knowledge, leadership and management skills, customer service and sales experience, and operational know-how.

Programmes and initiatives

Our new talent development framework, the "Future Leader Accelerated Programme", supports high-potential staff members in their professional growth. The framework provides a structured and robust approach to identifying employees with strong potential to serve at the senior management and department head levels within the Bank, supporting their aspirations for growth and development, and grooming talent to assume future leadership roles.

We have established a leadership training programme on performance management for Senior Management and their senior executives. The training is designed to foster a collaborative mindset when setting strategic goals, and to sharpen necessary skills, ensuring that these goals are tied closely with the Bank's core objectives, are well-aligned across different business units and functions, and are effectively cascaded down the organisation.

To promote the continuous professional development of staff in general, the Bank supports staff members in their pursuit of professional qualifications as guided by the HKMA's Enhanced Competency Framework. In line with this framework, we invest in a wide spectrum of training, ranging from technical know-how to soft skills training.

We evaluate our programmes and courses annually to ensure they are fit for purpose and effective in upskilling our people. We refine our programmes through annual training needs surveys, employee satisfaction surveys, and an external benchmark for Hong Kong Qualification Framework-accredited programmes.

All BEA employees undergo regular performance reviews in line with their career development plans.

2020 performance

In 2020, we invested over HK\$24.7 million in staff development. We delivered over 38 hours of training on average to employees at all levels of the Bank, equipping them with the skills needed to serve our customers and support the development of the Group. The number of hours of training provided to each declined 6.7%, year on year, due to the impact of the pandemic and the cancellation of in-person training programmes.

25. LinkedIn 2018 Workforce Learning Report

26. The following branches and subsidiaries have an employee training and development policy: BEA's branches in Singapore and the UK; BEA China, BEA Life, and Blue Cross.

Despite the challenging COVID-19 situation, we rolled out new training programmes to strengthen collaboration and leadership of our people.

The Bank continued to groom young talent under existing programmes, including the Management Trainee, Corporate Banking Trainee, Operations Trainee, Relationship Manager Trainee, and Branch Operations Trainee programmes. Moreover, BEA participated in various programmes to develop the skills of fresh graduates from local universities. These included:

- Banking Talent Programme organised by the HKMA;
- inaugural Talent Amplifier Programme organised by the Financial Services Development Council (“FSDC”);
- Financial Industry Recruitment Scheme for Tomorrow commissioned by the Financial Services and the Treasury Bureau and administered by the FSDC;
- CityU Career Launch Scheme organised by the City University of Hong Kong; and
- Pilot Apprenticeship Programme for Private Wealth Management co-organised by the HKMA and Private Wealth Management Association and administered by The Hong Kong Institute of Bankers.

Through a learning series, we empowered a group of “Transformation Champions” with a change of mindset and skillset. A new change leadership programme was also introduced for senior managers to strengthen their abilities to lead change.

To promote the continuous professional development of our colleagues, we supported staff members in their pursuit of professional qualifications as guided by the HKMA’s Enhanced Competency Framework. The Bank also invested in a wide spectrum of training, ranging from technical know-how to soft skills.

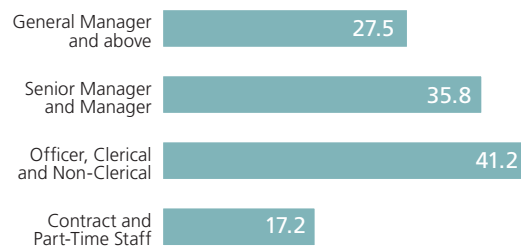
Outlook

In 2021, we aim to focus on talent development through our newly introduced Future Leader Accelerated Programme. We will develop graduates through our trainee programmes and deliver growth mindset training throughout the tiers of the Bank. New change leadership training will help managers guide our Bank through its ongoing transformation and under the transformation strategy we will also focus on enhancing digital literacy.

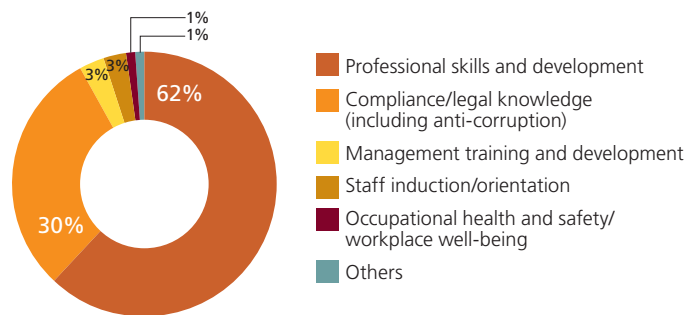
Average hours of training by gender



Average hours of training by employee category



Training categories



ENGAGEMENT AND CULTURE

Equal opportunity • Employee-management communication [KPI B1] [GRI 402, 405, 406]

Why it matters

Our future success depends on our ability to attract, develop, and retain the best talent. We benefit from the diversity of our people and recognise that investing in training can lead our people to stay with us for longer. Through engagement we can create an employee experience that inspires our people to do their best for BEA, our customers, and our community. It also helps us to

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understand the ways in which we can evolve the Group’s communication methods and culture to make colleagues understand that they are being listened to, and that they can grow with us.

Management approach

We have established a Bank Culture Work Group to drive, devise, and implement the Bank’s culture-related matters. The Work Group aims to foster a sound Bank-wide culture by promoting BEA’s core values and developing strategic initiatives in accordance with HKMA’s three pillars of governance, incentive systems, and assessment and feedback mechanisms.

Key to these endeavours is our Culture Dashboard, which helps us monitor and evaluate our performance on a quarterly basis. The dashboard collects employee feedback alongside other key bank culture indicators including customer complaints and compliments, and customer satisfaction rate. This data is used to devise enhancement initiatives that effectively promote our desired culture and support prudent risk management.

The Bank-wide employee survey, conducted every other year, gauges the BEA employee experience and perceptions on our core values. The BEA Employee Survey 2020 showed high levels of employee engagement with 91% of eligible staff members responding. More than 4 in 5 of our colleagues indicated that they feel positive about current levels of employee engagement, while about 3 in 4 are positive about the Bank’s ongoing transformation. Feedback was shared with respective divisions, which developed related action plans to enhance the work environment and Bank culture.

We see diversity as a virtue and aim to create a workplace where all individuals feel comfortable and supported to deliver excellent service to our customers. At a foundational level, we comply with all applicable employment ordinances in the markets where we operate. Our Equal Employment Opportunity, Diversity, and Inclusion Policy guides us as we build an inclusive workplace where performance is assessed on professional ability and staff members from all backgrounds are empowered to reach their full potential. The Bank’s Code of Conduct and Staff Handbook clearly outline our commitment to non-discrimination and equal opportunity.

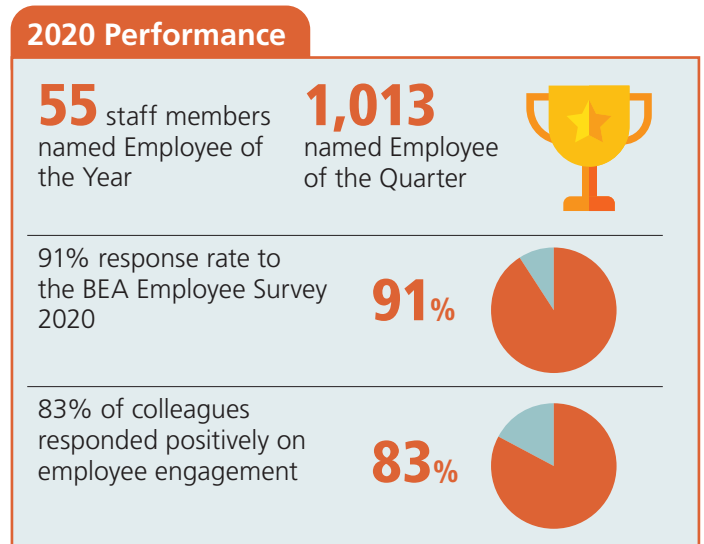
Two key mechanisms are available for employees to raise concerns; the Staff Grievance Procedure, and our

Whistleblowing Policy & Procedure. All complaints are handled in confidence and employees can voice their concerns without fear of retaliation.

Programmes and initiatives

As a financial services provider, we are strongly focused on developing a culture of risk mitigation. Since 2019, members of Senior Management have led interactive town hall meetings to encourage open communication on risk management, discuss lessons learned from real cases, and strengthen the Bank’s risk culture. These town halls are also used as key opportunities to provide updates on business highlights and key focus areas, updates on our business transformation, sharing of employee survey results, and developments on our ESG integration.

We are keen to reward positive behaviour that reinforces the Bank’s core values. Staff members who live out our core values in their daily work are rewarded through the ‘Employee of the Quarter’ and ‘Employee of the Year’ Awards. In 2020, we expanded the number of awardees and increased the value of the cash prizes for ‘Employee of the Year’ Awards. Our Staff Recognition Scheme also provides staff members with an opportunity to express gratitude to colleagues via e-Thank You cards.



