



恒生銀行
HANG SENG BANK

Stock Codes:
11 (HKD counter) and 80011 (RMB counter)



Environmental, Social and Governance Report 2024

Important Message to Readers and Internet Privacy Policy Statement

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Snapshot

Our Approach to Environmental, Social and Governance ('ESG')



Environmental

Transition to Net Zero

Aiming to achieve net zero in our own operations¹ by 2030 and offering customers a broad range of climate solutions.



Social

Building Inclusion and Resilience

Promoting inclusion and resilience by equipping our people with future skills, enhancing customer experiences with inclusive financial services, and contributing to social good and creating shared value.



Governance

Acting Responsibly

Upholding high standards of corporate governance while embedding ESG principles throughout the organisation.

Our ESG strategy is built on six implementation pillars, designed with reference to the principles of the United Nations' Sustainable Development Goals ('SDGs').



Environmental Ambitions



Sustainable Finance



Youth



Climate Risk Management



Advocacy and Awareness



Disclosure

1. This includes Scope 1 and Scope 2 emissions.

Our ESG Achievements

2024 Key Recognitions



MSCI Pacific ex Japan
SRI Index: maintained an
AA rating

Sustainalytics: maintained a
Low-risk rating



SUSTAINALYTICS
a Morningstar company



Hong Kong
Business
Sustainability Index
香港企業可持續發展指數

Hong Kong Business
Sustainability Index: rated as
Pacesetter



GLOBAL BUSINESS
SUSTAINABILITY
INDEX

Global (Asia-Pacific) Business
Sustainability Index: rated as
Pacesetter

Greater Bay Area Business
Sustainability Index: rated as
Pacesetter



Greater Bay Area
Business
Sustainability Index
粵港澳大灣區企業可持續發展指數



Greater China Business
Sustainability Index
大中華企業可持續發展指數

Greater China Business
Sustainability Index: rated as
Pacesetter



Hang Seng Corporate
Sustainability Index Series

Hang Seng Corporate Sustainability
Index: maintained an
AA+ rating



**FTSE
RUSSELL**
An LSEG Business

FTSE4Good Developed Index: maintained a
Constituent of the index

2024 Key Awards



The Hong Kong
Management Association
**Distinction
Award**
(Large Organisation
Category) of the
Hong Kong
Sustainability Award



The Institute of
Financial Planners of
Hong Kong
Gold Award
in Corporate
Financial Education
and ESG Leadership



The Asset ESG Corporate Awards
Gold Award
in Excellence in Environmental,
Social and Governance
Best Initiative
in Environmental Responsibility



The Hong Kong
Institute of Certified
Public Accountants
**Corporate
Governance Award**
in Best Corporate Governance and
ESG Awards

Board Statement

We are steadfast in supporting our customers and markets in transitioning towards a low carbon economy while driving ESG evolution within Hong Kong's financial sector.

Climate change remains one of the most pressing challenges facing our communities. In alignment with global efforts to tackle this critical issue, we are steadfast in supporting our customers and markets in transitioning towards a low carbon economy while driving ESG evolution within Hong Kong's financial sector. We aim to achieve net zero in our own operations¹ by 2030, and contribute to the HSBC Group's climate ambitions.

Our customers are at the heart of realising sustainable business transformation, and we stand firmly alongside them throughout this journey. To help support their transition to low-carbon operations, we offer sustainable finance and investment solutions that drive meaningful emissions reductions in the real economy. These offerings form a vital component of our strategy to foster sustainable business practices and minimise environmental impact. Our subsidiaries are making efforts in their respective businesses to embrace ESG considerations. These include expanding our ESG and sustainability indexes to provide investors sustainable investment benchmarks, and considering climate change impact on our client portfolios and investments under our fund management business.



1. This includes Scope 1 and Scope 2 emissions.

|| Chief Executive's Message |||||

🌀 As we look to the future, our focus is on creating meaningful change through innovation and sustainability.

We continued to build on our legacy as Hong Kong's leading domestic bank in 2024. By combining sustainable growth with innovative solutions and responsible banking practices, we are evolving to meet the changing needs of our customers and community.

Embedding Sustainability in Our Operations

We continued to integrate ESG principles in our operations. In 2024, we were awarded the Certificate of Merit for our "Hang Seng Bank Headquarters – Workplace Transformation" project and the ASHRAE Hong Kong Chapter 2024 Technology Award in Existing Commercial Buildings Category. These recognised our efforts in bringing sustainability to the design and operation in our office buildings.

We actively explored opportunities to contribute to climate change mitigation, such as installing solar panels and going dark during lunch hour in our office buildings. We also engaged colleagues and promoted their awareness on environmental issues by introducing ECO Corner and organising Sustainability Week.

Continuing to Support the Net Zero Transition

In 2024, we broadened our efforts to advance green financing. We launched a series of strategic sustainability initiatives which provide businesses of all sectors with access to green and sustainable financing solutions, enhance businesses' awareness of sustainable development through our "Hang Seng Carbon Academy", and provide small and medium-sized enterprises ('SMEs') with faster and more affordable Green Equipment Financing assessment services. This aims to assist our corporate clients in making meaningful progress towards more sustainable operations.

At the same time, Hang Seng Indexes Company Limited ('HSIL') has expanded its portfolio of ESG and sustainability indexes, meeting the growing investor demand for responsible investment options. These developments are helping to accelerate the transition to a greener, more sustainable future.

As we look to the future, our focus is on creating meaningful change through innovation and sustainability. By embedding these principles into everything we do, we aim to deliver lasting benefits for our customers, our community, and the environment. It is a privilege to contribute to Hong Kong's growth, and we will continue working with purpose and vision to shape a brighter, more sustainable future together.

Diana Cesar

Executive Director and Chief Executive
Hang Seng Bank



Our ESG Journey



Our ESG Governance

Hang Seng (the 'Bank') is dedicated to maintaining high standards of ESG governance by referencing market trends and responding to the guidelines, requirements and increasing expectations from our regulators, shareholders, customers, employees and other stakeholders. The Board takes overall responsibility for our ESG strategy, overseeing the management in developing the approach and execution of the strategy, as well as the associated reporting. In driving the ESG-related goals and ambitions, the Board is supported by various committees, including the ESG Steering Committee, Disclosure and Controls Committee, Risk Management Meeting and several working groups to govern and ensure accountability for our ESG performance throughout the Bank's operating levels and across its markets.

According to the Environmental, Social and Governance Reporting Guide ('ESG Guide') as set out in Appendix C2 to the Rules Governing the Listing of Securities ('Listing Rules') on The Stock Exchange of Hong Kong Limited ('HKEx'), the Board was updated regularly on the progress of ESG-related matters at its meetings held in 2024, at which the Board approved the ESG Report and climate strategy, and exercised oversight of ESG-related matters of the Bank.

The Board also confirmed the effectiveness and adequacy of the Bank's disclosure framework.

ESG Governance Structure



Board Level Governance

Board

- Establish and approve the Bank's long-term strategy and objectives, including technology and ESG / climate strategies
- Approve and monitor plans for achieving strategic objectives
- Review the Bank's overall corporate governance arrangements, including ESG and climate governance

Executive Committee

- Facilitate the Board's oversight of ESG matters by endorsing and recommending key ESG matters for Board's approval
- Support the development and delivery of the Bank's ESG and climate strategy, key policies and material commitments by providing oversight, coordination and management of ESG commitments and initiatives

Risk Committee

- Maintain oversight of delivery plans to ensure that the Bank develops robust capabilities on management of ESG risk (incorporating climate risk)
- Oversee and review ESG-related initiatives to assess the risk profile

Our ESG Journey

Board Level Governance

Audit Committee

- Review and challenge ESG and climate-related reporting, processes, systems and controls and consider these matters in detail
- Provide close oversight of the disclosure risks in relation to ESG and climate reporting, amid rising stakeholder expectations
- Review the adequacy of resources, staff qualifications and experience, as well as succession planning, training programmes and budget of the issuer's ESG Reporting Team

Remuneration Committee

- Maintain oversight of remuneration framework to attract, retain and motivate individuals for the Bank
- Oversee the implementation of remuneration policy to align with the Bank's strategy, risk management, culture and values, including ESG consideration

Management Level Governance

ESG Steering Committee

- Define and set ESG strategy to support the Bank's overall business strategy for value creation, connecting issues from climate change to diversity and inclusion to the Bank's businesses and operations, establishing best practices
- Oversee and monitor progress against the Bank's climate strategy, policies, plans, targets, commitments, and execution processes
- Integrate climate-related considerations into the strategy, set climate-related corporate targets, manage public policy engagement that may impact the climate, and assess climate-related risks and opportunities

Disclosure and Controls Committee

- Review all material disclosures to ensure our disclosure obligations are satisfied
- Review major controls, accounting judgements and conclusions, regulatory and financial reporting and external disclosures including relevant papers, reports and documents for publication

Risk Management Meeting

- Support the Chief Risk and Compliance Officer in exercising Board delegated risk management authority, including the management of ESG and climate-related risks
- Monitor ESG and climate-related risks and oversee mitigating actions

Data Executive Committee

- Maintain oversight and manage the execution of data strategies across the Bank
- Oversee the development and delivery of the Bank's data programme, including ESG data solution

Work Stream Level Governance

Capability and Engagement Working Group

- Develop training programs to enhance staff's ESG knowledges, including ESG e-Learning and role-based bespoke sessions
- Create communication strategies to inform staff about ESG knowledges, initiatives and progress
- Foster a culture of sustainability and social responsibility among our employees
- Organise initiatives that encourage staff participation in ESG activities

ESG Disclosure Working Group

- Oversee the governance framework and production of the ESG Report
- Drive the ESG disclosure process and its reporting accuracy in compliance with various disclosure requirements
- Keep abreast of the market developments and best practices in relation to ESG disclosures

Community Investments Working Group

- Oversee the development and implementation of the Bank's community investment programmes
- Plan strategically to support and contribute to the communities we serve

Net Zero Operations Working Group

- Coordinate within the Bank to drive environmental initiatives
- Establish, implement and monitor environmental key performance indicators ('KPIs') and metrics related to the Bank's operations
- Drive the Bank to achieve net zero in operations¹ by 2030 through the development of roadmaps, strategies, policies and best practices
- Foster collaboration and communication among key stakeholders across the Bank to ensure all parties are working towards the net zero goal
- Monitor, evaluate and report the progress towards achieving the net zero goal

Supporting Governance

Sustainable Financing Forum (for Wholesale Banking)

- Review and provide endorsement of categorisation and labelling of lending, in accordance with our sustainable finance categories, which are in line with HSBC Group's Sustainable Finance and Investment Data Dictionary or the relevant Loan Market Association Principles such as Green Loan Principles ('GLP'), Sustainability Linked Loan Principles ('SLLP') and Social Loan Principles ('SLP')
- Agree on best practices and provide steer in latest market developments on sustainable finance
- Provide general guidance on transaction structures and marketing approach in relation to individual transactions raised by business

Product Oversight Committee

- Review the Banks' new products/service and material product/service variations, including ESG-related products, features and labelling, for risk management oversight
- Support the review of the approval process for new products/service and material product/service variations to ensure fulfilling the regulatory requirements and aligning with the Bank's principles, policies and procedures

1. This includes Scope 1 and Scope 2 emissions.

Materiality Assessment

Key Objectives

- Identify and evaluate the material ESG issues that are critical to our business continuity and important to the industry and society
- Understand the internal and external stakeholders' concerns and views towards our ESG performance
- Collect valuable insights and determine the associated ESG-related risks and opportunities

Topics and Stakeholder Identification

- Identify material topics through desktop research on peer benchmarking, ESG ratings, standards, and sustainability megatrend, as well as stakeholder feedback through surveys and focus group discussions
- Identify and select stakeholder groups to participate in the survey, in order to understand their concerns and views of our Bank's ESG performance

Stakeholder Engagement

- Focus Group Discussion: conducted three sessions to gather industry insights on Net Zero Operation, Product and Services, and Community and Investments
- Online Survey: engaged internal and external stakeholders

Review and Validation

The assessment results, along with the stakeholders' perception of sustainability, trends, risks and opportunities were then reviewed, validated and approved.

The respondents rated the topics based on their perception of the importance to our Bank during the stakeholder engagement. The information collected allowed us to develop an up-to-date materiality matrix for the 2024 ESG Report.

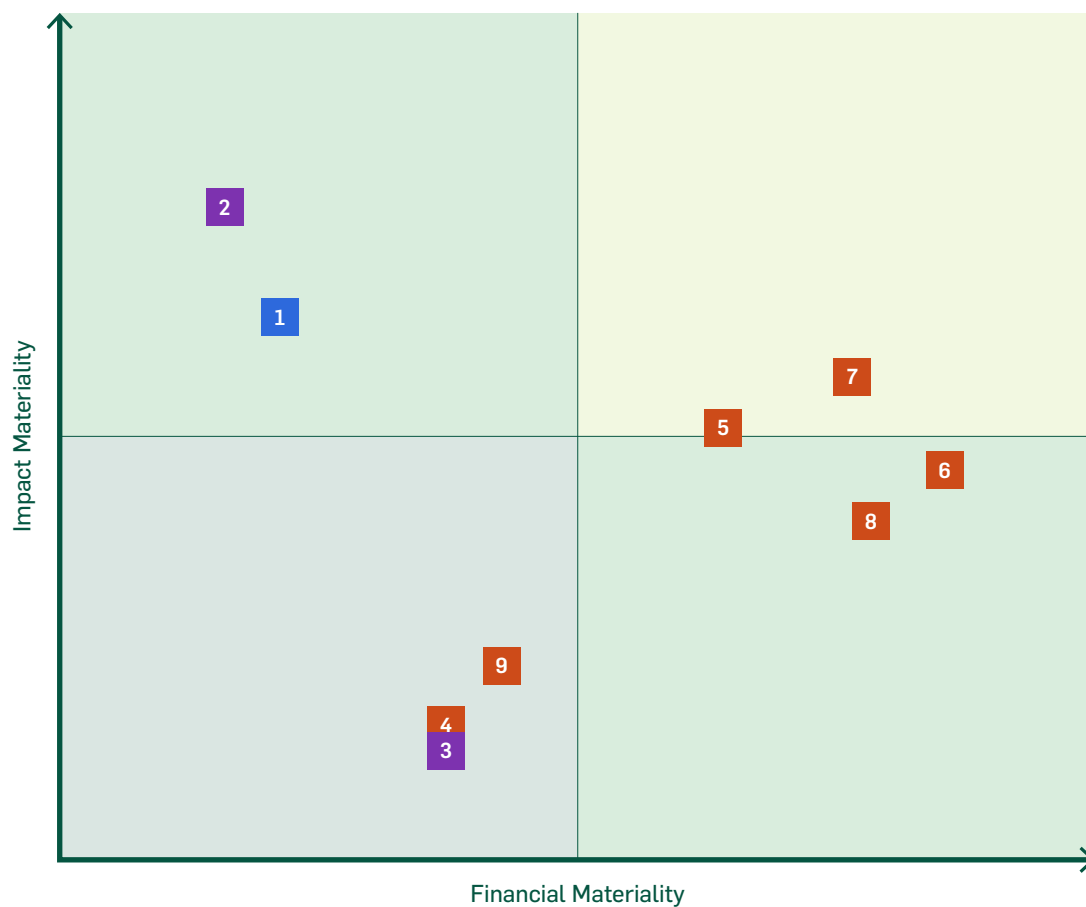
Financial Materiality

To assess the impact of the identified topics on our Bank's business, our senior management was invited to give a materiality score for each identified topic, and the scores were counted towards the "Financial Materiality".