Outlook

Throughout our transformation, we have driven effective and continual communications from the top and it is our objective to continue this going forward. We will continue to foster a performance-driven culture and implement action plans developed through employee survey feedback.

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Contributing to Our Community

We believe that the continued success of our business is intrinsically linked to the well-being of the communities in which we operate. Our commitment to the communities that we serve is a core component of our ESG strategy.

OUR COMMUNITY INVOLVEMENT

Financial and in-kind contributions to the community • Promoting financial literacy among vulnerable groups • Non-discrimination among community members

[KPI B8]
[GRI 413]

Why it matters

Social issues such as income inequality, aging populations, and access to education relate to how individuals manage their finances and are therefore relevant to our business. At the same time, our employees are eager to dedicate time to contribute to their local community and help the environment. Providing these opportunities helps improve the BEA employee experience and strengthens the Bank’s relationship with the community.

Management approach

Our approach centres on the three pillars of education, social welfare, and the environment. Our [Sustainability Policy](#), together with the Bank’s Community Investment Guidelines, sets out the Group’s strategy and objectives in regard to social contributions.

Our internal Community Investment Guidelines ensure that the projects we support are in line with our [Sustainability Policy](#). The Group uses these guidelines to work with local partners in different markets to discern community needs and identify and prioritise programmes that best address those needs while ensuring we do not discriminate against any community group when considering the recipients of cash or in-kind donations.

We provide support in three main ways:

- **Community giving** through financial and in-kind donations, both directly from Group members and from our two charitable foundations — the BEA Foundation in Hong Kong and the BEA Charity Fund in Mainland China — to registered charities and NGOs.
- **Employee and customer giving, and volunteering** through our local volunteer teams and campaigns enhance relationships, build social capital, and enable our people to become more familiar with the challenges faced by others. We provide employees with opportunities during and outside office hours to use their time and skills to support those in need.
- **Leveraging our business network and sphere of influence** to encourage our partners, clients, customers, and their families to participate in our programmes and events.

2020 performance

HK\$11.1+ million
in cash donations from the Group

~5,600 hours contributed by staff volunteers²⁷

27. We experienced a reduction in volunteering hours in 2020 due to the impact of COVID-19 and related government restrictions.

PROGRAMMES AND INITIATIVES

HONG KONG

Pandemic response

Social welfare

Education

In 2020, the BEA Foundation collaborated with 13 local NGOs to deliver HK\$2.6 million worth of personal hygiene products and daily necessities to elderly with limited mobility; residents of care homes; and under-resourced, sick, and disabled people during the pandemic. The Bank also donated 340 computers and monitors to the Caritas Computer Workshop to enable underprivileged students to continue their education while schooling moved online.



Education

We sponsored two scholarship programmes during the period under review, namely The Bank of East Asia Scholarship and BEA Inspiring Student Scholarship. The scholarships were awarded to 37 students with or without special education needs to help them achieve their academic goals.

Social welfare

Surgical masks were in short supply during the initial months of the COVID-19 outbreak. To ensure that under-resourced members of the community were protected, members of our award-winning BEA Volunteer Team made more than 400 reusable face masks, which were distributed by NGO partners. The COVID-19 pandemic also disrupted a number of food donation programmes. In response, our volunteers collected food items and more than \$11,000 in supermarket, restaurant, and bakery coupons from staff members, which were distributed to the needy by Feeding Hong Kong.

Social welfare

In 2020, the BEA Foundation reaffirmed its support of the Palliative Care Programme by embarking on a fourth 3-year phase. The Salvation Army has initiated the development of an evidence-based psycho-social care model known as the "CORE-UPHOLD Model" to support older adults in end-of-life care, which includes comprehensive assessment, intervention protocols, the creation of sensory kits, and the publication of a training manual.

Social welfare

The Community Chest BEA Charity Golf Day featured over 200 players and raised more than HK\$2.5 million for the member agencies of The Community Chest of Hong Kong providing mental health services.

MAINLAND CHINA

Pandemic response

Social welfare

BEA China donated HK\$3.5 million (CNY3 million) to the Red Cross Society of China Wuhan Branch for personal protective equipment and medical supplies in support of the fight against the coronavirus outbreak. In May, a second batch of epidemic prevention



supplies was delivered to 31 rural Chinese schools in a project which also saw the installation of four solar-powered street lights in two of the remote schools, making them safer for students at night.

Education

As part of BEA China's centenary campaign "A New Journey for the Next Century", the BEA Charity Fund opened its 100th Firefly Centre in 2020, one of four newly launched during the year. BEA China donated multimedia equipment such as computers and projectors to make learning more exciting, as well as new desks, chairs, and a library to provide basic school needs. Over the course of the year, the Firefly Project provided 2,090 Firefly Backpacks to underprivileged students. Each Firefly Backpack contains



stationery and reference books to encourage self-learning. The programme also supported more than 4,570 hours of online training for over 200 school teachers and 44 principals.

Education

Season four of the BEA Charity Fund's Long-term Volunteer Teaching Programme organised in collaboration with the Shanghai Soong Ching Ling Foundation sent 16 teachers to remote schools in Liangshan Yi Autonomous Prefecture of Sichuan Province.



Education

In Shanghai, BEA China organised the 8th Financial Education Campus Tour together with the Shanghai High School Student Ethical Development Centre and Shanghai Education News Group. The initiative aims to strengthen financial knowledge and improve financial literacy among middle school students. In 2020, the Campus Tour focused on minimising financial risks and fostering understanding of internet finance and rational consumption. Since its launch in 2013, the initiative has attracted nearly 80,000 students from more than 120 high schools.



MACAU

Pandemic response

Social welfare

In support of the charity programme "Happy Caring Plan" organised by the Fuhong Society of Macau, Macau Branch staff members collected food and household items that were donated to Fuhong's Happy Market Social Enterprise to be distributed to low-income families during the pandemic.



TAIWAN

Environment

Social welfare

Taiwan Branch donated over 200 old electronic devices including 60 computers and 40 monitors to ASUS Foundation. Once refurbished, they will be donated to the underprivileged around the world, helping to bridge the digital divide through e-learning. By donating rather than scrapping the devices, Taiwan Branch reduced carbon dioxide emissions by nearly 3.1 metric tons.



Social welfare

Taiwan Branch staff donated almost 300 uniform invoices to the Taiwan Spinocerebellar Ataxia Association in support of patients suffering from this rare genetic disease and their families.

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Case Study

SUPPORTING MENTAL HEALTH AMONG YOUNG PEOPLE

While COVID-19 brought the need for an urgent response, the BEA Foundation also maintained its existing programmes in Hong Kong. It partnered with Tung Wah Group of Hospitals to support youths at risk of mental health issues in the Teen Café Youth Mental Health Promotion Project.

12

Participating schools



14,300

Participating students



27

Mental health-sharing conference organised



10

Mental health talks for students



Thanks to the social service network established by the Teen Café, I had the opportunity to exchange ideas and experiences in a cross-discipline conference and training workshop on mental health topics. The opportunity allowed me and the other participants to reflect and find a common ground to support the teenagers in our community.

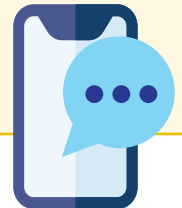
Dr. Marshall Lee Ming-chung
Specialist in Psychiatry

Case study

REACHING OUT TO THE ELDERLY DURING THE PANDEMIC

During normal times, the BEA Volunteer Team aims to engage and support the elderly in Hong Kong. However, during 2020, the need for outreach was heightened when many senior citizens self-isolated due to fear of the pandemic. The BEA Volunteer Team underwent

training and proceeded to participate in a phone call contact programme with solitary senior citizens linked to St. James' Settlement to help reduce loneliness and other negative effects of isolation.



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Enhancing Our Environmental Performance

The BEA Group is committed to minimising the direct ecological footprint of its operations, and we seek to positively influence our employees, suppliers, customers, and other stakeholders by raising their awareness of environmental issues and helping them make more sustainable choices.

ENERGY CONSUMPTION AND CARBON
 Carbon emissions • Energy consumption
 [KPI A1, A2]
 [GRI 302, 305]

Why it matters

While as a financial institution we have greatest impact on the reduction of global carbon emissions through our loan book and investment portfolio, managing the impact of our own operations is important to us and to our stakeholders.

In 2020, governments in two of our main markets, Hong Kong and Mainland China, made mid-century carbon neutral pledges signalling that all companies operating in these locations must prepare to transition to a low-carbon economy. The most significant factor contributing to our carbon emissions is energy consumption, of which more than 90% is the use of electricity to power our offices, branches, and data centres.

Management approach

Our [Environmental Policy](#), applicable across our operations, outlines the commitments that Group members have made to reduce the consumption of energy. Implementing the policy, which is reviewed and approved annually by our Board of Directors, helps to ensure we comply with all relevant laws and regulations, including environmental protection legislation, in all locations where we operate.