Impact Materiality

To assess our Bank's impact on economy, environment and society, internal employees and external stakeholders were invited to give a materiality score for each identified topic, and the scores were counted towards the "Impact Materiality".

Material Topics by “Financial Materiality” and “Impact Materiality”



Based on the materiality assessment, nine material topics have been identified, as shown in table below:


Material Topics	Respective locations in this report
Environmental	
1 Environmental Impacts of Products and Services	Supporting Our Customers
Social	
2 Financial Inclusion and Accessibility	Building Customer Inclusion and Resilience
3 Technology Innovation	
Governance	
4 Customer Satisfaction	Customer Experience
5 Privacy, Cyber and Data Security	Managing Different Types of Risk
6 Business Ethics	
7 Regulatory Compliance	
8 Corporate Governance	Corporate Governance Framework
9 Economic Performance	Key Metrics – Economic Performance

2024 Key Highlights

In 2024, we enhanced our efforts in promoting sustainability in three areas: our colleagues, our operations, and our customers and community.




Tailored Training Session




Provided **sustainability related training sessions** tailored to our colleagues' respective businesses or functions to equip them with the knowledge and skills to embed ESG considerations into our daily work and drive meaningful change

E-learning Series for All




Launched the **ESG for ALL eLearning programme** which delivered sustainability knowledge and strengthened our colleagues' capability to integrate ESG considerations across operations

Embedding Sustainability in Our Headquarters Building




With the integration of ESG principles, **our Headquarters Building received multiple recognitions** in 2024 with our environmentally friendly building design and system operation


Implementing Sustainability Initiatives



Introduced **ECO Corner** and made sustainable changes at our canteens




Organised a **"Sustainability Week"** in June 2024 to enhance staff awareness on environmental issues




Installed solar panels in our Headquarters Building

Supporting Our Customers




Launched a series of sustainability initiatives providing diversified green and sustainable financing solutions to our customers

Launching New ESG Indexes



HSIL launched **eight new ESG and sustainability indexes** in 2024

Community Investment



Continued to **make positive impacts on our community** with various programmes through our volunteer team

Supporting Their Sustainability Journey



Established the **"Hang Seng Carbon Academy"** which organises industry experience-sharing sessions, provides training courses, and creates a platform for business exchanges to help companies improve their ESG performance



Created partnerships including fostering an innovation ecosystem, taking collaborative initiatives to support green tech for innovative business models, applying green tech in sustainable practice, and collaborating with local university to support the growth of innovation and technology starts-ups

Environmental

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Environmental

We are dedicated to helping our customers and the market transition to a low carbon economy.



Partnering in Our Customers' Sustainability Journey

- We continue to contribute to the HSBC Group's ambition

in providing and facilitating a share of the global ambition of between US\$750 billion and US\$1 trillion of sustainable finance and investment for its customers by 2030.
- In 2024, we expanded our sustainable finance capabilities

with the launch of a series of initiatives, providing diversified green and sustainable financing solutions for businesses of different natures, enhancing businesses' awareness of sustainable development through our "Hang Seng Carbon Academy", and providing SMEs with faster and more affordable Green Equipment Financing assessment services.



Advancing ESG and Sustainability Indexes

- HSIL remains at the forefront of sustainable investment development through its **expanding suite of ESG and sustainability indexes.**
- Our strategic growth **addresses mounting market demand for sustainable investment products** while supporting the ESG and sustainability development.



Practicing Responsible Investing Strategies

Hang Seng Investment Management Limited ("HSVM"), our fund management subsidiary,

- Recognises the potential impact of climate change** on our client portfolios and investments under our management;
- Embedded climate-related considerations** within our risk management framework; and
- Monitors major climate-related risks** associated with investee companies and their overall impact on the relevant investment portfolios.



Achieving Environmental Excellence in Operations

- The Hong Kong Institute of Surveyors awarded a **Certificate of Merit** for our "Hang Seng Bank Headquarters – Workplace Transformation" project.
- We received the ASHRAE Hong Kong Chapter 2024 **Technology Award** in Existing Commercial Buildings Category in recognition of the design and operation in our Headquarters Building.

- We introduced **ECO Corner** in both our Headquarters Building and Mong Kok Office Building.
- A **systematic food waste segregation process** has been implemented to reduce general waste going to landfill.

Our Approach to the Transition



One of the contributions we can make is mobilising finance to support our customers' efforts in enabling decarbonisation in the economy.

We aim to achieve net zero in our own operations¹ by 2030, and contribute to the HSBC Group's climate ambitions. For details of HSBC Group's climate ambitions, please refer to its Annual Report and Accounts at www.hsbc.com/investors/results-and-announcements/annual-report.

As one of the leading local banks, we have a critical role to play in facilitating the transition to low carbon in the local financial markets. One of the contributions we can make is mobilising finance to support our customers' efforts in enabling decarbonisation in the economy.

Climate Strategy

We are dedicated to building a future-proofed business, helping our customers and the market transition to a low carbon economy and driving the ESG evolution in Hong Kong's financial industry. Our climate strategy has been developed in alignment with and to support the HSBC Group's climate strategy with initiatives and plans to deliver the transition for our business and clients.

1. This includes Scope 1 and Scope 2 emissions.

Our Approach to the Transition

The following is a summary of our climate strategy:



Our Approach to the Transition

- Aim to achieve net zero in our own operations¹ by 2030, and contribute to the HSBC Group's climate ambitions
- Make regular and transparent disclosures to communicate progress and encourage customers to do the same



Supporting Our Customers

- Support customers transit to low carbon economy with dedicated solutions
- Increase our portfolio of sustainable finance and investment solutions to help especially high emitting sectors to decarbonise
- Apply a climate lens to our financing decisions and contribute to the HSBC Group's sustainable finance and investment ambition



Supporting Our Community

- Partner with other local stakeholders to support our community for a green environment

Path to Net Zero Operations

- **Energy Emission** – We aim to reduce our energy consumption in operation through portfolio optimisation, asset replacement, energy consumption measure, and capital projects.
- **Renewable Energy Transition** – Implemented electricity saving plans and green measures at our buildings. In addition, we aim to reach 100% renewable electricity sourced by 2030, purchasing renewable electricity certificates while exploring different ways to purchase renewables.



Training and Capability Building to Our Colleagues in Businesses and Functions

1. This includes Scope 1 and Scope 2 emissions.

Our Approach to the Transition

Contributing to the HSBC Group's Climate Ambitions

- Reducing carbon emissions from travel through initiatives to enhance travel policy and issue best practice;
- Identifying high emitting procurement categories and their suppliers, to enable supplier engagement with prioritised focus in the sourcing strategy;
- Phasing out the financing of thermal coal-fired power and thermal coal mining in Organisation for Economic Co-operation and Development ('OECD') markets by 2030 and in other markets by 2040;
- Reducing the on-balance sheet financed emissions from the Oil and Gas sector;
- Reducing the on-balance sheet financed emissions intensity for the Power and Utilities sector, Automotive sector and Iron, Steel and Aluminium sector;
- Working with clients to develop their transition plans and support them in their transition journey; and
- Delivering on local regulatory requirements to provide sustainable finance and investment in local markets.

Case Study

Investment Management Process

HSVM, a fund management subsidiary of Hang Seng Bank, recognises the potential impact of climate change on our client portfolios and the investments under our management. HSVM has been a signatory of the United Nations-supported Principles for Responsible Investment ('UNPRI') since 2021.

HSVM established and implemented a Climate Change Policy to manage climate-related risks and comply with the requirements stipulated by the Securities and Futures Commission ('SFC') on climate-related risk management and disclosures related to the low-carbon transition.

HSVM established and implemented a Stewardship and Engagement Policy, which serves as a guide to communicate with investee companies on material issues that are linked to our clients' investment goals.

HSVM integrated climate-related risks into our overall risk management framework. Major climate-related risks associated with investee companies and their overall impact on the relevant investment portfolios are being monitored.

HSVM subscribed to third party ESG data providers services in managing its ESG and climate-related risk, and exposures in its actively managed investments and passively managed ESG investment products. To better understand the impact of climate-related risks in its portfolios, a variety of scenarios of global warming and climate-related risk factors are considered.





We continually enhance our capabilities including governance, processes, systems and controls to meet the demands of future ESG reporting.

Understanding Our Climate Reporting

The role of standard setters and regulators will be important in the development of transparent and consistent climate-related industry standards in areas such as product labelling, sustainability disclosures, sustainable finance taxonomy and emissions accounting.

The effective measurement, governance, and reporting of progress against our climate ambition relies heavily on the availability and quality of both internal and external data. Newer data sources and topics may be difficult to assure using traditional verification techniques. This, coupled with diverse external data sources and complex structures, further complicates data consolidation.

We continually enhance our capabilities including governance, processes, systems and controls to meet the demands of future ESG reporting.

Supporting Our Customers

Financed Emissions

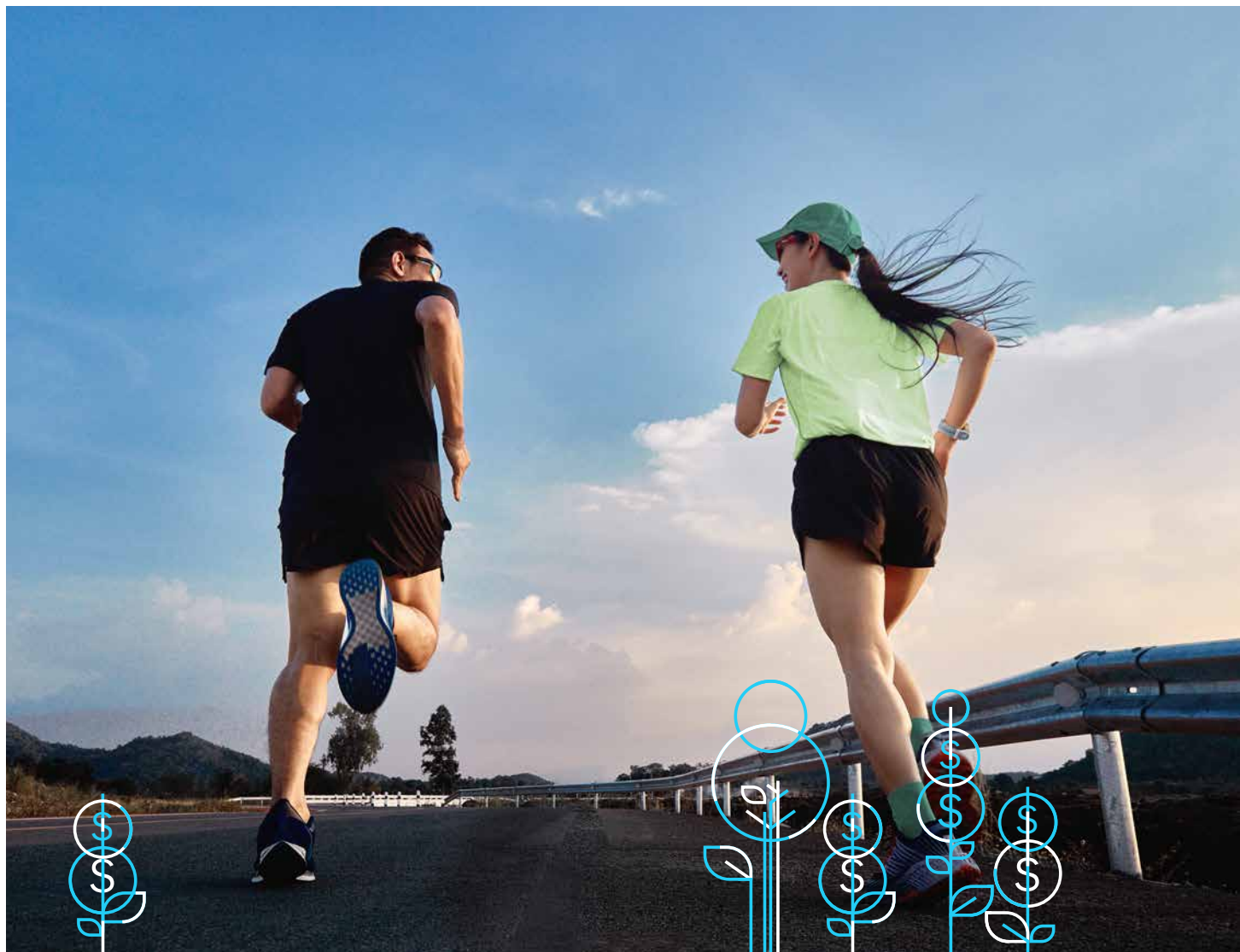
We do not currently disclose financed emissions data due to data and system limitations. Future disclosure of financed emissions and related risks is reliant on our customers publicly disclosing their greenhouse emission targets, plans and related risks. We recognise the need to provide early transparency on climate disclosures but balance this with the recognition that existing data and reporting processes continue to require significant enhancements.

Sustainable Finance and Investment

We continue to contribute to the HSBC Group's ambition in helping our customers transition to net zero and a sustainable future by providing and facilitating between US\$750 billion and US\$1 trillion of sustainable finance and investment by 2030. Its sustainable finance and investment ambition aims to help promote green, sustainable and socially-focused business and sustainable investment products and solutions.

Continued progress towards achieving the HSBC Group's sustainable finance and investment ambition is dependent on market demand for the products and services.

Sustainable finance and investments are recorded in accordance with our sustainable finance product papers, which are in line with HSBC Group's Sustainable Finance and Investment Data Dictionary. This data dictionary has been appended in Independent Limited Assurance Report, which can be found in the Bank's 2024 ESG Report website https://cms.hangseng.com/cms/fin4/esg_report_2024/en/index.html.



Supporting Our Customers

Sustainable finance and investments are reported in the year when the categorisation and labelling are approved by our product governance processes. As part of the review process, facilities that are identified as no longer fulfil eligibility criteria are declassified and removed from the cumulative total reporting, including their contribution reflected in prior year values. In 2024, transactions totalling HK\$1.8 billion were identified as no longer fulfilling our eligibility criteria. These were declassified and removed from the cumulative progress total, and reported as a negative entry in 2024.

Sustainable finance metrics, taxonomies, and best practices currently lack global consistency and are continuously emerging and evolving. This could lead to differences in year-on-year reporting and restatements. We aim to align to enhanced industry standards as they are further developed, and increase transparency across different types of green and sustainable finance and investment categories going forward.

We recognised that we have an important role to play in supporting customers in their green transition through our sustainable products and solutions. We have been offering green loans, social loans, sustainability linked loans, green trade finance to corporates, and green mortgages to residential property buyers.

The sustainable finance and investment progress is set out below^{1, 2, 3}.

	2024 ⁴ HK\$m	2023 HK\$m	Cumulative progress since 2021 HK\$m
Sustainable finance summary			
Balance sheet-related transactions provided ⁵	41,798	33,289	77,685
Total contribution⁹	41,798	33,289	77,685
Sustainable finance classification by theme			
Green use of proceeds ⁶	12,031	15,021	29,257
Social use of proceeds	334	100	434
Other sustainable use of proceeds ⁷	50	–	50
Sustainability-linked ⁸	29,383	18,168	47,944
Total contribution⁹	41,798	33,289	77,685

1. The data in the table covers Hang Seng Group, including Hang Seng and all its subsidiaries.

2. This table has been prepared in accordance with our sustainable finance product papers, which are in line with HSBC Group's Sustainable Finance and Investment Data Dictionary. The amounts provided include the limits agreed for balance sheet-related transactions provided.

3. The HK\$77,685m cumulative progress since 2021 is subject to limited assurance performed by PricewaterhouseCoopers ('PwC') in accordance with Hong Kong Standard on Assurance Engagements ('HKSAE') 3000 Revised 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information'.

4. The sustainable finance and investment are reported in the year when the categorisation and labelling are approved by our product governance processes.

5. In 2024, only 9 months of Wealth and Personal Banking green mortgages were included as this was the first time of reporting. Whereas future years will include 12 months of transactions.

6. Included are facilities where we identify that the green use of proceeds would meet eligibility criteria in accordance with our sustainable finance product papers, which are in line with the HSBC Group's Sustainable Finance and Investment Data Dictionary.

7. Sustainable use of proceeds can be used for green, social or a combination of green and social purposes, assessed against internal standards and relevant industry guidelines.

8. Sustainability-linked products, where the coupon or interest rate is dependent on whether the borrower achieves certain pre-defined sustainability performance target(s), are assessed against internal standards and relevant industry guidelines and can be used for general purposes, which may be sustainable or non-sustainable.

9. As part of the review process, facilities that are identified as no longer fulfil eligibility criteria are declassified and removed from the cumulative total reporting, including their contribution reflected in prior year values. In 2024, transactions totalling HK\$1.8 billion were identified as no longer fulfilling our eligibility criteria. These were declassified and removed from the cumulative progress total, and reported as a negative entry in 2024. The amounts of HK\$41,798m and HK\$77,685m were presented after taking into account of these adjustments.

Supporting Customers in Their Sustainability Journey

In 2024, we expanded our sustainable finance capabilities with the launch of a series of initiatives, providing diversified green and sustainable financing solutions for businesses of different natures, to assist enterprises in their sustainability journey.

We have partnered with the Hong Kong Quality Assurance Agency ('HKQAA') to launch the "SME Green Equipment Financing Assessment Platform", which reduced the assessment fees and simplified the assessment process for Green Equipment Financing. This allows businesses, especially SMEs, to enjoy faster and more affordable Green Equipment Financing assessment services.

Additionally, we have introduced the Green and Sustainable Financing Assessment Subsidy Programme to further incentivise carbon reduction for businesses. Businesses that obtain qualified green and sustainable certifications from the HKQAA or other recognised external assessment agencies may be eligible for cash rebates on assessment fees when financing with our Bank.

To enhance enterprises' awareness of sustainable development, we have established the "Hang Seng Carbon Academy". This Academy has been organising industry experience sharing sessions on green transition, providing relevant capacity building workshop, and creating a platform for business exchanges to help improve their ESG performance.

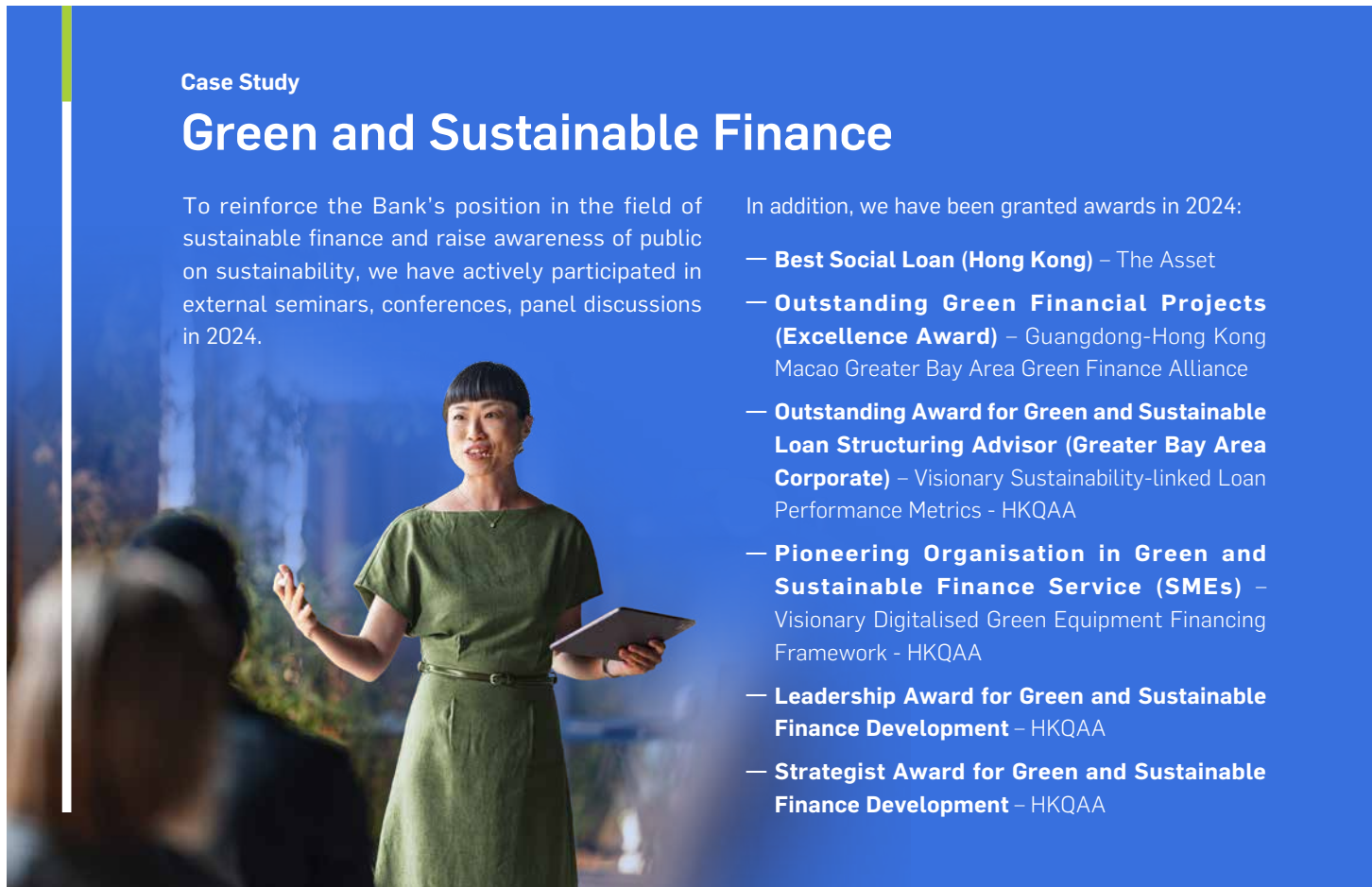
Case Study

Green and Sustainable Finance

To reinforce the Bank's position in the field of sustainable finance and raise awareness of public on sustainability, we have actively participated in external seminars, conferences, panel discussions in 2024.

In addition, we have been granted awards in 2024:

- **Best Social Loan (Hong Kong)** – The Asset
- **Outstanding Green Financial Projects (Excellence Award)** – Guangdong-Hong Kong Macao Greater Bay Area Green Finance Alliance
- **Outstanding Award for Green and Sustainable Loan Structuring Advisor (Greater Bay Area Corporate)** – Visionary Sustainability-linked Loan Performance Metrics - HKQAA
- **Pioneering Organisation in Green and Sustainable Finance Service (SMEs)** – Visionary Digitalised Green Equipment Financing Framework - HKQAA
- **Leadership Award for Green and Sustainable Finance Development** – HKQAA
- **Strategist Award for Green and Sustainable Finance Development** – HKQAA



ESG and Sustainability Indexes

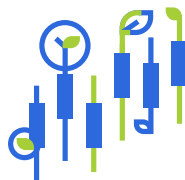
HSIL has been a signatory of the UNPRI since 2022.

HSIL is constantly adding new products to its sustainability index product suite to accommodate the demand for sustainable investment benchmarks. In 2024, HSIL launched eight new ESG and sustainability indexes. HSIL's continuous efforts in promoting ESG have been recognised in the industry. We are delighted to be honoured with four ESG awards from industry publications. These recognitions have reaffirmed HSIL's contributions in offering a variety of ESG indexes for investors with sustainability and decarbonisation goals. They include:

- Asia Asset Management's Best of the Best Awards 2024
 - Best ESG Index Provider – Hong Kong
 - Best ESG China Index Provider
- Insights & Mandate's Professional Investment Awards 2024
 - Climate Index Provider of the Year
 - ESG Leader Award

In 2024, HSIL launched

8 new ESG and sustainability indexes



HSIL is dedicated to offering market participants ESG and sustainability indexes. The Hang Seng Corporate Sustainability Index Series was launched in 2010. Since then, HSIL has continued to expand and diversify its ESG index product suite, with an aim to address the sustainable investing needs of the market and to support the transition to a sustainable future. As of 2024, HSIL offered 29 ESG-related indexes with diverse sustainable investing strategies, including but not limited to ESG Integration, Decarbonisation-Focused, Best-in-Class and Green Economy Thematic, covering Hong Kong and mainland China markets.



As part of HSIL's efforts to support sustainable development in the region, HSIL has appointed HKQAA, an independent and professional assessment body to carry out an annual evaluation of the sustainability performance of listed companies since 2014. The Hang Seng Index ('HSI')/HKQAA Ratings of listed companies is available through the Sustainable and Green Exchange, a multi-asset sustainable investment product online portal provided by the Hong Kong Exchanges and Clearing Limited ('HKEX'), which has enhanced the access and transparency of HSI/HKQAA Ratings for both institutional and retail investors. In 2024, the HSI/HKQAA Ratings covered 550 Hong Kong-listed companies and over 1,300 A-shares companies.

Embedding Net Zero



We have implemented a bank-wide office enhancement programme, which includes initiatives to make our workplaces more energy-efficient and sustainable, with reference to internationally recognised standards.

Our Approach to Our Own Operations

Environmental Management

Environmental Management Policy and Mechanism

We attained ISO 14001 certification for all our offices and branches. With an environmental policy in place, we closely monitor our environmental management system and ensure its ongoing compliance with the ISO 14001 standards.

We have implemented a bank-wide office enhancement programme, which includes initiatives to make our workplaces more energy-efficient and sustainable, with reference to internationally recognised standards. We have also developed specific guidelines on green procurement and waste management.

Our operations comply with the Hong Kong regulations and guidelines, including the Waste Disposal Ordinance (Cap. 354) that governs the storage and disposal of electronic waste. To align with Product Eco-responsibility Ordinance (Cap. 603), we have adopted recyclable lunchboxes, utensils and dishwashing machines which will reduce plastic consumptions, and replaced disposable plastic umbrella bags with umbrella dryer.

Greening Our Buildings

Hang Seng Bank Headquarters Building received recognitions in 2024, exemplifying our integration of ESG principles into operational design. The Hong Kong Institute of Surveyors awarded a Certificate of Merit for our "Hang Seng Bank Headquarters – Workplace Transformation" project. We received the ASHRAE Hong Kong Chapter 2024 Technology Award in Existing Commercial Buildings Category in recognition of the design and operation in our Headquarters Building.

We have implemented various energy saving measures to help reduce energy usage, which include going dark at office buildings during lunch hour, motion sensor installation for lighting in utility rooms and pantries, and the installation of timed lighting at our Mong Kok Office Building carpark. In support of the government's climate action, our three office buildings and most of the branches have enrolled in the Energy Saving Charter 2024 scheme and the 4T Charter scheme.

We participate in the Quality Water Supply Scheme for Buildings administered by Hong Kong's Water Supplies Department. Under the scheme, our Headquarters Building currently holds a Gold Certificate in the Fresh Water category, while our Mong Kok Office Building holds Gold Certificates in both the Fresh Water category and the Flushing Water category.



Local Renewable Energy

To contribute to climate change mitigation, we actively explore opportunities to support local renewable energy generation. Solar panels are installed at our Mong Kok Office Building with around 59,000 kWh of renewable energy generated in the past 12 months, which is equivalent to 23 tonnes of carbon emissions in 2024. Solar panels are also installed in our Headquarters Building recently.

In 2024, we purchased 13,742,200 kWh of renewable energy from a local electricity supplier, which is around 58% of our annual electricity consumption in the year. Each unit in a certificate represents electricity produced by local renewable sources, such as solar, wind and landfill gas. Our efforts were recognised with the Renewable Energy Contribution Award in the Smart Energy Award 2024. This was the sixth consecutive year for the Bank to receive this recognition, and we also obtained Joint Energy Saving Award this year.

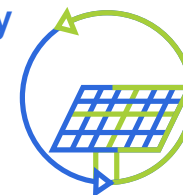
Embedding Net Zero



Solar panels are installed at our Mong Kok Office Building

~59,000 kWh
of renewable energy

generated in the past 12 months
which is equivalent to 23 tonnes
of carbon emissions in 2024



We aim to source 100% of our electricity from renewable sources by 2030 via our own renewable sources and renewable energy certificates. We are dedicated to purchasing around 154 GWh of renewable energy over a 10-year period from 2021 onward.

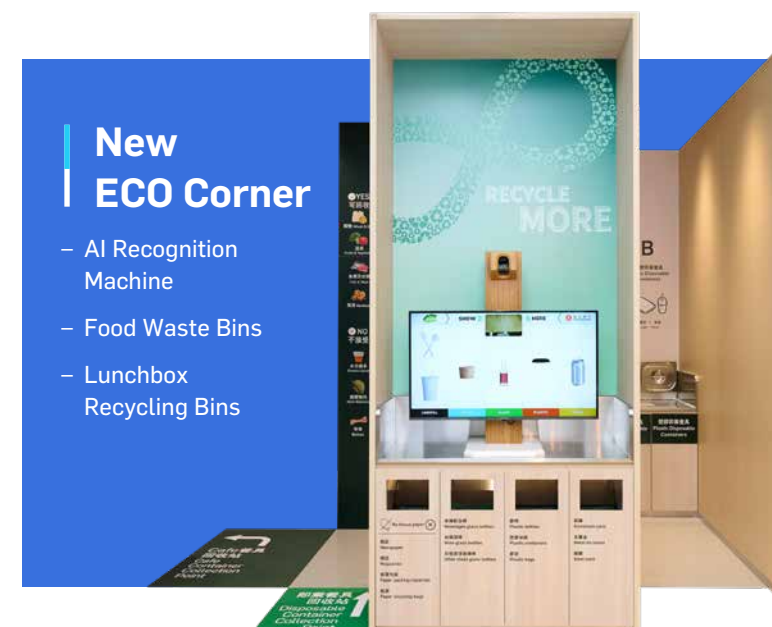
Waste Management

Our cleaning service providers are responsible for providing log sheets detailing the amount of waste handled every month, including general waste, recycling waste and food waste. We also utilise grey water from water cooling towers for flushing in both the Headquarters Building and Mong Kok Office Building.