We have committed to reducing greenhouse gas (“GHG”) emissions in an effort to contribute to mitigating climate change. Air and GHG emissions are covered by our [Environmental Policy](#), and we track, analyse, and disclose

emissions information annually in our ESG reports, as well as to CDP and to the Carbon Footprint Repository for Listed Companies in Hong Kong.

We have established a Group-wide 32% absolute carbon emissions (Scopes 1 and 2) reduction target by 2030 based on a 2019 baseline. To help us achieve our objectives, we are investing in new technologies for our operations in Hong Kong. Our new target builds on our previous annual electricity consumption reduction target of 1.1% in our two main office buildings in Hong Kong. At the turn of 2020, the emissions of both buildings accounted for 22% of our Group’s total emissions from our own operations.

In addition, we continue to implement our 5-stage Facilities Cycle Policy, which focuses our efforts in reducing energy consumption and waste. Details about how we manage waste are provided in the *Paper Consumption and Waste* section of this chapter. The five stages of the policy include production, distribution, consumption, reuse and recycle, and disposal, and the policy employs initiatives such as:

- introducing electric vehicle charging facilities;
- food waste and utilities measurement; and
- exploring opportunities for wind and solar energy use.

We periodically conduct energy audits for our main offices in Hong Kong to evaluate the effectiveness of our initiatives and progress towards our carbon emissions reduction target.

Our wholly-owned premises in Hong Kong and Mainland China have been awarded green building certification:

BEA Tower, Kwun Tong, Hong Kong: Hong Kong BEAM (Excellent)

BEA’s Leasing Office Building, 33 Des Voeux Road Central, Hong Kong: Gold Standard Rating in BEAM for New Buildings

BEA China Headquarters, Shanghai: LEED Gold

BEA China Shanghai Branch: LEED Gold

BEA China Beijing Branch: LEED Gold

Programmes and initiatives

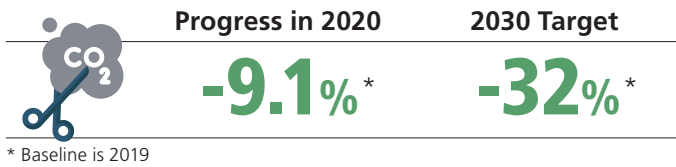
Our energy reduction efforts are spearheaded by creating efficient systems, streamlining work procedures, equipment, business travel, monitoring our energy consumption, and influencing our colleagues' behaviour. In 2020, we began measuring emissions from our business travel to form a baseline from which to measure progress.

Two main initiatives will drive the Bank's progress towards its 32% emissions reduction target. Firstly, we have set a goal of replacing key installations such as chillers at our Hong Kong offices by 2026. Secondly, we aim to transition half of our Bank's fleet of vehicles in Hong Kong to electric vehicles by 2030.

2020 performance

In 2020, we partnered with Carbon Care Asia, a Hong Kong-based consultancy focused on helping businesses transition to a zero-carbon economy, to conduct a review of our carbon emissions in order to set a progressive carbon reduction target.

Carbon Emissions:

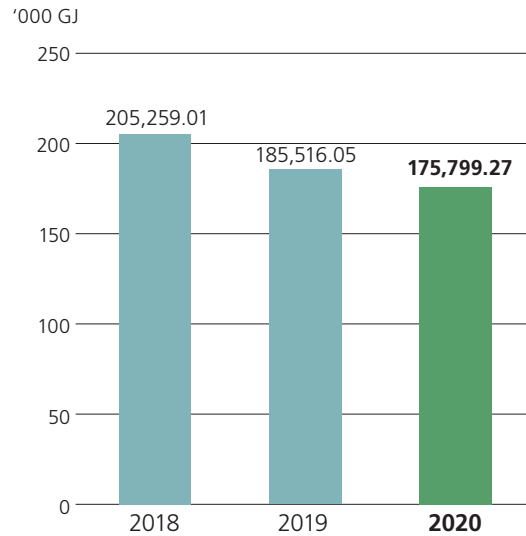


We have identified chiller replacement at our BEA Tower offices as one of the first key steps for us to take to achieve our target. Phase one chiller replacement works resulted in a 19% reduction, year on year, in energy consumed by the chiller alone. Upon completion of the chiller system replacement, we expect to reduce annual electricity consumption by the BEA Tower chiller plant by up to 40% from the baseline year of 2019.

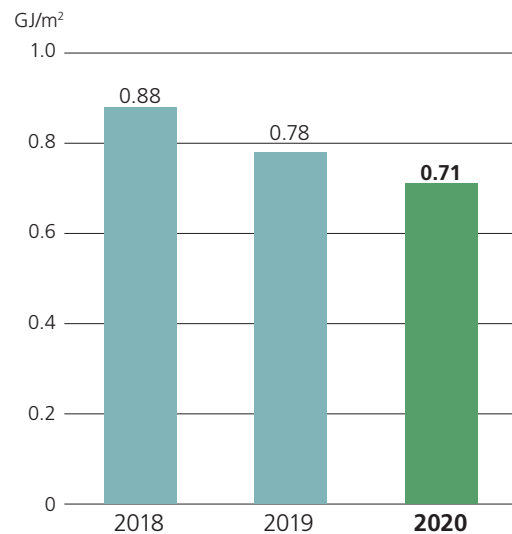
In 2020, Group emissions from business travel totalled 145.2 tonnes CO₂ equivalent²⁸. Going forward, we will measure other types of Scope 3 emissions from our business activities.

We continued to support the Charter on External Lighting by switching off external lighting at selected branches before 11:00 p.m. to conserve energy and reduce light pollution.

Total energy consumption



Energy intensity



28. Data includes carbon emissions arising from the business travel of the Group's staff members by air, rail, ferry, and car to/from their offices and destinations outside the vicinity of their workplace. Calculations were made in reference to GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

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Since 2016, we have participated in CDP’s Climate Change questionnaire. 2020 is our first year to be publicly scored. The Bank’s climate change approach was recognised at “Awareness” (C) level.



PAPER CONSUMPTION AND WASTE
 Paper consumption and waste
 [KPI A1, A3]
 [GRI 301, 306]

Why it matters

We use significant amounts of paper for customer communications, service delivery, and administrative purposes throughout our office operations. Decreasing paper consumption reduces the use of forestry, energy, and water from production, distribution, and waste handling, and avoids emissions from these processes. It can also result in cost savings and encourage innovations that enhance operational efficiency. As we operate staff canteens, we must also be mindful of the impact of food waste on local landfill sites and the associated greenhouse gas emissions. The importance of environmental stewardship to our stakeholders, including our employees, drives our efforts to find effective solutions to reduce our impact on the environment.

Management approach

Our [Environmental Policy](#) has been developed with reference to the [UN’s Environment Programme Finance Initiative – Statement of Commitment by Financial Institutions on Sustainable Development](#) and guides us in our pursuit of sound environmental management practices, including recycling and waste reduction.

We seek opportunities to leverage the use of technology among employees, customers, and shareholders to move towards efficient paperless systems while introducing initiatives and disincentives to promote environmentally responsible behaviour. We weigh waste at our Head Office, regularly review our paper use and waste production, and make relevant investments to create more efficient processes and manage our environmental impacts. Our healthcare subsidiary, Blue Care, operates in compliance with all relevant laws and regulations regarding proper disposal of medical waste.

Programmes and initiatives

Employees

We continue to digitalise our office systems and processes to reduce paper consumption and encourage our staff to save paper and avoid printing when possible by generating and issuing staff printing records. We have installed recycling bags and bins on most floors in our two major office buildings in Hong Kong to provide staff with convenient access to recycling solutions, and we record and report annual paper recycling rates to track and review our performance.

When paper is required, we source and use FSC-certified office paper²⁹. All paper waste produced in our operations is recycled as far as it is practicable. We engage contractors to recycle shredded confidential documents in Hong Kong, Mainland China, Singapore, the UK, and the US.

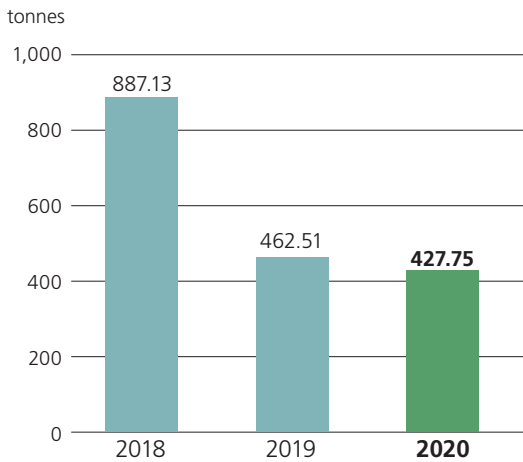
Across our operations we seek to extend the life of the IT products we use by having them refurbished and donated to those in need through local charities. In Hong Kong, we participate in the Environmental Protection Department’s Food Waste Recycling Partnership to recycle food waste generated at our staff canteen in BEA Tower. In 2020, we discontinued the use of single-use plastic cutlery and food containers at our staff canteens in Hong Kong. For employees who wish to take food away from the canteens, bio-degradable paper pulp lunch boxes and corn starch cutlery are now provided. In our Kwun Tong office, we also offer discounts to encourage our employees to bring their own reusable containers.