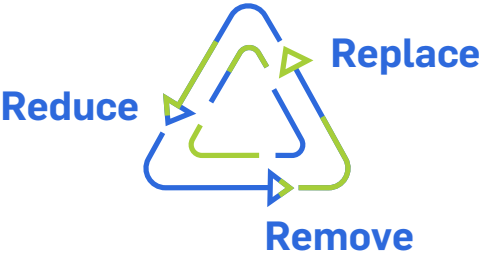
All information technology ('IT') electronic waste is recycled by an authorised vendor, which holds certifications demonstrating compliance with environmental regulations of ISO 14001 and WEEE Directive.

Construction waste generated from demolition and renovations is handled by government-approved contractors. We have taken steps to ensure that the contractors' waste management and handling methods meet our standards.

We also introduced the new ECO Corner, equipped with an AI recognition machine, food waste bins and lunchbox recycling bins for plastic and paper food containers to enhance recycling effectiveness. Food decomposer is used to process food waste, which is converted into nonsolid waste to reduce municipal solid waste.



Our approach to reach net zero operations is aligned with HSBC Group's strategy


















Target Setting and Continuous Monitoring

We aim to achieve net zero in our own operations¹ in Hong Kong by 2030. To guide and monitor our net zero operations efforts, we have set a series of 2030 net zero operation targets, which pose reduction endeavours on our overall energy consumption, water consumption, paper consumption, greenhouse gas ('GHG') emissions, waste reduction and recycling.

Our approach to reach net zero operations is aligned with HSBC Group's strategy – reduce, replace and remove. We are dedicated to reducing our carbon emissions from consumption, and then replacing remaining emissions with low-carbon alternatives. We also aim to reduce emission through sourcing our electricity from our own renewable sources as well as renewable energy certificates.

We recorded progress across all aspects from the resource conservation initiatives implemented over the last three years. Below highlights our progress towards net zero operation as of September 2024¹:

Aspects	Unit	Base year	Our progress as of the end of September 2024 (against base year)	2030 Targets (against base year)
 Electricity Consumption	kWh in 000s	2018	 Decreased by 26.3%	 Decrease of 30%
 GHG Emissions – Total Scope 1 and 2 ²	tonnes of CO ₂ e	2018	 Decreased by 40.2%	 Decrease of 30%
 Water Consumption	m ³	2018	 Decreased by 34.6%	 Decrease of 24%
 Paper Consumption	tonnes	2019	 Decreased by 36.6%	These targets may develop over time in line with market practice or regulation; therefore, we have not included targets in this year's disclosure.
 Waste Diversion ³	tonnes	N/A	 Diverted 35.8% of waste away from landfill	
 Waste Reduction ³	tonnes	2018	 Reduced 51.3% of the total waste	

Key: m³: Cubic metres CO₂e: Carbon dioxide equivalent kWh: Kilowatt-hour

1. The environmental data in 2024 was compiled from the Bank's operational data in Hong Kong from 1 October 2023 to 30 September 2024.

2. GHG emissions include emissions generated from the consumptions of gas, gasoline, diesel, and electricity but exclude the adjustment due to the use of renewable certificates.

3. Waste diversion and waste reduction data covered Headquarters Building, Mong Kok Office Building, Hang Seng Tower and branches in Hong Kong.

1. This includes Scope 1 and Scope 2 emissions.

Environmental Performance

	Unit	2024 ⁺
Total GHG emissions¹		13,249.62
Scope 1		116.55
Stationary combustion		79.22
Mobile combustion		37.33
Scope 2	tonnes of CO ₂ e	12,258.69
Purchased electricity		12,242.25
Towngas		16.44
Scope 3 ²		874.38
Business travel (land and air)		874.38
Total GHG emissions per FTE		1.92
From Scope 1		0.02
From Scope 2	tonnes of CO ₂ e / FTE	1.77
From Scope 3		0.13
GHG emissions per sq. ft.	tonnes of CO ₂ e / sq. ft.	0.01

1. Scopes 1 and 2 GHG emissions were estimated according to the Hong Kong Government's Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong (2010 Edition).

Scope 2 GHG emissions were calculated based on the electricity and Towngas consumed, as well as the corresponding emission factors, as provided by the utility companies. The emission factor for CLP was 0.39 kg CO₂e/kWh as of 2024. The emission factors for Hong Kong Electric were 0.68 kg CO₂e/kWh from October to December 2023, and 0.66 kg CO₂e/kWh from January to September 2024.

To calculate Scope 2 emissions, the Bank applied specific emission factors provided by the local suppliers, to the respective volume of electricity. In such cases, HSBC Group follows a different approach, and applies a weighted average of local emission factors at market level.

Scope 2 GHG emissions from purchased electricity include emissions generated from the consumptions of electricity but exclude the adjustment due to the use of renewable certificates.

Scope 3 GHG emissions were estimated with reference to the GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

	Unit	2024 ⁺
Total energy consumption³		24,241.47
Indirect: electricity	kWh in 000s	23,832.18
Direct: gas and diesel		409.29
Energy consumption per FTE	kWh in 000s / FTE	3.50
Energy consumption per sq. ft.	kWh in 000s / sq. ft.	0.02
Total water consumption	m ³	51,718.36
Water consumption per FTE	m ³ / FTE	7.48
Total paper consumption	tonnes	1,216.77
Waste disposed to landfill^{4, 6}	tonnes	340.75
Waste disposed per FTE ^{5, 6}	tonnes / FTE	0.05
Waste collected for recycling⁶	tonnes	190.19

Data coverage: Hang Seng and all its subsidiaries in Hong Kong. The data is rounded up to 2 decimal places.

Key: m³: Cubic metres CO₂e: Carbon dioxide equivalent kWh: Kilowatt-hour
FTE: Full-time employee equivalent sq. ft.: Square feet +1 Oct 2023-30 Sep 2024

- For alignment with HSBC Group's disclosure, we have excluded transmission and distribution loss, upstream transportation and distribution in this year's disclosure. Comparative figures have been restated.
- The total energy consumption figures cover the energy consumption of the Bank's building operations only, and exclude the energy consumption of the Bank's company vehicles. Direct energy consumption per employee: 0.06 kWh in 000s. Indirect energy consumption per employee: 3.45 kWh in 000s.
- Hazardous waste is not counted owing to the insignificant amount.
- Renovations of our headquarters and other core buildings generated construction waste, resulting in a higher volume of waste disposal.
- Branch waste data has been included since 2024.

Environmental Programmes

To minimise the negative environmental impact of our business, we implement environmental programmes to:

- Promote energy efficiency
- Improve the consumption of materials with more environmentally friendly substitutes, minimise waste generation and ensure the disposal of waste in a proper handling manner
- Promote recycling, upcycling and the use of recycled or environmentally friendly materials
- Minimise the use of chlorofluorocarbons

- Give preference to suppliers and contractors who adopt environmentally friendly practices and life cycle assessment
- Meet all relevant environmental, health and safety laws and regulations
- Support and promote environmental initiatives, partly through the Bank's community programmes

In 2024, we have implemented the following major initiatives that made key contributions to our environmental ambitions:

- Introduced ECO Corner at our canteens located in Headquarters Building and Mong Kok Office Building. Disposable takeaway lunch boxes are no longer offered. Only reusable lunch boxes and utensils are served in canteens.
- Organised a week dedicated to Sustainability – “Sustainability Week” in June 2024, aimed at enhancing staff awareness on environmental issues with five engaging events: Fabric Upcycling Workshops; Green Sustainability Knowledge Sharing Session; “Go Green” Carnival; Lunch & Learn; and Clothes Donation Drive.
- Installed solar panels in our Headquarters Building which are generating renewable energy to reduce environmental impacts.





Climate Risk Management

We adopted HSBC Group's climate risk approach which two primary drivers of climate risk have been identified:

- **Physical Risk**, which arises from the increased frequency and severity of weather events, such as typhoons and floods, or chronic shifts in weather patterns or sea level risk; and
- **Transition Risk**, which arises from the process of moving to a low carbon economy, including changes in government or public policy, technology and market-demand and reputational implications triggered by a change in stakeholder expectations, action or inaction.

In addition, the following thematic issues have been identified in relation to climate risk which are most likely to materialise in the form of reputational, regulatory compliance and litigation risks:

- **Net Zero Alignment Risk**, which arises from the risk of failure to meet the net zero commitments or failing to meet external expectations related to net zero, because of inadequate ambition and/or plans, poor execution, or inability to adapt to changes in external environment; and
- **Greenwashing Risk**, which arises from the act of knowingly or unknowingly making inaccurate, unclear, misleading or unsubstantiated claims regarding sustainability to the stakeholders

For further details of the Bank's climate risk management, please refer to the 'Climate Risk' section under 'Risk' in our Annual Report.

Insights from Climate Scenario Analysis

Introduction

Climate scenario analysis supports the Bank's strategy by assessing our potential exposures to risks and vulnerabilities under a range of climate scenarios. It is one of the key tools to support the evaluation of portfolios in line with the HSBC Group's climate ambitions.

The Bank analyses how climate risks impact principal risk types within the organisation, including credit and traded risks, and non-financial risks.

Hong Kong Monetary Authority ('HKMA') Climate Scenarios

Climate risk is an evolving challenge, as the efficacy of climate policies take time to materialise. Thus, following the 2023 Short-Term Climate Risk Stress Test ('CRST') exercise, the HKMA has developed three Long-Term CRST ('LT-CRST') scenarios spanning 28 years from 2023 to 2050. The scenarios allowed the Bank to explore and evaluate the climate resilience over the long run and to enhance the Bank's capabilities in managing climate-related risks.

The HKMA mandates three scenarios for the LT-CRST which are developed based on the Network for Greening the Financial System ('NGFS') Phase III, aimed at establishing a consistent industry-wide framework for climate risk stress testing.

The scenarios are designed to explore physical and transition risks across a wide range of potential outcomes: ranging from highest physical risk to highest transition risk.

- **Current Policies Scenario**, where transition policies in effect before the end of 2022 are maintained, with no new measures being introduced. Emissions are projected to continue rising until 2080, resulting in global warming exceeding 3°C by 2100 and a significant escalation in physical risk.
- **Below 2°C Scenario**, where immediate collective global actions aimed at reducing emissions to limit global warming to below 2°C relative to pre-industrial levels by 2100 are undertaken. Carbon prices are projected to rise gradually from 2023 to 2050. With early and systematic policy interventions, both physical and transition risks remain relatively contained.
- **Delayed Transition Scenario**, where new climate policies are postponed until 2030, meaning robust and aggressive measures are necessary to achieve the goal of limiting global warming to below 2°C by 2100. This leads to a sharp increase in carbon prices and a deceleration in economic growth.

Our Methodology

Climate scenario analysis allows the Bank to model how different potential climate pathways may impact the resilience of our customers and portfolios. The models continue to incorporate a range of climate-specific metrics that could potentially impact our customers, including expected production volumes, revenue, costs, and capital expenditure.

The Bank assesses how these metrics interplay with economic factors such as carbon prices, which represent the cost effects of climate-related policies that aim to discourage carbon-emitting activities and encourage low-carbon solutions. The expected result of higher carbon prices is a reduction in emissions as high-emission activities become uneconomical.

For the real estate portfolios, physical risk assessments focus on direct impacts caused by climate events, i.e. perils specific to property locations when assessing the overall climate risk impact to the portfolio.

How Climate Change Is Impacting Our Portfolios

Overall, based on the three HKMA climate scenarios analysed, customers within the Bank's wholesale lending portfolio in higher emitting sectors continue to be most exposed to larger climate-related losses. The Bank's commercial real estate and retail mortgage portfolios remain resilient to climate risk. Even though Hong Kong has material physical risk exposure to wind and flooding due to strong tropical cyclones, the impact on prospective credit losses remains low as the properties are protected from cyclonic winds and flooding mainly due to high

building standards and protection from coastal defences, such as rainstorm impacts being muted due to the positive impact of new drainage tunnels and tanks in the city. For details on forward-looking metrics for physical risk, please refer to the section "How climate change is impacting our retail mortgage portfolio" in the HSBC Group Annual Report and Accounts 2024. The results are reported, where appropriate, to the Risk Management Meeting, Risk Committee and the Board.

Conclusion to Insights from Climate Scenario Analysis

Climate scenario analysis is an evolving process and there are data and modelling limitations due to the information and expertise available in the current market. Physical risk modelling is nascent and currently we are only able to model direct climate peril impacts on real estate. Limited considerations are made to pricing implications of new green products and clients that are likely to emerge over the time horizon.

The Bank continues to enhance its climate scenario analysis exercises so that the Bank can have a more comprehensive understanding of climate headwinds, risks and opportunities to support its strategic planning, actions and risk management.

The scenario analysis results are used to support the Bank's internal capital adequacy assessment process ('ICAAP'), ensuring the Bank holds sufficient capital to operate the business on a going concern basis.

Social

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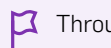
Social

Through our services, products, workplace environment, we forge lasting positive impact for our customers, colleagues, and society.



Nurturing
Future Leaders

🚩 We joined forces with Hong Kong Science and Technology Parks Corporation and Wofoo Social Enterprises to launch the **“Future Ecopreneur Programme”** which aims to cultivate local students and young graduates into sustainability and green tech leaders, supporting Hong Kong's Climate Action Plan 2050.



Through the **Hang Seng Table Tennis Academy**, we continued to popularise table tennis in Hong Kong. It helps the youth set personal goals and develop perseverance and enrich their life experiences through table tennis training.



Strengthening
Community through
Financial Services

👥 We are **fostering partnerships** to access a rich network of resources, expertise, and collaboration opportunities to promote and support our customers' efforts in enabling sustainability in our community. Our initiatives include fostering an innovation ecosystem by engaging with various stakeholders, collaborative innovation initiatives to support green tech for innovative business models, applying green tech in sustainable practice, and collaborating with local university to support the growth of innovation and technology starts-ups.



Empowering Employees
for a Sustainable Future

💡 We conducted **tailored sustainability training sessions** across our Bank, enabling teams to integrate ESG considerations into daily work.

💡 The **ESG for ALL eLearning programme**, launched this year, delivered essential sustainability knowledge through interactive modules and knowledge assessments.

💡 We published **ESG memos and newsletters** to enhance our staff's awareness and knowledge of sustainability trends and best practices.



Fostering an
Exceptional Workplace

👤 Our achievement in **maintaining gender balance** across senior management and workforce levels underscores our dedication to workplace equality.

👤 Throughout 2024, we **enhanced our employee development programmes**, facilitating career advancement and skills enhancement.

Our Commitment to Inclusion



Gender Representation and Pay

Our Human Resources policies strictly comply with the Hong Kong legislation, ordinances and regulations. Employee remuneration is determined by their performance and behaviour, as well as internal and external relativity and market benchmarks, regardless of their gender, ethnicity, age, disability or any other factors unrelated to their performance or experience. We comply with the Hong Kong Equal Opportunities Commission guidelines on equal pay for men and women under the Sex Discrimination Ordinance.

Diversity Policy

The Board has adopted a Board Diversity Policy, which sets out the Bank's approach to ensure the diversity and inclusivity at Board level, and is subject to annual review. Board appointments are based on merit and candidates are selected against a set of objective criteria, having due regard for the benefits of diversity on the Board including, but not limited to, characteristics such as gender, age, cultural and educational backgrounds, ethnicity, professional experience, skills, knowledge, length of service, and any other factors that the Board may consider relevant and applicable. The Board considers that its diversity is a vital asset to the business.

Our Commitment to Inclusion

The Board has also adopted a Nomination Policy, which emphasises the Bank's dedication to transparent nomination processes during the selection of candidates for Board appointment, is made available on the Bank's website.

The Bank continues to cultivate an inclusive environment to foster diversity, striving to be a better workplace for talented individuals.

In our operations in Hong Kong:

- 52% of senior leaders (global career band 3 or above) are female
- 57% of our employees are female

Overall, more than half of our employees in Hong Kong are female. We continue to sustain our inclusive culture in the Bank, where everyone has the opportunity to grow and achieve their career objectives.

During the processes of external hiring and internal promotion, the Bank endeavours to achieve fair gender representation in candidate shortlisting and the composition of the interview panel.

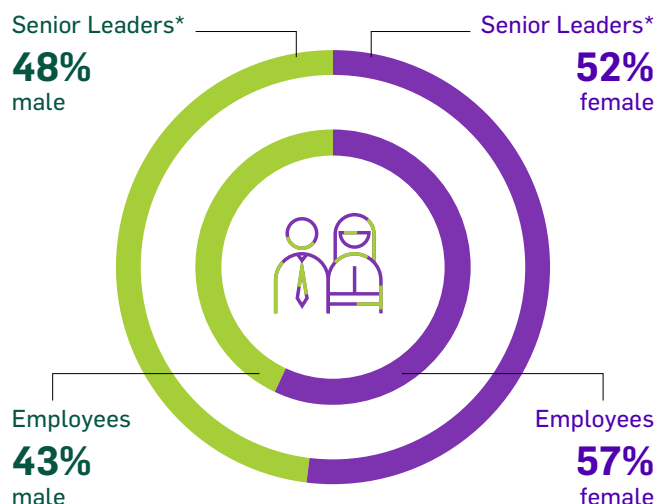
We regularly review and enhance our diversity and inclusion policies, so as to ensure that they are in line with the regulatory requirements, market trends and best practices of the industry. All employees receive training in diversity and inclusion, equal opportunities and are informed on human rights updates that are relevant to our operations.

The Bank is dedicated to upholding inclusion by becoming a signatory of the Racial Diversity and Inclusion Charter for Employers of the Equal Opportunities Commission in Hong Kong. Through this charter, we affirm our dedication to eradicating racial discrimination, promoting equal opportunities, and creating an environment where every individual feels valued and empowered.

To uplift our employees' awareness of anti-harassment, bullying and discrimination, they are required to undertake mandatory training on these topics.

Four cases relating to discrimination and harassment were reviewed and closed in 2024.

Gender Balance in Hang Seng



* Senior leaders refer to employees at global career band 3 or above.



We continue to sustain our inclusive culture in the Bank, where everyone has the opportunity to grow and achieve their career objectives.

|| Building a Healthy Workplace |||||

We Listen – from Feedback to Actions

We actively seek feedback from our employees, encouraging them to share their suggestions through various channels, and we respond with sustainable actions.

We value feedback from our employees gathered through the Snapshot survey, and we have implemented initiatives accordingly to enhance employee experiences and foster their performance.

Engagement

Employee surveys are conducted annually to access our employees' sentiments and the level of engagement, staff confidence in the Bank's strategy, trust in leadership, as well as their opinions on the Bank's speak-up and inclusive culture, career development and change leadership.

The 2024 Snapshot survey reflects an increasing willingness from our employees to engage with us and voice their opinions, with a record high response rate of 94%, an increment of 3% from 2023. The survey results demonstrate that progress has been made in all aspects compared to 2023, as is evident by an improvement of the scores across all indexes. All indexes have achieved high scores of 70 or above.



Building a Healthy Workplace

Snapshot Core Indexes* and Hang Seng HK 2024 Score



	Number of Responses Received	Employee Engagement Index
Breakdown by Age Group		
20-29 years old	1,155	78%
30-39 years old	2,538	74%
40-49 years old	1,565	73%
50-59 years old	1,156	77%
≥60 years old	67	93%

	Number of Responses Received	Employee Engagement Index
Breakdown by Gender		
Male	2,791	76%
Female	3,690	75%
Breakdown by Management Level		
Executive	3,001	76%
Officer	2,541	76%
Clerical / Blue-Collar	939	85%

Supporting Mind, Body and Purpose

Staff Benefits

We are dedicated to promoting Diversity, Equity and Inclusion ('DE&I') while prioritising the well-being of our people. To support this, we offer flexible work arrangements, comprehensive leave benefits, and a wide range of well-being related benefits/initiatives. Our efforts have been recognised with the Good Employer Charter 2024 and the Supportive Family-friendly Good Employer from the Labour Department, highlighting our dedication to fostering a family-friendly culture and commitment to employee-oriented practices that enhance engagement and well-being.

We regularly review our benefit offerings to ensure they meet the needs of our staff. Benefit enhancements during the year include:

- Medical Plan Enhancements which increase the claim limits for Outpatient, Surgery-related, Room & Board, and Supplementary Major Medical Benefit
- Enhanced Personal/Caregiving Time Arrangement
- Enhanced Parental Leave

Occupational Health and Safety

The Bank is dedicated to upholding high standards of Occupational Health and Safety. Please refer to Health and Safety in Environmental, Social and Governance section of the Corporate Governance Report in our Annual Report for more details.

Our “Future of Work” Initiative

We have established a formal policy to provide flexibility for employees to work from home or the office. To support this initiative, we launched new digital collaboration tools and virtual desktops to facilitate our employees to work using a laptop, personal computer or mobile device.

Our offices have been renovated and converted to an activity-based working model. By providing more spacious breakout areas to facilitate interactions among our employees, we aim to accommodate diverse working styles, encourage creativity, agility and collaboration, while supporting health and well-being of our employees. We obtained the WELL Gold certification which reflected our responsible approach for employee well-being. In line with our Future of Work Programme, we are continuously modernising our daily work processes and settings to reduce our carbon footprint and promote a sustainable future.



Developing Skills, Careers and Opportunities



Training and Skills Development

Our learning and development programmes empower employees to advance their careers while refining management, interpersonal, and sustainability-related skills. We are dedicated to equipping our staff with the essential skills, knowledge, and professional qualifications for the responsible discharge of their duties.

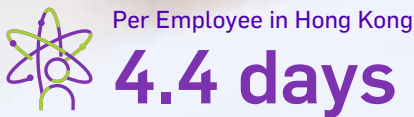
Learning and Development Programmes

In 2024, we provided comprehensive training for our employees in Hong Kong, with a total of 245,773 learning hours recorded.

All of our employees were required to participate in training programmes relevant to their work areas in 2024. Among them, 43% were male and 57% were female; while 3% were senior managers (global career band 3 and above), 13% were mid-level managers (global career band 4), and 84% were junior managers or staff level personnel (global career band 5 and below).

Learning and development programmes in 2024

Average Learning and Development Days



Average Hours by Gender



- Notes:
- 1 All headcounts are in full-time employee equivalent ('FTE').
 - 2 We delivered training courses equally to all employees depending on their roles and needs.
 - 3 The above learning hours exclude the learning and development activities arranged by individual departments.

Learning Solutions for People Managers

In 2024, we continue to emphasise the vital role of people managers in engaging, motivating, and retaining employees. To enhance leadership capabilities and foster a high-performance culture, we have implemented various workshops and drop-in sessions, with a focus on uplifting people managers' leadership skills.

For new people managers, the People Management Excellence Programme offers a 12-month development journey. The Performing At Our Best Workshop provides insights into enabling success and high performance. Through these initiatives, we are dedicated to empowering our people managers, creating a strong foundation for success within our organisation and the communities we serve.

Performance Management

Our Continuous Performance and Feedback principles encourage frequent, holistic and meaningful conversations between managers and employees. These conversations often provide opportunities for both sides to discuss their progress, give feedback and recognition, identify necessary support and address issues that may impact an individual's well-being.

Case Study

Incorporation of ESG KPIs in Performance Objectives

Our Chief Executive and most Executive Committee members have integrated relevant climate scorecard and ESG KPIs in their 2024 performance objectives. These align our strategy, initiatives and plans to deliver the transition for our business and customers. These include:

- Sustainable finance progress
- Percentage reduction of electricity consumption from own operation from baseline year
- Provide update to Board and management/governance forums on ESG strategy and execution progress
- Enhance the identification and management of climate risk as a key consideration in sustainability-related activity across three lines of defence such as client engagement, business decisions, policy, controls, and processes in line with regulators' expectation

Variable pay awards made to the Chief Executive and other Executive Committee members have reflected the assessment of their performance against the scorecard objectives on both financial and non-financial objectives, including the ESG KPIs in place.



Developing Skills, Careers and Opportunities

Talent Attraction and Retention

The Bank aims to attract, motivate and retain the people we need. Please refer to Human Resources section of the Corporate Governance Report in our Annual Report for more details.

Creating Opportunities for Youth

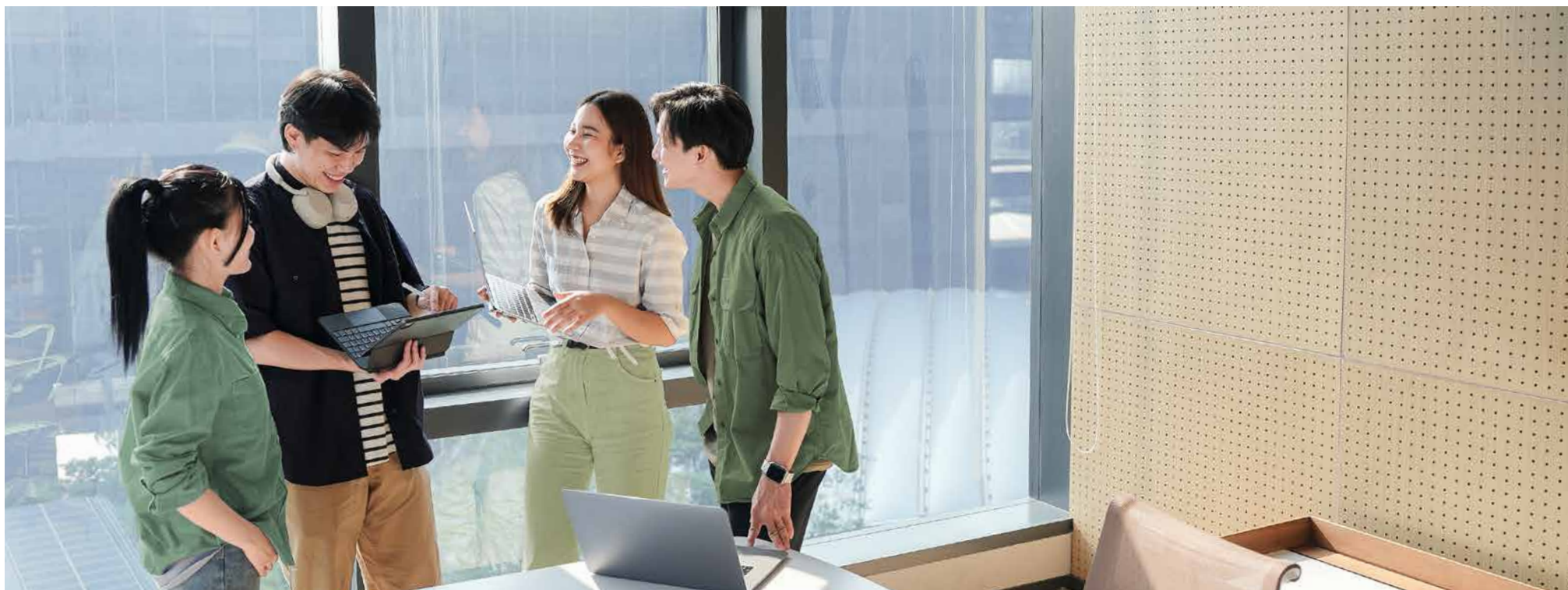
We are dedicated to youth development, and we offer impactful internship and graduate opportunities with the aim of nurturing future banking professionals and supporting the development and upward mobility of Hong Kong's youth.

Every year, we invite top performing graduates who are seeking to build a career in the banking industry and develop their potential as next generation leaders, to take part in our Management Trainee ('MT') Programme. Our MT Programme was awarded with the Best Graduate and Management Trainee

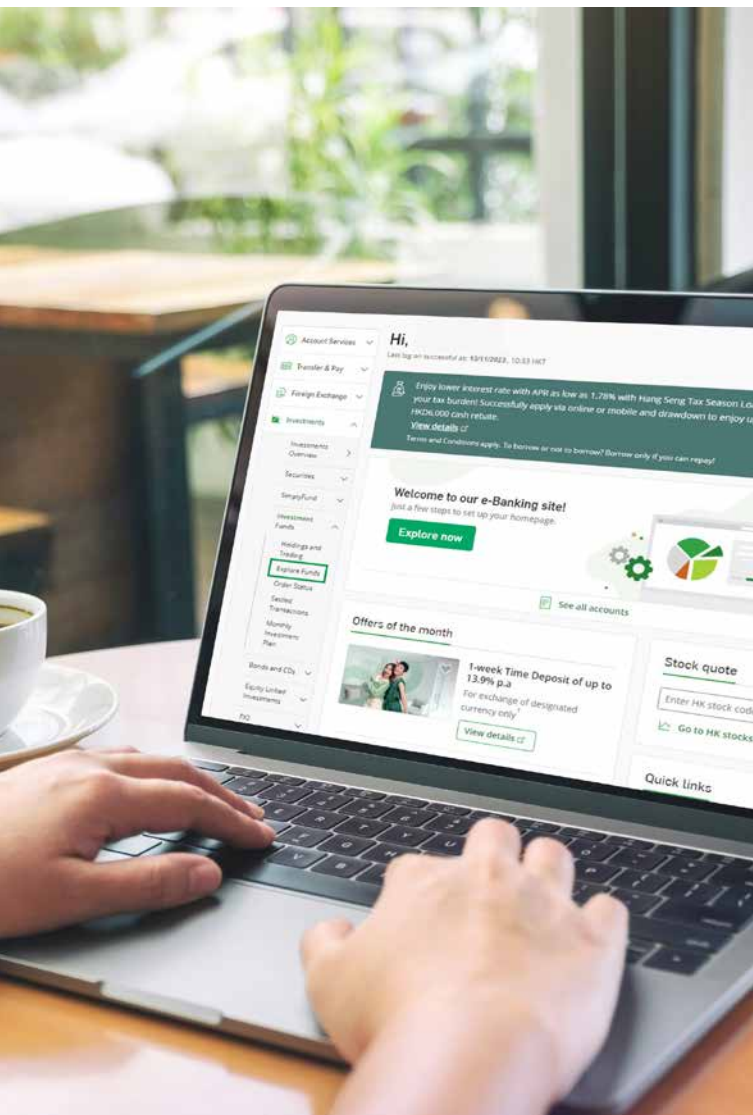
Programme – Grand Award by CTgoodjobs in 2024. Hang Seng Bank is also recognised as 2024 Top 5 Banking and Financial Services Graduate Employers by GradConnection.