In 2020, we installed a weighing scale at our Head Office in Hong Kong to accurately measure the weight of waste we are producing, establish baseline waste data and identify initiatives to tackle the issue head on.

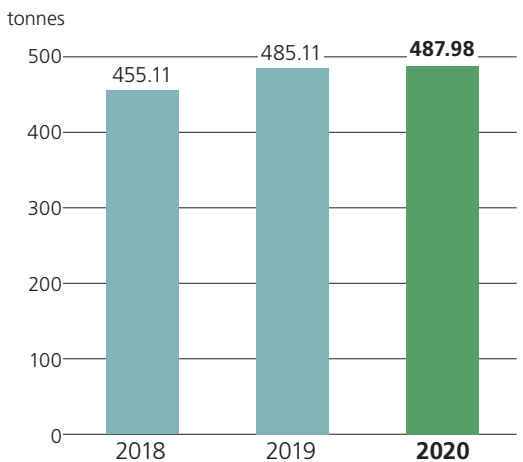
29. Forest Stewardship Council (FSC) certification indicates that paper products have been produced from well-managed forests and/or recycled material that is traceable to source.

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Total paper consumed³⁰



Total paper recycled



In order to foster a culture of environmentally responsible behaviour, we regularly communicate relevant environmental news to our colleagues. Through our quarterly “CSR News” updates, we raise awareness of important issues and relate them to the positive contributions that BEA and our employee volunteers are making in conjunction with industry groups and environmental organisations.

Our staff members are also our customers, and they set an example by receiving statements and other customer information in electronic form for the accounts they maintain at our Bank.

Customers and suppliers

Apart from our office operations, paper is consumed in the form of account statements and other customer

communications. For all new personal and corporate banking accounts, customers are automatically sent e-statements as the default choice of notification. We have established an annual fee of HK\$50 for hardcopy statements to encourage more retail banking customers to go paperless.

The Bank prefers to work with suppliers and vendors that have adopted ESG best practices. For suppliers that have not already made such commitments, we provide encouragement to make improvements and better manage associated risks.

Our [Supplier Code of Conduct](#) defines our requirements and expectations of suppliers. These include:

- complying with all relevant environmental legislation;
- minimising their environmental risks and direct impacts from their operations;
- implementing environmental policies and environmental management systems; and
- minimising energy consumption and resource use and improving energy efficiency.

2020 performance

31% of the Bank’s total staff in Hong Kong had switched to our MPF e-statement service by the end of 2020, up from 25% in 2019.

93% of BEA Credit Cardholders had adopted e-statements.

12.4 tonnes of IT equipment was donated to local charities.



Outlook

In 2021, BEA will be the first financial institution in Hong Kong to work with local non-profit association and certification body, Green Council, to participate in the Environment and Conservation Fund’s waste charging pilot scheme. Through the collaboration, we will seek to build on the waste measurements began in 2020 to expand waste measurement and reduction initiatives to our BEA Tower offices in Kwun Tong. Our efforts will also help ensure that our Bank is able to adapt readily to any policy changes concerning waste management in Hong Kong.

30. Change of scope: From 2019 onwards, paper waste data only includes copy paper and IT paper, our most material paper types.

OUR PERFORMANCE

ECONOMIC PERFORMANCE

GRI Standard Reference	KPI	2020 (HKD Mn)	2019 (HKD Mn)	2018 (HKD Mn)
GRI 201-1	Direct economic value generated and distributed			
	Revenue	17,678	19,730	17,124
	Operating costs	2,886	3,708	2,971
	Employee compensation and benefits	5,069	5,192	5,032
	Payment to providers of capital	1,958	2,016	4,052
	Payments to government in Hong Kong	136	879	879
	Payments to government in Mainland China	52	(63)	323
	Payments to government in Other markets	127	208	290
	Total cash donations to charitable organisations	11	9	10
	Economic value retained	7,439	7,781	3,567
GRI 201-1	Financial donations by location			
	Hong Kong	6	8	7
	Mainland China	5	1	3
	Other markets	-	-	-
	Total cash donations to charitable organisations	11	9	10

ENVIRONMENTAL PERFORMANCE

ESG Guide/ GRI Standard Reference	Indicator	Unit	2020	2019 ^{vii}	2018 ^{vii}
Energy					
GRI 302-1	Energy consumption within the organisation				
	Total energy consumption	gigajoules (GJ)	175,799.27	185,516.05	205,259.01
	Total electricity consumption	GJ	157,043.88	161,156.73	178,739.92
	Total heating purchased for consumption	GJ	0.00	0.00	0.00
	Total cooling purchased for consumption	GJ	0.00	0.00	0.00
a.	Total fuel consumption from non-renewable sources (Diesel oil, petrol, Towngas)	GJ	18,755.39	24,359.32	26,519.09
b.	Total fuel consumption from renewable sources	GJ	0.00	0.00	0.00
KPI A2.1	Total direct and indirect energy consumption by type				
	Total energy consumption	'000 kilowatt hours (kWh)	48,833.13	51,532.24	57,016.39
	Total electricity consumption	'000 kWh	43,623.30	44,765.76	49,649.98
	Total heating purchased for consumption	'000 kWh	0.00	0.00	0.00
	Total cooling purchased for consumption	'000 kWh	0.00	0.00	0.00
	Total fuel consumption from non-renewable sources (Diesel oil, petrol, Towngas)	'000 kWh	5,209.83	6,766.48	7,366.41
	Total fuel consumption from renewable sources	'000 kWh	0.00	0.00	0.00
GRI 302-3	Overall energy intensity of the Group by Gross Floor Area (GFA)				
		GJ/m ²	0.71	0.78	0.88
Water					
KPI A2.2	Water consumption				
	Total consumption of municipal fresh water	m ³	104,533.89	83,372.87	94,581.11
	Water intensity				
	per square metre of GFA	m ³ /m ²	0.43	0.35	0.43
Air emissionsⁱ					
KPI A1.1	Emissions from gaseous fuel consumption				
GRI 305-7	Nitrogen Oxide (NOx)	kilograms (kg)	6.56	7.78	7.88
	Sulphur Oxide (SOx)	kg	0.03	0.04	0.04
	Emissions from vehicles				
	NOx	kilograms (kg)	584.57	1,535.26	404.80
	SOx	kg	7.27	9.57	1.42
	Particulate Matter	kg	49.99	121.60	36.23
Carbon emissions^{ii iii}					
KPI A1.2	Total greenhouse gas (GHG) emissions in Hong Kong				
GRI 305-1	Scope 1 emissions	tonnes CO ₂ equivalent (CO ₂ e)	1,255.75	1,411.36	853.60
GRI 305-2	Scope 2 emissions	tonnes CO ₂ e	14,271.42	14,089.44	14,041.64
GRI 305-4	Scopes 1 & 2 emissions	tonnes CO ₂ e	15,527.17	15,500.80	14,895.24
	GHG emissions intensity per unit of GFA	tonnes CO ₂ e/m ²	0.17	0.18	0.23

ESG Guide/ GRI Standard Reference	Indicator	Unit	2020	2019 ^{vii}	2018 ^{vii}
Carbon emissions^{ii iii}					
KPI A1.2	Total greenhouse gas (GHG) emissions in Mainland China				
GRI 305-1	Scope 1 emissions	tonnes CO ₂ equivalent (CO ₂ e)	2,088.53	4,463.46	1,402.62
GRI 305-2					
GRI 305-4	Scope 2 emissions	tonnes CO ₂ e	14,891.41	15,855.56	15,416.05
	Scopes 1 & 2 emissions	tonnes CO ₂ e	16,979.94	20,319.01	16,448.82
	GHG emissions intensity per unit of GFA	tonnes CO ₂ e/m ²	0.12	0.15	0.12
Total greenhouse gas (GHG) emissions of BEA Group					
	Scope 1 emissions	tonnes CO ₂ equivalent (CO ₂ e)	3,471.32	6,046.85	Data not available
	Scope 2 emissions	tonnes CO ₂ e	30,749.44	31,595.05	
	Scopes 1 & 2 emissions	tonnes CO ₂ e	34,220.76	37,641.90	
	GHG emissions intensity per unit of GFA	tonnes CO ₂ e/m ²	0.14	0.16	
Waste^{iv v}					
GRI 306-3	All waste		733.10		
KPI A1.4	Non-hazardous waste				
	Paper ^{vi}		487.98		
	Food waste		6.46		
	Other general non-hazardous waste	tonnes	225.18		
KPI A1.3	Hazardous waste				
	IT products		12.43		
	Medical waste (Blue Care only)		0.14		
	Batteries		0.90		
GRI 306-4 a	Waste diverted from landfill		503.89		
GRI 306-4 c	Non-hazardous waste				
	Paper recycled		487.98		Data not available
	Other recycled	tonnes	3.48		
GRI 306-4 b	Hazardous waste				
	Batteries recycled		0.01		
	IT products recycled		12.43		
GRI 306-5 a	Waste directed to disposal		229.21		
GRI 306-5 c	Non-hazardous waste				
	Landfill		192.99		
	Incineration	tonnes	35.18		
GRI 306-5 b	Hazardous waste				
	Batteries collected and destroyed by licensed third-party		0.90		
	Medical waste (Blue Care only)		0.14		
KPI A1.4	Paper waste intensity	kg per full-time employee	51.17		