In addition to our signature MT Programme, we offer four other internships and graduate programmes to the youth:

- Youth Placement Programme
- Student Internship Programme
- Summer Seed Programme
- GBA Youth Employment Scheme Programme



Building Customer Inclusion and Resilience



We are dedicated to promoting financial inclusion by continuously enhancing our services to meet the diverse needs of our customers, and staying closely connected to the community.

Our Future Banking service concept focuses on anticipating customer needs through innovative and inclusive thinking. We are building a diverse and inclusive banking experience that supports financial inclusion for all stakeholders in our community.

Digitalisation of Business

1 Enhanced Digital Capabilities and Services to Better Serve Different Customers' Needs

The Bank continues to enhance and enrich the digital capabilities to offer more mobile and online banking solutions to our customers to serve the different customers' banking needs, including:

Expansion of International Payment Services

To meet the growing customer demand for overseas remittance services, the Bank has launched the Global Money+ service, which provides comprehensive international transfer services to allow customers to transfer funds in local currency to over 50 countries and regions through our Mobile App with zero handling fee and funds can arrive as fast as the same day. Also, our prestige customers can digitally apply for the newly launched Multi-Currency Debit Mastercard, which

allows card holders to conduct transactions overseas with corresponding local currencies and withdraw cash from ATMs worldwide anytime.

Expansion of Mobile Account Opening Services

The Bank has expanded the mobile account opening services to enable "Family+ Account" opening, which allows multiple Family+ accounts opening by our customers for categorising their personal and family expenses through one single mobile app. Furthermore, the mobile account upgrade services have been extended to branch assisted channel, where existing non-integrated account and integrated account holders can use their own mobile phones to upgrade accounts at branches with our staff assistance.

2 Enriched Digital Functionalities and Services to Help Our Customers Manage Their Finance

In addition, the Bank launched a number of initiatives in 2024, allowing customers to manage their banking needs, process everyday payments and access wealth services with more options, flexibility and ease.

Zero Fee on Everyday Banking Mobile Services

The bank created a distinctive Zero Cost proposition for Hang Seng Mobile App, which allows customers to enjoy fee-free everyday transaction on mobile that includes local fund transfer, payment and credit card repayment. Also, no fees will be imposed on fund transfer in local currencies to 50+ designated countries or regions via Global Money+.

Building Customer Inclusion and Resilience

Enrichment and Enhancement of Wealth Capabilities on Mobile

The Bank has enabled more wealth products digitally so that customers can invest with ease and convenience. Customers can now subscribe Structured Notes and Guaranteed Life Insurance Plan on digital at any time, and Capital Protected Investments orders can be placed on the mobile app at extended subscription hours from 10am until 6am the following day.

We have further extended fund portfolio analysis tool, Wealth Master, to provide our retail customers with past performance and market insight information on mobile.

Enhancement and Streamlining of Product Application Journey

The Bank is dedicated to simplifying application journeys by digital channels. Customers can now open four types of investment accounts at once on our mobile app and the document verification process has been streamlined to accelerate the account activation procedure. We have also made the card and loan application on digital easier by reducing the number of input fields.

Round-the-clock Banking Support

The 24/7 Live Chat service is integrated into the Bank's HARO WhatsApp platform to address customer enquiries on everyday banking and general inquiries about wealth management anytime.

Consolidated View of Account Details via HKMA Interbank Account Data Sharing ('IADS') Initiative

The Bank actively supports HKMA's innovative initiatives, such as participating in the HKMA IADS. In the pilot launch, we provided selected customers with a consolidated view of their account details from multiple banks, with their consent, enabling them to manage their finances more effectively.

3 Strengthened Security Measures to Protect Customers

New Setting and Security Hub

The Bank has introduced a new Settings & Security section in the mobile app to provide simple and safe digital banking experience with consolidated account, transfer, card, notification and app settings to customers. Customers can easily block or unblock card, report and replace lost card, and report suspicious transactions.

Enhancement of e-Banking Security as per HKMA Guidelines

Given the increasing fraud cases in the market and with the guidance of HKMA, our mobile app has been enhanced with strengthened security measures including but not limited to:

- Malware detection;
- Scameter alert to customers for payments to suspicious payees; and
- Mobile in-app authentication for credit card Card-Not-Present transactions.

Fraud Protection Communication and Engagement

The Bank has continued to enhance fraud protection efforts through various communication and engagement initiatives. We have sent quarterly electronic direct mails to our customers, covering the latest fraud trends, prevention tips, and newly released security features. We also provided information on large-scale fraud schemes, and best practices for prevention and response through our public website and mobile app.



Building Customer Inclusion and Resilience

Promotion of Financial Literacy

We aim to help our customers and the community enhance their financial literacy and empower the people around us to achieve their financial security and wealth management goals. In 2024, we have organised an array of investment seminars and webinars for our customers and public audience.

Furthermore, we enhanced our product offering documents to embed key features and risks associated with ESG and Sustainable Investing. This enables our prospective investors to have a better understanding of “how” and “why” our ESG and Sustainable Investing products are labelled.

From November 2024, we have incorporated customer's sustainability preference in our investment product selection process. This facilitates our customers in making investment decision with relevant information related to ESG.

E-ticketing Redirection Enhancement

The e-Ticketing journey for branch services was enhanced to educate and guide customers to the designated service on mobile app, so that they would not need to visit branches and still fulfil their everyday banking needs, saving their travelling and queuing time at our branches.



Ongoing Communication and Education

As part of our dedication to fostering financial literacy, we have introduced several engaging educational initiatives to empower our customers with essential digital knowledge regarding functionalities, fraud prevention, and safety, ultimately enhancing their financial decision-making and security awareness.

Digital Inclusion Campaign for Elderly

The Bank has organised a series of workshops at branches with the aim of promoting financial inclusion by educating less-digital savvy seniors on basic digital banking. These sessions covered essential topics such as anti-fraud tips, how to register for e-Banking, and everyday banking functions, empowering them towards adopting digital banking.

Supporting Society Through Our Services

The Bank has joined The Hong Kong Jockey Club's JC PROJECT LIFT as the Strategic Financial Services Partner. This initiative combines a savings plan with preferential high interest rates and financial education offering to tenants in transitional housing areas. It aims to enhance their financial literacy and cultivate sustainable financial habits. A two-year savings plan with preferential interest rates for the project participants has been created to encourage consistent savings habits. Additionally, a series of Hang Seng Financial Power Up Days have been conducted to deepen participants' knowledge of financial planning and protection.

Building Customer Inclusion and Resilience

Accessible Banking Services

We continue to improve access to our services and facilities to all walks of life in our community, aiming to meet regulatory standards and provide various inclusive financial services to our community.

We have mobile branches which feature accessibility facilities such as a wheelchair access platform, a magnifying glass and a portable induction loop system for customers with hearing aids. These mobile branches have been designed to serve people in remote areas, including the elderly, so that they do not need to spend time visiting our physical branches.

Following the successful launch of pet-friendly branch last year, we have extended this initiative by upgrading Festival Walk Branch. The Branch now features a pet-friendly waiting adjacent to the Smart Teller in the lobby, where customers with pets can quickly access most banking services or wait comfortably for traditional counter service. Additionally, designated pet-friendly meeting rooms allow customers to bring their pets while discussing financial or wealth management needs with branch staff.

In 2024, we have expanded and enhanced Shatin Branch with an age-friendly services area to better support our elderly customers. This area incorporates features taking reference to the Architectural Services Department's

"Elderly-friendly Design Guidelines". These upgrades aimed at providing a comfortable, barrier-free banking services for our elderly customers.

Every branch now has an ambassador equipped with dementia knowledge and communication skills, to provide a supportive, inclusive environment for those living with dementia.

In November 2024, our Main Branch has launched Future Banking 2.0 alongside its renovation. The concept comes with a revamp of the traditional banking model to offer its diverse customer base with creative, caring and forward-looking banking services. It also features the pioneering "Come to You" service concept in General Banking. Equipped with the Bank's Smart Teller, the "Come to You" service concept allows customers to be served while seated comfortably in the banking lounge, reducing the waiting time for traditional teller counters.

In relation to digital offerings, through continuous implementation of accessibility requirements and progressive adherence to an internationally recognised standard, we have implemented requirements such as designing a public website with a responsive layout approach to assist who may be in need to zoom in. We provide screen reader support to help visually impaired users. We also enable skip navigation design to allow direct navigation to the main content for screen reader and keyboard users to empower more customers to self-serve digitally.

Accessible Insurance Products

Hang Seng Insurance Company Limited cares about our customers' health and wellness. By partnering with healthcare service providers in Hong Kong, various kinds of health and wellness support is offered to our customers via Hang Seng Olive – our bespoke health engagement platform. These range from useful health information and complimentary virtual consultations, as well as exclusive health services and privileges in the Olive eShop, which are designed to cater for the evolving health needs of our customers.

We have continued to support environmental protection and community sustainability by enriching our digital insurance product suite. Our customers now receive Short Message Service ('SMS') acknowledgment for claims submissions and result updates, along with push notification reminders to encourage them to update their insurance policy contact information through the Hang Seng Mobile App. To enhance our customers' claim journey, we have further introduced a follow up call for outstanding claim applications.

Engaging with Our Communities



Our Community Investment

We are dedicated to making a positive impact in the communities where we conduct business, with the aim of fostering a brighter and more sustainable future.

Our community investment strategy is built on four pillars:

- Addressing Climate Change
- Future Skills
- Promoting Sustainable Finance and Financial Literacy
- Care for the Community

During 2024, we contributed HK\$29 million in community investment initiatives covering these four pillars.

The Community Investments Working Group, led by the Bank's Head of Corporate Communications and Community Investments, oversees the formulation and execution of our community investment strategy. This dedicated group updates the ESG Steering Committee on the progress of the Bank's diverse community investment initiatives every quarter.

Engaging with Our Communities

Addressing Climate Change

We collaborated with Kadoorie Farm and Botanic Garden ('KFBG') to promote nature conservation and supported their annual Nature Walk and Treasure Hunt event. The programme includes a three-day event where participants could enjoy sports challenges and leisure activities at KFBG's nature environment, and eco-literacy outreach programmes to primary and secondary schools.

We also launched the Hang Seng Eco-Heritage School with the Hong Kong Community Heritage Foundation to run eco-tours with hands-on activities for students and Non-Governmental Organisation beneficiaries. Under the themes of sustainable agriculture, waste and recycling as well as tree conservation, the programme aims to promote biodiversity and sustainability.

The Bank supported The Conservancy Association by taking part in the Country Parks Plantation Enrichment Programme, which was launched by the Agriculture, Fisheries and Conservation Department. In 2024, our volunteers planted native tree seedlings in the first season of the year then returned to the park to contribute to essential tree care activities, such as weeding, tree monitoring and assessing the progress of the plants. The objective of the programme is to enhance the biodiversity and ecological value of the plantation site, thereby promoting its long-term sustainability and boosting its capacity for carbon sequestration.

Future Skills

We have been investing resources to create opportunities for the younger generation to acquire essential future skills that will enable them to flourish in a dynamic and evolving world.

We partnered with Hong Kong Science and Technology Parks Corporation and Wofoo Social Enterprises to launch a joint initiative – "Future Ecopreneur Programme". The initiative is designed to develop local students and young graduates into future leaders in sustainability and green tech, aligning with Hong Kong's Climate Action Plan 2050. This provided participants with comprehensive training aimed at enhancing their entrepreneurial skills and deepening their understanding of environmental issues.

This year, the Bank supported the Community Chest's "Cinema Quintet: Five Good Stories". This venture illustrates our role in empowering Hong Kong's youth by pairing student teams from local tertiary institutes with acclaimed local directors. Five months of passionate efforts have resulted in films that explore societal challenges through fresh perspectives.

We also recognise the importance of inclusive future skills education for all segments of society, especially disadvantaged groups. We have supported the "Hang Seng Youth Career Planning Scheme" organised by The Society of Rehabilitation and Crime Prevention, Hong Kong since 2014 to provide career related services for disadvantaged youths.



Engaging with Our Communities



Promoting Sustainable Finance and Financial Literacy

The Hang Seng Financial Literacy Academy provides a comprehensive range of financial education activities tailored for individuals of various age groups.

We have collaborated with the Hong Kong Family Welfare Society to launch the Hang Seng Financial Literacy Academy, offering diversified financial education sessions covering primary and secondary school students, parents and social workers. The Financial Literacy Academy advocates an "educational and experiential" learning model, cultivating students' financial management attitudes, skills and habits through interactive experiential games, and guiding students to reflect on their own financial management behaviours and decision and solidify their financial management concepts.

Additionally, the Bank introduced Financial Volunteer Team in 2024 to support educational activities across the broader community.

Care for the Community Hang Seng Table Tennis Academy

For the past three decades, we have collaborated closely with the Hong Kong, China Table Tennis Association ('HKTTA') to popularise and advance elite table tennis in Hong Kong and help the youth set their personal goals and develop perseverance and enrich their life experiences through table tennis training.

In partnership with the HKTTA, The Hang Seng Table Tennis Academy has played a pivotal role in nurturing the city's home-grown table tennis talent. The Academy not only provides young table tennis players with high quality training, but also promotes table tennis in the community through public

engagement events. In recognition of the Hong Kong Table Tennis Team's dedication and outstanding performances on the global stage, we presented cash incentives in 2024, further providing our support to the sport and its athletes.

Supporting the Charitable and Fundraising Events hosted by the Community Chest of Hong Kong

We have maintained our longstanding support for the Community Chest of Hong Kong ('the Chest'). We have also been supporting the Chest's Dress Casual Day for 27 consecutive years. In addition, different forms of support were given to other worthwhile programmes.

Volunteering

As a responsible corporate citizen, the Bank continues to empower our staff to make a difference in their local communities. We provide each employee with the opportunity to take two days of volunteer leave annually, enabling them to engage in meaningful volunteer activities. This commitment reflects our dedication to fostering a culture of social responsibility and positively impacting the communities we serve.

Our employees have made contributions to the betterment of their communities this year. Our services benefitted a wide range of needy groups, including the elderly, children and youth. We have also committed ourselves in engaging with various environmental protection campaigns. Over 60 staff volunteering activities were held in 2024, with the participation of over 1100 staff volunteers.

Engaging with Our Communities

Engaging with Our Stakeholder Community

Advocacy of Climate and Sustainability Awareness

We continued our engagement with government bodies, financial regulators, and industry associations to improve market effectiveness in driving the transition and improve processes to manage greenwashing risk.

- SmarHK organised by the Hong Kong Trade Development Council ('HKTDC') and Guangdong Provincial Department of Commerce
- The 9th Belt and Road Summit, co-organised by the Government of the Hong Kong Special Administrative Region and the HKTDC
- Business Environment Council – 2024 EnviroSeries Conference
- Earth Forum 2024 Transition Finance Towards a Net Zero Economy

- Asia Financial Forum 2024 - Advancing Sustainable Future through Climate Finance
- HKIB Annual Banking Conference - Chief Sustainability Officer (CSO) Panel
- HKIB – Future Banking Bridging Programme 2024

We engage with our business partners through various channels on a regular or need basis, and participate in ESG seminars invited by or co-hosted with our business partners. In addition, we keep up-to-date with the industry trends through memberships in various associations. This helps communicate the critical concerns with our stakeholders.



Governance

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Governance

We act on our responsibility to run our business in a way that upholds high standards of corporate governance.



Upholding High Standards of Governance

The Bank continues to maintain and uphold high standards of corporate governance, and consistently reviews and enhances its corporate governance framework.

- Our governance framework spans board, management, and work stream levels, **enabling effective oversight of opportunities, risks, and disclosures.**
- As ESG considerations become central to business operations, **our governance approach evolves to meet stakeholder expectations and emerging challenges.**
- We **prioritise integrating climate risk oversight into our risk management framework**, ensuring consistent management of climate-related opportunities and challenges.



Strengthening Data Privacy and Cybersecurity

Data privacy and cybersecurity remain paramount in our risk management priorities.

- We **safeguard and respect entrusted data**, operating within strict regulatory requirements across our markets. Our approach combines strategic talent development, advanced technology implementation, and comprehensive controls and procedures. Our Group-wide privacy principles ensure unified global risk management practices, reinforcing our commitment to data protection excellence.
- We **maintain our proactive stance through investment in cybersecurity infrastructure** while upholding industry-leading standards. Our cybersecurity framework encompasses advanced event detection, streamlined incident response, secure development practices, and vulnerability remediation, while strengthening defences against sophisticated threats. These measures reflect our dedication to protecting our stakeholders' interests in an increasingly complex digital landscape.

Setting High Standards of Governance

Corporate Governance Framework

As of 31 December 2024, the Board was comprised of 11 Directors, of whom two are Executive Directors ('EDs') and nine are Non-Executive Directors ('NEDs'). Among the nine NEDs, six are Independent Non-Executive Directors ('INEDs'). There is a strong independent element on the Board, which ensures the independence and objectivity of the Board's decision-making process, as well as the thoroughness and impartiality of the Board's oversight of the Management.

The governance structure, oversight of compliance, and the frequency of meetings of the Board, Audit Committee, Risk Committee, Nomination Committee and Remuneration Committee are set out in the Corporate Governance Report of the 2024 Annual Report. The Board and Nomination Committee are comprised of EDs and NEDs, while all members of the Audit, Risk and Remuneration Committees are INEDs.



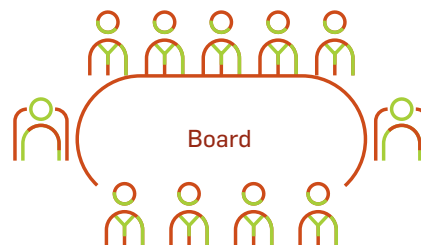
Setting High Standards of Governance

Board (as of 31 December 2024)

11 Directors

2 Executive Directors

9 Non-Executive Directors
(of which 6 are Independent Non-Executive Directors)



A minimum time commitment of 75 hours per year for a NED is set out in the letter of appointment, which the NED must sign and acknowledge. Furthermore, pursuant to the HKMA Guidelines (Supervisory Policy Manual on Corporate Governance of Locally Incorporated Authorised Institutions), the Bank's Directors are expected to attend all meetings of the Board and any Committees in which they act as Chairmen or members, especially in cases where major issues are to be discussed. In addition, pursuant to the conflicts of interest policy adopted by the Board, NEDs should consult with the Bank's Chairman or the Company Secretary when they are considering whether to accept any additional or changed commitments. In deciding whether to allow the NED to take up the additional or changed commitment, factors including the time commitment are taken into account.

The attendance records of the Board and Board Committee meetings will be set out in the Corporate Governance Report of the 2024 Annual Report.

Risk Management Framework

Managing risk is a core part of our day-to-day activities. We protect our operations against compliance risks, and maintain a strong, transparent corporate governance. Our risk governance forums hold regular meetings to ensure our governance and control framework is properly communicated. Please refer to our 2024 Annual Report to learn more about our bank-wide approach to risk.



Customer Experience

Customer Satisfaction

We proactively gather opinions – via focus groups, surveys, Net Promoter System, suggestion forms and hotlines – to enhance our products and services. We also evaluate our strengths and understand best practices via local market benchmarking and a mystery shopper programme that monitors the service level of our frontline staff.

We monitor markets closely to identify the emerging trends and opportunities, and to ensure that we offer products and services that meet our customers' needs. Our digital platforms allow customers to enjoy a wide range of transactional and wealth management services online and provide tool and information to assist them in their decision-making.

Customer Feedback Collection Mechanism and Complaint Handling Procedures

Our complaint-handling procedures are designed to ensure customer feedback is addressed in a consistent, independent and efficient manner. Our complaint handling teams strive to acknowledge the receipt of comments or complaints within seven calendar days, and to resolve issues as soon as possible.



We uphold our principles of providing the right product and service, at the right time, for the right customer, in the right way. We believe that an ethical and fair approach supports a sustainable business.

Customer Experience

Should a matter require further investigation, the teams aim to provide a response within 30 calendar days. Any issue that necessitates remedial actions would be referred to the concerned departments to follow up. All complaints from customers must be treated fairly, consistently and promptly, in an effort to drive continuous improvements in our services.

Senior management regularly reviews customer suggestions, compliments and complaints. Their comments are communicated to our staff, with a view to improve our customer service and encourage best practices. In our operations in Hong Kong, we received a total of 16,735 complaints during 2024, of which 98% had been resolved as of 31 December 2024.

Customer Fairness Principles

We are offering a diverse range of personal banking and wealth management products and services tailored to customers' needs, their understanding of our products and services, and their appetite for risk. We uphold our principles of providing the right product and service, at the right time, for the right customer, in the right way. We believe that an ethical and fair approach supports a sustainable business.

We offer our Financial Health Check solution and provide Risk Profiling Questionnaire to help customers better understand their financial needs and their risk appetite. Our relationship managers will also help customers to identify their financial goals and evaluate their financial positions.

To ensure our employees maintain high standards of personal integrity at all times, all our employees undertook mandatory training on values and conduct in 2024. In addition, to equip our customer-facing staff with the right skill set and mindset for a client-centric approach throughout the client journey, our learning programme – Developing Customer Relationships – has incorporated the sales model to ensure that we treat customers fairly.

The Bank is dedicated to doing the right thing for our customers, as reflected by the culture and behavioural standards we set out for our employees in the Culture Statement. This Statement is reviewed and approved by the Board and Risk Committee on an annual basis. In particular, our Code of Conduct ensures that we deliver fair outcomes for our customers, without disturbing the orderly and transparent operation of the financial markets. It encompasses a set of key pillars and required outcomes to ensure we deliver on our commitment.

We are governed by Hong Kong's Code of Banking Practice, and by the HSBC Group's Global Principles and Functional Instruction Manual. Our external communications and advertising materials provide clear, transparent and balanced information. They comply with all relevant requirements of the HKMA, SFC and the Hong Kong Association of Banks.

Our Brand Centre is an internal resource site that helps staffs to learn about our branding guidelines and the application of our brand identity. Our marketing department provides advice and defines our unique brand values and strategy that resonates target audience and ensures that we do not violate or infringe on the intellectual property rights, patents and related rights of any third parties.

Customer Health and Safety

Managing indoor air quality ('IAQ') and ventilation is an important element of our health and safety responsibilities. To ensure the IAQ of our offices and branches meets the Good Class – as defined by the Hong Kong Government's Environmental Protection Department in its guidance notes, we regularly clean our air filters and conduct measurements to monitor and improve our performance.

Integrity, Conduct and Fairness



Managing Different Types of Risk

Compliance

To promote our long-term sustainability and success, the Board provides forward-thinking leadership within a framework of prudent and effective controls. Internal controls, risk management, compliance, and legal and regulatory requirements are considered at our Board meetings.

In 2024, our Directors and employees undertook various types of training on values and conduct. These covered, among other topics, risk management, sustainability, net zero strategy, health, safety, well-being, financial crime risk and conduct. Such Group-wide trainings are provided from time to time to our Directors, senior leaders and employees, where appropriate. We also require all of our employees to comply with the relevant codes of conduct.

Our NEDs attended the annual NED Summit organised by HSBC Group in September 2024. The topics of the summit covered, among others, net zero transition outlook, digital acceleration, artificial intelligence and geopolitical insights.

Integrity, Conduct and Fairness

Our Directors also received Board trainings provided by internal business and functions on:

- (i) technology transformation in April 2024;
- (ii) climate strategy, culture, cybersecurity, risk management including operational resilience, anti-money laundering, China strategy, client engagement, leadership exchange, innovation and technology relevant to our businesses in September 2024; and
- (iii) climate risk and clean energy transition in Asia Pacific, as well as Listing Rules compliance training presented by an external global law firm in November 2024.

In addition, our Directors received training and updates covering legal and regulatory compliance, corporate governance, ESG, technology and financial reports, as well as economic and industry news, trends and updates in 2024.

We perform horizon scanning for the regulatory developments issued by Hong Kong's financial regulators, including the HKMA, SFC, Insurance Authority, the Mandatory Provident Fund Schemes Authority, and other authorities. These regulatory developments are monitored through gap analysis, if necessary, and implemented to ensure compliance.

Regular reports on financial crime and regulatory compliance risk management are submitted to the senior management governance committees.

The Audit Committee reviews our financial reporting, nature and scope of audit reviews, effectiveness of the internal control systems; and compliance relating to financial reporting, and the operation and effectiveness of our whistleblowing policies and procedures.

The results of the audit work, together with an assessment of the overall risk management and control framework, are reported to the Audit Committee and the Risk Committee, as appropriate. The Internal Audit function reviews management action plans in relation to the audit findings and verifies the adequacy and effectiveness of the mitigating controls before formally closing the issue.

In 2024, no judgements were entered against the Bank in litigation concerning

- employment practice, child or forced labour, product responsibility, financial crime and corruption;
- occupational health and safety.

A joint investigation by the SFC and the HKMA and a decision by the SFC to take disciplinary action against the Bank relating to past selling practices of certain investment products were concluded in 2024 and reported by the regulators on 27 January 2025. The issues are historical, were addressed with corrective measures and have been remediated. With customers' interests at the core of our business, we have continuously enhanced our procedures and internal controls, while providing support to our staff to uphold all professional standards.

Financial Crime

We are dedicated to conducting business with customers who meet our standards, and we have terminated customer relationships that have fallen outside our risk appetite. At the same time, we continue to invest in expertise, partnerships and systems.

We aim to make enhancement in our effectiveness at combating financial crime through intelligence-led financial crime risk management. This approach will empower us to proactively identify and mitigate risks, ensuring the integrity of our operations and the safety of our customers.

We have established a dedicated team of financial crime specialists and empowered our employees to speak up when something appears amiss.

Working in partnership is vital to understand and tackle the problem of financial crime. Therefore, we have continued building relationships with law enforcement agencies and other banks.

Combating financial crime is a key area that can benefit from innovation and advancement in technology, and we are working with and investing in a number of FinTech firms that can help us achieve this.

Integrity, Conduct and Fairness

We have partnered with local regulator and the Police to proactively tackle financial crime. SMS Sender Registration Scheme and Anti-scam (Scameter) alert message are in place to assist our customers in detecting suspected fraud and forgery, which protects them from suffering potential financial losses.


Financial crime risk-related issues and progress are updated regularly and on a thematic basis to the relevant senior management governance committees, including the Executive Committee, Risk Management Meeting and the Risk Committee.

Anti-Bribery and Corruption

We operate a zero tolerance approach to bribery and corruption. Our staff and associated persons are prohibited from engaging in bribery and corruption.

Our Anti-Bribery and Corruption Policy sets out the key principles and minimum control requirements that enable our Bank to mitigate bribery and corruption risk and comply with all laws and regulations, including the UK Bribery Act, US Foreign Corrupt Practices Act, HK Prevention of Bribery Ordinance and France Loi Sapin II, as well as other similar laws and regulations in the countries where we operate.

In the past five years, we made no contributions in any form to lobbyists, trade unions, or political organisations and campaigns.



Anti-corruption training was delivered to all Directors in 2024. Anti-corruption training is mandatory for and was provided to all employees.

Our policies on anti-money laundering, sanctions, and anti-bribery and corruption aim to ensure that risks identified by the bank are appropriately mitigated.

For our policies on money laundering, bribery, corruption and sanctions, please refer to <https://www.hsbc.com/who-we-are/esg-and-responsible-business/fighting-financial-crime/financial-crime-risk-policies>.

In 2024, there were no fines, penalties or settlements in relation to corruption. There were also no reported cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery.

The Bank has a Supplier Code of Conduct. It provides confirmation that our suppliers have appropriate governance in place to effectively manage the ESG risks associated with the services or goods they provide to the Bank. This reminds the suppliers of the importance of our commitment to anti-bribery and anti-corruption.

In 2024, there were no confirmed incidents where contracts with our business partners were terminated or not renewed due to violations related to corruption.

Finance and Tax Risks

We principally operate and pay taxes in Hong Kong where the statutory profits tax rate is 16.5%, which is different from our average effective tax rate mainly due to non-taxable income from tax-exempt debt instruments (e.g. government bonds). The reconciliation between taxation charge and accounting profit at applicable tax rates is set out in Notes to the Financial Statements of our Annual Report – “Tax expense”.

We manage our tax risks based on a formal management framework. We have adopted initiatives that increase our transparency, such as the US Foreign Account Tax Compliance Act and the OECD Common Reporting Standard.

Integrity, Conduct and Fairness

Our principal banking operations and tax payments are made in Hong Kong, and we are dedicated to complying with the spirit and the letter of the tax law in all territories and countries in which we operate. We strive to maintain an open and transparent relationship with the tax authorities. Relevant financial information is disclosed in our 2024 Annual Report.

As a member of the HSBC Group, we adhere to the HSBC Group's tax policies and principles, reinforcing our commitment to responsible tax practices. Through adoption of the HSBC Group's risk management framework, we seek to ensure that we do not adopt inappropriately tax motivated transactions or products, and that tax planning is scrutinised and supported by genuine commercial activity. We have no appetite for using aggressive tax structures.

In 2024, there were no identified material cases of non-compliance with the spirit and the letter of the tax law.

Competition

Our Legal function is responsible for providing policies, guidance and training modules to help our businesses and functions understand and conduct their business, in compliance with the spirit and letter of Hong Kong's Competition Ordinance. This complements our ongoing training, in which staff learn about the essential elements of the competition law and how they apply to our businesses.

Staff Code of Conduct and Staff Awareness

The Bank's Staff Code of Conduct ('the Code') sets out the values, standards and general requirements that the Bank expects from all employees and contractors. It provides information, guidance, rules and regulations according to local and regulatory requirements. We have culture and conduct goals for our employees and people managers to help ensure they are aware of the behaviours aligned to the Bank's risk, conduct and compliance expectations.

We provided learning programmes on the different behaviour standards outlined in the Code. Employees are required to complete the learning programmes based on their roles.