- Notes:
- Before 2019, NO_x and SO_x emissions generated from fuel consumption were calculated for Hong Kong operations only.
 - Scopes 1 and 2 GHG emissions were estimated according to the Stock Exchange's [How to prepare an ESG Report Appendix 2: Reporting Guidance on Environmental KPIs](#) and the Hong Kong Government's [Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong \(2010 Edition\)](#). Calculations use IPCC Fifth Assessment Report (AR5) Global Warming Potential figures where relevant.
 - Scope 2 GHG emissions are calculated based on electricity and Towngas consumed, as well as the corresponding emission factors, as provided by the utility companies in Hong Kong and other markets.
 - 2020 is the first year we report in accordance with GRI 306: Waste (2020). Historical waste data is available in our past reports.
 - The waste data provided in our 2020 ESG Report represents all waste for which we have accurate data. We are in the process of introducing measures to monitor and measure municipal solid waste from our operations and will include that data in future reporting cycles.
 - Paper waste data only includes copy paper and IT paper, our most material paper types.
 - Restated data and rationale are provided on page 55.

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WORKFORCE DATA

ESG Guide/ GRI Standard Reference	Employee information	2020	2019	2018
GRI 102-7 KPI B1.1	Total number	9,536	9,843	9,647
	Male	3,857	3,986	3,873
	Female	5,679	5,857	5,774
GRI 102-8 a. KPI B1.1	Permanent Contract			
	Male	3,787	3,910	3,814
	Female	5,610	5,791	5,728
	Fixed Term / Temporary Contract			
	Male	70	76	59
	Female	69	66	46
GRI 102-8 b. KPI B1.1	Hong Kong			
	Permanent Contract	5,448	5,434	5,135
	Fixed Term / Temporary Contract	128	130	92
	Mainland China			
	Permanent Contract	3,369	3,678	3,821
	Fixed Term / Temporary Contract	1	0	0
	Other markets			
	Permanent Contract	580	589	586
	Fixed Term / Temporary Contract	10	12	13
	GRI 102-8 c.	Full time		
Male		3,838	3,948	3,825
Female		5,610	5,771	5,677
Part time				
Male		19	38	48
Female		69	86	97
KPI B1.1	Under 30	1,569	1,924	1,968
	Aged 30-50	6,464	6,480	6,381
	Over 50	1,503	1,439	1,298

401-1 a.	New hires	2020		2019		2018	
		Number	Rate (%)	Number	Rate (%)	Number	Rate (%)
	Overall	1,190	12.8	1,919	20.0	1,857	19.8
	Male	581	15.4	849	21.9	858	22.8
	Female	609	11.0	1,070	18.8	999	17.7
	Under 30	437	29.4	820	45.4	825	44.7
	Aged 30-50	696	10.9	1,020	15.9	956	15.1
	Over 50	57	4.0	79	5.9	76	6.2
	Hong Kong	766	14.3	1,249	23.5	1,132	22.7
	Mainland China	338	10.0	555	15.1	577	15.1
	Other markets	86	15.0	115	19.7	148	25.5

2020 ESG Highlights	About This Report	About BEA	Our Approach to Sustainability	Our Commitments	Our Performance	Appendices
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Economic Performance	Environmental Performance	Workforce Data	Social Data	Restatements of Information
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401-1 b.	Turnover	2020		2019		2018	
		Number	Rate (%)	Number	Rate (%)	Number	Rate (%)
	Overall	1,462	15.7	1,737	18.1	1,954	20.8
	Male	687	18.2	741	19.1	794	21.1
	Female	775	14.0	996	17.5	1,160	20.6
	Under 30	392	26.4	529	29.3	576	31.2
	Aged 30-50	905	14.1	1,052	16.4	1,209	19.1
	Over 50	165	11.6	156	11.6	169	13.8
	Hong Kong	717	13.4	929	17.5	977	19.6
	Mainland China	648	19.2	692	18.8	840	22.0
	Other markets	97	16.9	116	19.9	137	23.6

401-3	Return to work and retention after parental leave, by gender	2020		2019 ⁱ		2018	
		Male	Female	Male	Female	Male	Female
a.	Proportion of total workforce entitled to parental leave (%)	96.7	96.6	96.1	96.0	94.2	95.8
b.	Number of people who took parental leave	127	191	136	351	140	356
c.	Number of people who returned to work after parental leave	119	180	130	299	129	259
d.	Total employees retained 12 months after returning from parental leave	103	208	111	226	150	248
e.	Return to work rate (%)	94.4	95.7	95.6	89.0	92.1	81.2
f.	Retention rate (%)	79.2	69.6	84.7	73.1	79.8	74.9

Workplace injuries and fatalities		2020		2019		2018	
403-9 a.	No. of fatalities	Total	Rate	Total	Rate	Total	Rate
KPI B2.1	Overall	0	0.00	0	0.00	0	0.00
403-9 a.	High consequence work-related injuriesⁱⁱ	Total	Rate	Total	Rate	Total	Rate
	Overall	4	0.04				
	Hong Kong	4	0.07				
	Mainland China	0	0.00				
	Other markets	0	0.00				
							Data not available
403-9 a.	Recordable work-related injuriesⁱⁱ	Total	Rate	Total	Rate	Total	Rate
	Overall	14	0.15				
	Hong Kong	7	0.13				
	Mainland China	4	0.12				
	Other markets	3	0.68				
							Data not available
KPI B2.2	Lost days due to work related injuryⁱⁱⁱ	Total	Rate	Total	Rate	Total	Rate
	Overall	832	8.92	1,466	14.84	1,037	10.82
	Hong Kong	618	11.21	1,328	24.38	789	15.26
	Mainland China	214	6.62	126	3.28	246	6.44
	Other markets	0	0.00	12	2.02	2	0.33

GRI 405-1	Composition of the Board of Directors	2020
	Male	93%
	Female	7%
	Under 30	0%
	Aged 30-50	27%
	Over 50	73%

- Notes:
- The 2019 figures for return to work and retention after parental leave have been restated.
 - 2020 is the first year we report in accordance with GRI 403: Occupational Health and Safety (2018). Injury data for previous years is calculated in line with GRI 403 (2016) and is available in our past reports.
 - Lost Day Rate is based on number of days lost per 200,000 hours worked (100 employees working 40 hours per week for 50 weeks) in line with guidance provided by GRI Standards disclosure 403-9.

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SOCIAL DATA

ESG Guide/ GRI Standard Reference	Indicator	2020
Human Rights and Society		
GRI 406-1	Total number of incidents of discrimination and corrective actions taken	0
GRI 205-3 KPI B7.1	Confirmed incidents of corruption and actions taken	0
GRI 419-1	Non-compliance with laws and regulations in the social and economic area	1 ⁱ
Product responsibility		
GRI 417-3	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications	0
GRI 418-1	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	5

Note:

- i. In September 2020, the Securities and Futures Commission (“SFC”) fined BEA HK\$4.2 million for regulatory breaches related to its failure to segregate client securities. In determining the sanction, the SFC took into account various factors, including the fact that there was no evidence of client loss as a result of BEA’s regulatory breaches and that the Bank had taken remedial action to enhance internal systems and controls to prevent a recurrence of similar breaches.

RESTATEMENTS OF INFORMATION

[GRI 102-48]

We continually refine our data management process. Having our data externally assured has also led to a more rigorous assessment of our data collection process and enabled us to identify areas for improvement. We have applied these improvements to our historical data sets and provide an

account of changes to previously reported data in the table below. The main reasons for restatements of 2018 and 2019 data include:

- The introduction of assumptions for months for which data is unavailable;
- Data collection error;
- Hardware malfunction e.g. electricity meter issue; and
- Out of scope data included in calculation.

Environmental Performance

ESG Guide/ GRI Standard Reference	Indicator	Unit	2019		2018	
			What was reported in 2019 ESG Report	What it should be	What was reported in 2019 ESG Report	What it should be
GRI 302-1	Energy consumption within the organisation					
	Total energy consumption	gigajoules (GJ)	168,246.66	185,516.05	187,520.13	205,259.01
	Total electricity consumption	GJ	143,887.34	161,156.73	161,001.04	178,739.92
KPI A2.1	Total direct and indirect energy consumption by type					
	Total energy consumption	'000 kilowatt hours (kWh)	46,735.18	51,532.24	52,088.93	57,016.39
	Total electricity consumption	'000 kWh	39,968.71	44,765.76	44,722.51	49,649.98
GRI 302-3	Overall energy intensity of the Group					
	by Gross Floor Area	GJ/m ²	0.74	0.78	0.80	0.88
KPI A2.2	Water intensity					
	per square metre of GFA	m ³ /m ²	0.36	0.35	Not applicable	
KPI A1.1	Emissions from vehicles					
	NOx	kilograms (kg)	1,534.81	1,535.56	Not applicable	
	Particulate Matter	kg	121.58	121.60		
KPI A1.2	Total greenhouse gas (GHG) emissions in Hong Kong					
	Scope 1 emissions	tonnes CO ₂ equivalent (CO ₂ e)	737.87	1,411.36	Not applicable	
	Scope 2 emissions	tonnes CO ₂ e	11,345.13	14,089.44	11,276.03	14,041.64
	Scopes 1 & 2 emissions	tonnes CO ₂ e	12,083.00	15,500.80	12,129.63	14,895.24
	GHG emissions intensity per unit of GFA	tonnes CO ₂ e/m ²	0.16	0.18	0.18	0.23
KPI A1.2	Total greenhouse gas (GHG) emissions in Mainland China					
	Scope 1 emissions	tonnes CO ₂ equivalent (CO ₂ e)	3,668.77	4,463.46	Not applicable	
	Scope 2 emissions	tonnes CO ₂ e	15,535.41	15,855.56		
	Scopes 1 & 2 emissions	tonnes CO ₂ e	19,204.18	20,319.01		
	GHG emissions intensity per unit of GFA	tonnes CO ₂ e/m ²	0.14	0.15		
KPI A1.2	Total greenhouse gas (GHG) emissions of BEA Group					
	Scope 1 emissions	tonnes CO ₂ equivalent (CO ₂ e)	4,578.67	6,046.85	Not applicable	
	Scope 2 emissions	tonnes CO ₂ e	28,678.94	31,595.05		
	Scopes 1 & 2 emissions	tonnes CO ₂ e	33,257.61	37,641.90		
	GHG emissions intensity per unit of GFA	tonnes CO ₂ e/m ²	0.15	0.16		

APPENDICES

ESG REPORTING GUIDE CONTENT INDEX

Note: Our 2020 ESG Report has been developed in line with the most recent version of the ESG Guide contained in Appendix 27 to The Rules Governing the Listing of Securities on the Stock Exchange.

A. Environmental		Page / Remark
A1 Emissions		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	45-46
A1.1	The types of emissions and respective emissions data.	50-51
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).	50-51
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Our operations generate a small amount of hazardous waste relative to our total waste. We therefore report a breakdown in tonnes produced, however an intensity figure for hazardous waste is not considered appropriate.
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	51 (partially disclosed)
A1.5	Description of measures to mitigate emissions and results achieved.	45-46
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	47-48
A2 Use of Resources		
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	45-48
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).	50
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	50
A2.3	Description of energy use efficiency initiatives and results achieved.	45-46
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Water is not material to the operations of BEA as a commercial bank
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Packaging material is not material to the operations of BEA as a commercial bank

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A. Environmental		Page / Remark
A3 The Environment and Natural Resources		
General disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	47-48
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	47-48
A4 Climate Change		
General disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	We are in the process of assessing our risk management practices and strengthening our policies and process to include climate-related risk in line with the TCFD framework and expectations of HKMA. Refer to the <i>Responsible Finance</i> section of this report for more details.
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.	
B. Social		Page / Remark
B1 Employment		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	37-38, 40-41
B1.1	Total workforce by gender, employment type, age group and geographical region.	38, 52
B1.2	Employee turnover rate by gender, age group and geographical region	53
B2 Health and Safety		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	37-38
B2.1	Number and rate of work-related fatalities.	53
B2.2	Lost days due to work injury.	53
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	37-38
B3 Development and Training		
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	39-40
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	100% trained
B3.2	The average training hours completed per employee by gender and employee category.	40

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B. Social		Page / Remark
B4 Labour Standards		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	30-31
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Forced labour is not material to the operations of BEA as a commercial bank. We have provided a description of how we manage our supply chain on pages 30-31 of this report.
B4.2	Description of steps taken to eliminate such practices when discovered.	
B5 Supply Chain Management		
General disclosure	Policies on managing environmental and social risks of the supply chain.	30-31
B5.1	Number of suppliers by geographical region.	31
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	We are in the process of revising and strengthening our supply chain management approach including how we monitor our suppliers. Please refer to the <i>Promoting a Sustainable Supply Chain</i> section of this report for more information.
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	
B6 Product Responsibility		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	32-36
B6.1	Percentage of products subject to recalls for safety and health reasons.	Product recalls are not material to the operations of BEA as a commercial bank.
B6.2	Number of products and service-related complaints received and how they are dealt with.	32-34
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual property rights are not material to the operations of BEA as a commercial bank.
B6.4	Description of quality assurance process and recall procedures.	See B6.1
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	32-33

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B. Social		Page / Remark
B7 Anti-corruption		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	28-29
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.	54
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	28-29
B7.3	Description of anti-corruption training provided to directors and staff.	We are in the process of revising our training protocol and will disclose this information in future reporting cycles.
B8 Community Investment		
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates, and to ensure its activities take into consideration the communities' interests.	42
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, and sport).	42-44
B8.2	Resources contributed (e.g. money or time) to the focus area.	42

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GRI CONTENT INDEX

GRI Standard	Disclosure Number and Title	Page	Disclosure / Remarks
GRI 100	Universal Disclosures 2016		
GRI 102	General Disclosures 2016		
102-1	Name of the organisation	18-19	
102-2	Activities, brands, products, and services	19	
102-3	Location of headquarters	19	
102-4	Location of operations	19	
102-5	Ownership and legal form	-	Listed on the Stock Exchange of Hong Kong; Also refer to Annual Report 2020
102-6	Markets served	19	Also refer to Annual Report 2020
102-7	Scale of the organisation	1,19	
102-8	Information on employees and other workers	1, 19, 52	
102-9	Supply chain	30-31	
102-10	Significant changes to the organisation and its supply chain	18	
102-11	Precautionary principle or approach	20-21, 28-30	
102-12	External initiatives	65	
102-13	Membership of associations	66-67	
102-14	Statement from senior decision maker	2-4	
102-16	Values, principles, standards, and norms of behaviour	20-21	
102-18	Governance structure	22-23	
102-40	List of stakeholder groups	-	Our key stakeholders include: employees, customers, investors and shareholders, regulators and governments, public sector bodies, NGOs, suppliers, strategic partners, local communities, and the media.
102-41	Collective bargaining agreements	-	The majority of the Group's employees are located in Hong Kong and the rest of Greater China, where there are no collective bargaining arrangements. In Singapore, 16% of BEA's employees are covered by collective bargaining agreements. We also maintain clear and open grievance channels for employees to raise concerns.
102-42	Identifying and selecting stakeholders	24-25	
102-43	Approach to stakeholder engagement	24-25	
102-44	Key topics and concerns raised	24-26	
102-45	Entities included in the consolidated financial statements	18-19	Also refer to Annual Report 2020
102-46	Defining report content and topic boundaries	18,63	
102-47	List of material topics	24,63	
102-48	Restatements of information	55	Relevant restated information is detailed in <i>Our Performance</i> section.
102-49	Changes in reporting	18	
102-50	Reporting period	18	
102-51	Date of most recent report	-	2019 ESG Report published in June 2020
102-52	Reporting cycle	-	Annual
102-53	Contact point for questions regarding the report	18	
102-54	Claims of reporting in accordance with the GRI Standards	18	This report has been prepared in accordance with the GRI Standards: Core Option.
102-55	GRI content index	60-62	
102-56	External assurance	69	Limited external assurance for report content

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GRI Standard	Disclosure Number and Title	Page	Disclosure / Remarks
Material Topics			
GRI 200: Economic Topics 2016			
GRI 201: Economic Performance 2016			
GRI 103	Management Approach 2016	27	
201-1	Direct economic value generated and distributed	27, 49	Also refer to Annual Report 2020
GRI 205: Anti-corruption 2016			
GRI 103	Management Approach 2016	28-29	
205-3	Confirmed incidents of corruption and actions taken	54	
GRI 207: Tax 2019			
GRI 103	Management Approach 2019	27	
207-1	Approach to tax	27	(partially disclosed)
GRI 300: Environmental Topics 2016			
GRI 301: Materials 2016			
GRI 103	Management Approach 2016	47-48	
301-1	Materials used by weight or volume	48	
GRI 302: Energy 2016			
GRI 103	Management Approach 2016	45-46	
302-1	Energy consumption within the organisation	46, 50	
302-3	Energy intensity	46, 50	
302-4	Reduction of energy consumption	45-46, 50	
GRI 305: Emissions 2016			
GRI 103	Management Approach 2016	45-46	
305-1	Direct (Scope 1) GHG emissions	50-51	
305-2	Energy indirect (Scope 2) GHG emissions	50-51	
305-4	GHG emissions intensity	50-51	
305-5	Reduction of GHG emissions	45-46	
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	50	
GRI 306: Waste 2020			
GRI 103	Management Approach 2020	47-48	
306-1	Waste generation and significant waste related impacts	47-48	
306-2	Management of significant waste-related impacts	47-48	
306-3	Waste generated	51	
306-4	Waste diverted from disposal	51	
306-5	Waste directed to disposal	51	
GRI 400: Social Topics 2016			
GRI 401: Employment 2016			
GRI 103	Management Approach 2016	37-38	
401-1	New employee hires and employee turnover	52-53	
401-3	Parental leave	53	
GRI 402: Labour/ Management Relations 2016			
GRI 103	Management Approach 2016	40-41	
GRI 402-1	Minimum notice periods regarding operational changes	-	While the Group does not have a minimum notice period in place, we strive to ensure that employees are kept informed, as soon as practicable, of any operational changes that could significantly affect them.

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GRI Standard	Disclosure Number and Title	Page	Disclosure / Remarks
GRI 403: Occupational Health and Safety 2018			
GRI 103	Management Approach 2018	37-38	The Group operates in the financial services industry where the risk of fatalities and severe injuries on the job is minimal. We have chosen to include employee wellness and mental health, as stress is a significant risk in our industry.
403-9	Work-related injuries	53	
GRI 404: Training and Education 2016			
GRI 103	Management Approach 2016	39-40	
404-1	Average hours of training per year per employee	40	
GRI 405: Diversity and Inclusion 2016			
GRI 103	Management Approach 2016	40-41	
405-1	Diversity of governance bodies and employees	38, 52-53	
GRI 406: Non-discrimination 2016			
GRI 103	Management Approach 2016	40-41	
406-1	Incidents of discrimination and corrective actions taken	54	
GRI 413: Local Communities 2016			
GRI 103	Management Approach 2016	42-44	
413-1	Operations with local community engagement, impact assessments, and development programmes	42-44	
GRI 417: Marketing and Labelling 2016			
GRI 103	Management Approach 2016	35-36	
417-3	Incidents of non-compliance concerning marketing communications	54	
GRI 418: Customer Privacy 2016			
GRI 103	Management Approach 2016	32-34	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	54	
GRI 419: Socioeconomic Compliance 2016			
GRI 103	Management Approach 2016	28-29	
419-1	Non-compliance with laws and regulations in the social and economic area	54	

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MATERIAL PRINCIPLES, TOPICS AND BOUNDARIES

[GRI 102-46:47]

Reporting principles

The content of this report follows the GRI Standards Reporting Principles and those required by the Stock Exchange. All of our major subsidiaries are determined to be within the scope of our ESG reporting boundary.

Each year, we review our material topics and engage stakeholders to understand the ESG topics that are most relevant to our business and influence our stakeholders’ decision-making regarding BEA. We then ensure we have relevant performance indicators in place to monitor and manage our impacts. These metrics have been identified

through the application of the GRI Standards framework, the Stock Exchange’s ESG reporting guidance, ESG ratings agency information requests, and peer benchmarking.

We preface each disclosure with why it matters to our stakeholders and our Bank. This information is informed by industry and sustainability trends reviewed continually and through our materiality process. We report several years’ performance figures to allow for meaningful comparison. In the event of KPIs differing from a previous reporting cycle, a description of the change is provided.

This year, we have undertaken a process of external assurance as recommended by the Stock Exchange to confirm our ESG Report has been prepared in accordance with the GRI Standards (Core option) and the ESG Reporting Guide.

Material topics	Area of impact				
	Within the Group	Investors	Suppliers	Customers	Community and ecosystems
Growing Our Business Responsibly					
Anti-corruption	•	•	•	•	•
Economic value generated and distributed	•	•	•	•	•
Compliance with laws and regulations	•	•	•	•	
ESG integration with risk management and business decision making	•	•	•		•
Responsible finance	•	•		•	•
Sustainable procurement	•		•		•
Serving Our Customers Better					
Customer feedback channels	•	•		•	
Customer data privacy	•	•		•	
Promoting financial literacy and inclusion	•			•	
Fair design and marketing of products and services	•	•		•	
Developing Our People					
Employee benefits	•	•			
Employee turnover	•	•		•	
Employees–management communication	•	•		•	
Equal opportunities	•	•			•
Occupational health and safety	•	•	•	•	•
Succession planning	•	•		•	
Training and career development	•	•		•	
Contributing to Our Community					
Financial and in-kind contributions to the community	•	•		•	•
Promoting financial literacy among vulnerable groups	•	•		•	•
Non-discrimination among community members	•	•		•	•
Enhancing Our Environmental Performance					
Carbon emissions	•	•	•		•
Energy consumption	•	•	•		•
Paper consumption and waste	•	•	•	•	•

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OUR ESG-RELATED POLICIES AND STATEMENTS

ESG-related policies	References
Anti-Bribery and Corruption Statement	<i>Section 124 of the Banking Ordinance (Cap. 155)</i>
	<i>Section 4 and Section 9 of the Prevention of Bribery Ordinance (Cap. 201)</i>
	<i>Guidance issued by the Independent Commission Against Corruption and other similar laws and regulations in other countries/jurisdictions when conducting business there or where appropriate</i>
	<i>Prevention of Bribery Ordinance</i>
Corporate Governance Policy (internal)	<i>The Articles of Association of the Bank</i>
	<i>Appendix 14 (Corporate Governance Code) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited</i>
	<i>The Supervisory Policy Manual (“SPM”) CG-1 on Corporate Governance of Locally Incorporated Authorized Institutions; SPM CG-5 regarding Guideline on a Sound Remuneration System, Guidance on Empowerment of Independent Non-executive Directors in the Banking Industry in Hong Kong; and Circular on Bank Culture Reform, all issued by the HKMA</i>
	<i>Other applicable laws and regulations of Hong Kong, other relevant policies and practices of the Bank</i>
Environmental Policy	<i>UN Environment Programme Finance Initiative - Statement of Commitment by Financial Institutions on Sustainable Development</i>
Human Rights Policy	<i>UN International Bill of Human Rights</i>
	<i>UN Universal Declaration of Human Rights</i>
	<i>UN Guiding Principles on Business and Human Rights</i>
	<i>Fundamental conventions of the ILO</i>
Responsible Investment Statement	<i>UN Principles for Responsible Investment</i>
	<i>Recommendations of the TCFD</i>
Slavery and Human Trafficking Statement	<i>UN Universal Declaration of Human Rights</i>
	<i>Fundamental conventions of the ILO</i>
Statement on Anti-Money Laundering and Counter-Financing of Terrorism (“AML/CFT”)	<i>BEA’s AML/CFT policies (internal)</i>
Supplier Code of Conduct	<i>UN Universal Declaration of Human Rights</i>
	<i>Fundamental conventions of the ILO</i>
Sustainability Policy	<i>Treat Customers Fairly Charter</i>
	<i>Personal Data (Privacy) Ordinance</i>
	<i>Appendix 27 (Environmental, Social, and Governance Reporting Guide) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited</i>
	<i>Personal Data (Privacy) Ordinance</i>
Whistleblowing Statement	<i>Personal Data (Privacy) Ordinance</i>

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CHARTERS, MEMBERSHIPS, AWARDS AND RECOGNITION

Charters

[GRI 102-12]

Charter / Scheme	Name of Association, NGO, Chamber	Year charter was adopted	Locations where charter is applicable
BEA			
Sustainable Procurement Charter	Green Council	2018	Hong Kong
Charter on External Lighting	Environment Bureau	2016	Hong Kong
Wood Recycling & Tree Conservation Scheme	Hong Kong Environmental Protection Association	2016	Hong Kong (BEA Tower)
Quality Water Supply Scheme for Buildings - Fresh Water (PLUS) Basic Plan	Water Supplies Department	2016	Hong Kong (Head Office)
Talent-Wise Employment Charter and Inclusive Organisations Recognition Scheme	Labour and Welfare Bureau, the Rehabilitation Advisory Committee, HKCSS, and the Hong Kong Joint Council for People with Disabilities	2015	Hong Kong
Treat Customers Fairly Charter	HKMA	2013	Hong Kong
Blue Cross / BEA Life			
Mental Health Workplace Charter	The Department of Health, Labour Department, and the Occupational Safety & Health Council	2020	Hong Kong
Joyful@Healthy Workplace Charter	The Department of Health, Labour Department, and the Occupational Safety & Health Council	2019	Hong Kong
Good Employer Charter	Labour Department	2018	Hong Kong
Talent-Wise Employment Charter	Labour and Welfare Bureau / Rehabilitation Advisory Committee / The Hong Kong Joint Council for People with Disabilities / HKCSS	2013	Hong Kong

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Memberships

[GRI 102-13]

The BEA Group is actively involved in the community. We are a corporate member of the industry associations, NGOs, and chambers listed below, and our Executive Chairman, Co-Chief Executives, and senior executives hold key positions in universities, associations, chambers, and NGOs that enable them to contribute to the long-term development of the communities we serve.

Title Held / Level	Name of Association, NGO, Chamber
BEA	
Corporate (Full Member)	Asia Pacific Loan Market Association
Corporate	Asian Bankers Association
Corporate	The Chamber of Hong Kong Listed Companies
Corporate	The Hong Kong Institute of Bankers
Institutional Membership	Treasury Markets Association
Member	Hong Kong Association of Banks
Silver Member	WWF - Hong Kong
Jade Member	HKCSS
Chairman of Executive Committee	St. James' Settlement
Chairman of the Advisory Board	The Salvation Army
BEA China	
Vice President (Corporate)	China Banking Association ("CBA")
Director (Corporate)	CBA
Vice President	CBA
Director of the Foreign Bank Work Committee	CBA
Vice President (Corporate)	Shanghai Banking Association ("SBA")
Vice President	SBA
Director of the Foreign Bank Committee	SBA
Deputy Director General (Corporate)	Shanghai Financial Association ("SFA")
Deputy Director	SFA
Managing Director (Corporate)	Shanghai Finance Institute ("SFI")
Managing Director	SFI
London Branch	
Member	Association of Foreign Banks
Member	Hong Kong Association
Member	Hong Kong Trade Development Council ("HKTDC")
Member	UK Chinese Bankers Association
Member	Hong Kong Economic Trading Office
Member	The Guild of International Bankers
Member	Loan Market Association
Macau Branch	
Supervisory Board Vice-Chairman	The Macau Association of Banks
Singapore Branch	
Member	The Association of Banks in Singapore
Member	Institute of Banking and Finance Singapore
Member	The Singapore National Employers Federation
Malaysia Labuan Branch	
Member	Association of Labuan Banks
Taiwan Branch	
Director	Hong Kong Business Association in Taiwan
BEA Trustees	
Member	Hong Kong Trustees' Association Limited
Member	The Hong Kong Retirement Schemes Association

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Memberships (cont.)

Title Held / Level	Name of Association, NGO, Chamber
BEA Union Investment	
Member	Hong Kong Investment Funds Association
Member of HKTDC Financial Services Advisory Committee	HKTDC
Member of Ethics Review Committee	Institute of Financial Planners of Hong Kong
Member of FSDC Policy Research Committee	Financial Services Development Council
Member	CFA Institute
Member	CFP Certification, Institute of Financial Planners of Hong Kong
Member of Executive Committee	Hong Kong Investment Funds Association
Blue Cross / BEA Life	
Director	Chinese Insurance Association of Hong Kong Limited
Executive Committee Member, Insurance Fraud Prevention Claims Database	The Hong Kong Federation of Insurers
Member of Election Committee – Insurance Subsector	Electoral Affairs Commission, HKSAR
EADIS	
Member	Guangzhou Association of Service Trade & Outsourcing
Member	Guangdong Service Outsourcing Industry Association
Member	Guangzhou Volunteers Association

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Awards and recognition

BEA

Award	Awarding body
1 "President's Award" (for the 21st consecutive year), "Diamond Award" in the Corporate & Employee Contribution Programme 2019/2020 (for the 26th consecutive year), and the "Top Fund-raiser Award – 2nd Runner-up" in 2019/2020 Hong Kong & Kowloon Walk for Millions from The Community Chest of Hong Kong	The Community Chest of Hong Kong
2 Named "Caring Company" (for the 17th consecutive year)	HKCSS
3 2019-2020 "Hong Kong Citizen Hong Kong Heart" Volunteer Ambassador Program Certification by The Steering Committee on Promotion of Volunteer Service under the Social Welfare Department	Social Welfare Department
4 Named "Financial Education Champion" (for the third consecutive year)	IFEC
5 ERB Manpower Developer Award Scheme (for the ninth consecutive year)	Employees Retraining Board ("ERB")
6 Outstanding Award for Green Loan Arranger – Comprehensive Green Framework – Single Green Loan (Printing & Communication Industry)"	Hong Kong Quality Assurance Agency
7 Caring Certificate	Federation of Hong Kong Industries
8 Social Capital Builder Logo Award (for the third consecutive time)	Community Investment and Inclusion Fund of the Labour and Welfare Bureau
9 "Wastewi\$e Certificate – Excellence Level" for BEA's Head Office Building and BEA Tower	Environmental Campaign Committee
10 "Energywi\$e Certificate – Excellence Level" for BEA's Head Office Building	Environmental Campaign Committee

BEA China and other group members

Award	Awarding body
BEA China	
11 2020 Charity Practice Contribution Award	YI CAI
12 2019-2020 Corporate Contribution Award for Fixed-Point Poverty Alleviation	China Banking Association
13 Excellent Corporate Television Commercial – "Flowers in Desks"	2020 China International Philanthropic Movie Festival
Blue Cross	
14 Named "Caring Company" (for the 12th consecutive year)	HKCSS
15 Social Capital Builder Logo Award (for the second consecutive time)	Community Investment and Inclusion Fund of the Labour and Welfare Bureau
16 "Good MPF Employer Award" (for the sixth consecutive year), "Support for MPF Management Award" (for the fourth consecutive year), and "e-Contribution Award" (for the third consecutive year)	Mandatory Provident Fund Schemes Authority
17 2019-20 Healthy @ Workplace Best Practices Award (Enterprise / Organisation Category) - Grand Award	The Department of Health, Labour Department, and the Occupational Safety & Health Council
18 ERB Manpower Developer Award Scheme - Manpower Developer	Employees Retraining Board
BEA Life	
19 Named "Caring Company" (for the third consecutive year)	HKCSS
20 "Good MPF Employer Award" (for the sixth consecutive year), "Support for MPF Management Award" (for the fourth consecutive year), and "e-Contribution Award" (for the third consecutive year)	Mandatory Provident Fund Schemes Authority
21 2019-20 Healthy @ Workplace Best Practices Award (Branch / Small and Medium Enterprise (SME) Category) - Outstanding Award	The Department of Health, Labour Department, and the Occupational Safety & Health Council

STATEMENT OF ASSURANCE

[GRI 102-56]



Scope and Objective

Hong Kong Quality Assurance Agency (“HKQAA”) was commissioned by The Bank of East Asia, Limited (“BEA”) to undertake independent verification for its 2020 Environmental, Social, and Governance Report (“the Report”). The Report disclosed the sustainability performance and efforts of BEA for the period from 1st January to 31st December, 2020 for its business and operations in Hong Kong, Mainland China, and other markets the BEA Group serves.

The aim of this verification is to provide reasonable assurance on the reliability of the report contents. The Report has been prepared in accordance with the Core Option of the Global Reporting Initiative Sustainability Reporting Standards (“GRI Standards”) and Appendix 27 “Environmental, Social and Governance Reporting Guide” (“ESG Guide”) of the Main Board Listing Rules on The Stock Exchange of Hong Kong Limited.

Level of Assurance and Methodology

The process applied in this verification was based on the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. The verification process was designed to establish a reasonable level of assurance as set out in the standard for the purpose of devising the verification conclusion. The extent of this verification process undertaken covered the criteria set in the GRI Standards: Core Option and the ESG Guide.

The verification process included verifying the systems and processes implemented for collecting, collating, and reporting the sustainability performance data; reviewing relevant documentation; interviewing responsible personnel with accountability for preparing the reporting contents; and verifying selected representative sample of data and information. Raw data and supporting evidence of the selected samples were also thoroughly examined during the verification process.

Independence

BEA is responsible for the collection and presentation of the information presented. HKQAA is not involved in the collection and calculation of data or the compilation of the reporting contents where HKQAA’s verification activities were entirely independent from BEA. There was no relationship between HKQAA and BEA that would affect the independence of HKQAA for providing the verification service.

Conclusion

Based on the verification results and in accordance with the verification procedures undertaken, HKQAA has obtained reasonable assurance and is in the opinion that:

- the Report has been prepared in accordance with the GRI Standards: Core Option and the ESG Guide;
- the Report illustrates the sustainability performance of BEA, covering all material aspects, in a balanced, comparable, clear, and timely manner; and
- the data and information disclosed in the Report are reliable and complete.

Nothing has come to HKQAA attention that the selected sustainability performance information and data contained in the Report has not been prepared and presented fairly and honestly, in all material aspects, in accordance with the verification criteria.

Signed on behalf of Hong Kong Quality Assurance Agency

Jorine Tam
Director, Corporate Business
April 2021