The Code is reviewed on an annual basis, and as and when required, to reflect the latest regulatory requirements and the Bank's internal policies. Any changes to the Code are submitted to the Executive Committee for review and approval.

In 2024, there were no identified material cases of non-adherence to the Code that involved members from compliance functions. Apart from reporting to the relevant regulator(s) where appropriate, the Bank has been proactive in undertaking consequence management, depending on the severity level of the cases.



Integrity, Conduct and Fairness

Equal Opportunities and Non-discrimination

We are dedicated to providing an inclusive culture. Our people managers are expected to create and foster a strong speak-up culture in their teams, where our staff can be confident that their views matter, that their workplace is free from bias, discrimination and harassment, and that their career advancements are to be based on personal merit and performance. We uphold diversity and inclusion during our recruitment process.

To strengthen our people management capabilities and cultivate our inclusive culture, we have been providing training to our people managers. In addition to mandatory training to raise awareness of anti-harassment, bullying and discrimination, we have also designed regular workshops to promote the concept of diversity and inclusion, empathy and support.

With our internal Diversity and Inclusion Policy (which is set out in the Code) and Equal Opportunities Policy, we expect all members of our teams to treat each other with dignity and respect by creating an inclusive environment free from discrimination, harassment, victimisation, vilification or bullying on different grounds. We comply with the Sex Discrimination Ordinance, Race Discrimination Ordinance, Disability Discrimination Ordinance and the Family Status Discrimination Ordinance, reinforcing our dedication to fostering a diverse and inclusive workplace.

There were no reported cases of violation of the rights of indigenous peoples in 2024.

Conflicts of Interest

Personal conflicts of interest are managed through a well-established mechanism, which includes pre-approvals, control measures and segregation of duties. Relevant requirements are specified in the Code and the HSBC Group's Non-Financial Risk policies. Regular reviews are also conducted to manage emerging conflicts of interest.

Employees working in sensitive or high-risk areas are required to adhere to specific rules and undergo training on how to avoid conflicts of interest.

Whistleblowing

We foster a "speak up" culture. Employees are encouraged to report wrongdoings, misconduct and unethical behaviours, while we support employees to raise concerns without fear of reprisal or retaliation by providing a number of "speak up" channels, including reporting to a manager, escalation to Human Resources, and Financial Crime Unusual Activity Report platform, etc.

The HSBC Confidential channel is a platform designed to promote consistency across controls, investigation, reporting, oversight and governance of all whistleblowing activities. The platform is accessible through our 24/7 hotline and online portal, in multiple languages managed by an independent third party. Employees can raise concerns confidentially by making an anonymous report, if they are not comfortable with disclosing their identities. All cases reported are treated confidentially, as far as possible. All whistleblowing cases are investigated by subject matter experts, in accordance with the HSBC Group policies and standards.

A set of well-established employee grievance procedures are in place, as we endeavour to ensure that investigations are carried out objectively on the basis of the information provided and that necessary actions can be taken based on the results of the investigations.



Our Approach with Our Suppliers

Supply Chain Integrity

We dedicate ourselves to contributing to the HSBC Group's climate ambitions. We aim to meet our goals by taking the following ESG actions:

1. Implementing the latest Global Sustainable Procurement Policy
2. Encouraging, supporting and enabling suppliers in carbon emission disclosure and achieving targets
3. Establishing due diligence processes to identify and monitor ESG risk, improving code of conduct compliance, and enhancing reporting

Our sustainable procurement policy was implemented with a focus on the ESG requirements for our contracted suppliers. Suppliers are selected following an objective evaluation process. Appropriate reviews of contractual documents have been conducted, and approvals are in place as required.

The Bank has a Supplier Code of Conduct. It provides confirmation that our suppliers have appropriate governance in place to effectively manage the ESG risks associated with the services or goods they provide to the Bank.

For financial products and services, we collaborate with reputable third party suppliers who have demonstrably high corporate standards. Rigorous assessments are conducted to ensure any investment or insurance solutions that we

offer comply with the regulatory requirements and our own standards. We conduct regular reviews to ensure that service providers and their products meet the terms of our agreements.

75% of our active suppliers are local suppliers, while the rest are from other parts of Asia, Europe, and the United States (active suppliers are defined as those with purchase orders in the last 12 months).

Diversity and inclusion are integral elements of our culture, and they have been incorporated in our Procurement Policy and Supplier Code of Conduct.

In 2024, there were no confirmed incidents where contracts with business partners were terminated or not renewed due to violations related to corruption.

Contractor Partnerships

Our sustainable procurement policy stipulates our requirements and standards in relation to sustainability. The policy describes how our vendors are selected in a sustainable procurement process and highlights the importance of compliance to our Code of Conduct for our contracted vendors.

We work with the HSBC Group to gather our suppliers' carbon-related performance in the CDP (formerly the Carbon Disclosure Project).

The Bank has launched a series of sustainable supply chain workshops to facilitate open discussion between the Bank and suppliers to improve our visibility of our suppliers' performance on identifying and reducing carbon emissions.



In 2024, we held workshops focused on IT and Real Estate. We invited carbon experts from consulting firms to share Scope 3 know-how and decarbonization strategies over our supply chain, which enhanced awareness amongst the audiences on risk management and regulatory compliance in emission data reporting. Also, we invited our major suppliers to share their decarbonization initiatives and experiences which inspired the other suppliers to take action on sustainability to gain competitive edges.

Throughout the workshops, we gained understanding of suppliers' decarbonization roadmaps and collaboratively discussed innovative strategies and solutions for sustainable sourcing to drive lower emissions.

Safeguarding Data

Data Privacy

Policy and Principle

We are dedicated to protecting and respecting the data we hold and process, in accordance with laws and regulations of the markets in which we operate. Our policy and principles set out the ways we manage data privacy risks. The implementation of these principles and the risk management methodology is regularly monitored.

We have procedures in place to articulate the actions required in data privacy considerations. These include notifying regulators, customers or other data subjects, as required under applicable privacy laws and regulations, in the event of a reportable incident occurring.

We regularly perform risk and control assessments on data privacy risks and capture the details in our non-financial risk record system. Formal governance forums have been established on data risks, including data privacy risks, which allow our senior leaders to make active risk management decisions.

We provide transparency to our customers and stakeholders on how we collect, use and manage their personal data, and their associated rights, and offer a broad range of channels for raising concerns regarding the privacy of their data.



Safeguarding Data

We continue to implement industry practices to strengthen our data privacy controls. We conduct regular training sessions on data privacy throughout the year to keep abreast of new developments.

Data Privacy Principles are set out to manage our data privacy risks. These principles are intended to:

- Set out good data privacy practices
- Show our accountability and compliance with the data privacy laws and regulations
- Outline the Bank's commitment to how it processes identifiable data

We have controls in place to manage our data privacy risks.



Data Privacy Principles are set out to manage our data privacy risks.

Customer Privacy

Our customers are notified about our collection and use of personal data, as well as the classes of transferees, classes of marketing subjects, their data access and their right to correct personal data. Customers can access our Privacy Policy, Notice to Customers and Other Individuals relating to the Personal Data (Privacy) Ordinance, and the Cookies Policy on our website.

We are enhancing app permission to comply with the Personal Information Protection Law ('PIPL') since our apps process personal information of natural persons in Mainland China. The enhanced mobile apps will allow customers to check their device permission status of the apps and redirect to mobile device settings for disabling the granted permission if needed for better data protection. The privacy notice will be updated to reflect the relevant PIPL requirements.

We understand that our employees play an important role in protecting our stakeholders from data security and data privacy risks. Our mission is to equip every employee with the appropriate tools and behavioural guidelines they need to keep

our organisation and customers safe. We provide training to all our employees in order to increase their awareness of data security and privacy.

We also organise annual training programmes for our employees, covering specific topics on data security and data privacy risks and controls.

Our website includes a dedicated section on security controls, which is aimed at reminding our customers to stay vigilant of any fraudulent activities, in which fraudsters could use deceptive tactics to gain access to their personal information. It also covers tips on how to avoid falling victim to bogus calls and SMS.

In accordance with the Bank's Regulatory Incident Reporting Guidelines, the incident manager is responsible for overseeing and managing the incident. The incident manager is required to engage with relevant teams and risk stewards and initiate assessment of the incident impact and consider if the incident is reportable to any regulator as soon as possible in order to fulfill the same day reporting requirements from regulator(s). To support ongoing improvements and prevent future recurrence of similar issues, appropriate remediation should be formulated and tracked.

Safeguarding Data

Cybersecurity

The cyber threat landscape continues to evolve at a fast pace. While in most cases, it is extremely difficult to reduce the potential impact of a cyberattack, it is however possible, through an investment in ongoing controls, to reduce the overall likelihood of a cyber risk being realised. A continued re-evaluation of the effectiveness and an investment in the maintenance and enhancement of these controls can enable the Bank to keep the residual risk at an acceptable level.

We make an ongoing investment in our defence against cyberattacks. Specifically, we have enhanced our event detection, incident responses, secure development, vulnerability remediation and protection against malware, application layer attacks and data leakages. We have also strengthened our third party management by including cybersecurity due diligence, through which a stricter governance system and measures including enforced third party security testing prior to the approval of a contract are implemented.

Risk governance forums are held to ensure our governance and control framework is properly discharged, managed, sustained and communicated.

Regular reporting on our strategic programme and key indicators supports the Board and senior management in exercising their oversight of cybersecurity. Our cybersecurity strategy is reviewed and the business risk profiles, mitigation awareness, internal and external cybersecurity incidents, as well as the regulatory requirements are discussed.

Cybersecurity drills are also conducted with the Board and senior management, to rehearse the types of decisions that may need to be taken, and to reconfirm the individual roles and responsibilities during a major cyber incident. These drills are conducted periodically to enhance the level of understanding in terms of the roles, protocols, internal communication paths and escalation procedures across the business landscape in the event of a cyberattack. Phishing tests are also conducted on a regular basis to raise the level of security awareness throughout the organisation.

A 24/7 hotline is available for our staff to report a cybersecurity incident immediately upon its occurrence. These incidents are handled by our cybersecurity analyst and Security Operations Centre, then they are reported to our management personnel to seek direction on the remediation. Cybersecurity incident response procedures have also been established and are tested regularly.

In terms of cybersecurity training, automated cybersecurity assessment tools are available to all users, such as executives and their assistants, IT end users, software developers, third party service providers, etc. Vulnerabilities across the network, operating systems, application layers and in-house custom software are managed through a centralised platform, and are remedied according to their priority.

Throughout 2024, cybersecurity awareness and training regarding data security was delivered to all staff, including the security community, on a regular or as needed basis. It covered topics such as data security, email security and phishing, access control, incident reporting and escalation, secure use of communication devices and social media, information classification and labelling, etc.



About This Report

Report Coverage

The Bank's 2024 Environmental, Social and Governance Report describes our sustainability performance and the challenges we encountered in 2024. It focuses on the ESG topics that are material to our business and our stakeholders.

The information and the performance data in this report cover our operations in Hong Kong only, unless otherwise specified.

The 2024 ESG Report covers the Bank's operations, from which 95.0% of the total operating income is generated.

Unless otherwise stated, the term "Group" in this report refers to Hang Seng and all its subsidiaries in Hong Kong. Mainland China and other operations are excluded, as their contribution to the Group's profit before tax and total assets is not significant. To qualify as significant, the 5-year average of both the profit before tax and total assets should be more than 5% for each of the past five years.

Financial data is extracted or compiled from the Bank's audited annual accounts for the financial year from 1 January to 31 December 2024. Other information covers the same period, unless otherwise stated.

There are no significant changes from the previous reporting period in terms of the scope, boundaries or measurements. Reasons are provided for any restating of information published in previous reports.

Our previous report, Environmental, Social and Governance Report 2023, was published on 11 March 2024.

Reporting Guidelines

This report has also been prepared with reference to the Global Reporting Initiative ('GRI') Standards, and with reference to the standards for Commercial Banks set by the Sustainability Accounting Standards Boards ('SASB'). We continue to publish climate-related disclosures in this report with reference to the recommendations provided by the Task Force on Climate-related Financial Disclosures ('TCFD'), in order to increase the transparency of our work in mitigating and adapting to climate change. The report has been independently verified by the HKQAA.

We have adopted the following fundamental reporting principles of HKEx ESG Guide.

- **Materiality:** We commissioned an external consultant to assess the priorities of our material issues through stakeholder engagement. The issues identified were endorsed by our ESG Disclosure Working Group and ESG Steering Committee, and were approved by the Executive Committee and noted by the Board.
- **Quantitative:** As approved by the ESG Steering Committee, we have established targets to reduce our operational impact on the environment (see the "Environmental" section).
- **Balance:** To provide an unbiased picture of the Bank's performance, we review and disclose our achievements, as well as our areas for improvement.
- **Consistency:** To allow for meaningful comparisons of the ESG data over time, the Bank uses the same methodology each year.

We have also considered our "comply or explain" approach under the HKMA's Supervisory Policy Manual GS-1 on Climate Risk Management, and we confirmed that we have disclosed the information consistently.

The ESG disclosures are reported throughout our Annual Report and ESG Report. We continue to develop and refine our reporting on ESG matters in line with relevant standards and guidance. The disclosure description and locations are summarised in the Content Index in the Bank's 2024 ESG Report website https://cms.hangseng.com/cms/fin4/esg_report_2024/en/index.html.

As per HKMA's CG-5 requirement, our Annual Report already included the relevant section on the remuneration of Senior Management and Key Personnel. The aggregate amount of remuneration, split into fixed and variable remuneration, is reported. Deferred share awards are in the form of HSBC Holding plc shares (with HSBC Holding plc being the ultimate holding company of the Bank).

Assurance Relating to ESG Data

The report has been independently verified by the HKQAA. 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, and reference to ISO 14064-3: Specification with guidance for the validation and verification of greenhouse gas assertions (see the Verification Statement).

In addition, in relation to the sustainable finance and investment, the cumulative progress since 2021 is subject to PwC's limited assurance in accordance with HKSAE 3000 Revised – Assurance Engagements Other than Audits or Reviews of Historical Financial Information (see Independent Limited Assurance Report in the Bank's 2024 ESG Report website https://cms.hangseng.com/cms/fin4/esg_report_2024/en/index.html).

Cautionary Statement Regarding ESG and Climate-related Data, Metrics and Forward-looking Statements

The ESG Report 2024 contains a number of forward-looking statements with respect to the Group's (and HSBC Group's) ESG targets, commitments, ambitions, climate-related pathways, processes and plans, and the methodologies and scenarios the Group (and HSBC Group) use, or intend to use, to assess the Group's (and HSBC Group's) progress in relation to these ('ESG-related forward-looking statements').

In preparing the ESG-related information contained in the ESG Report 2024, the Group (and HSBC Group) have made a number of key judgements, estimations and assumptions of the HSBC Group, and the processes and issues involved are complex. The Group (and HSBC Group) have used ESG (including climate) data, models and methodologies that we consider, as of the date on which they were used, to be appropriate and suitable to understand and assess climate change risk and its impact, to analyse financed emissions - and operational and supply chain emissions, to set ESG-related targets and to evaluate the classification of sustainable finance

and investments. However, these data, models and methodologies are often new, are rapidly evolving and are not of the same standard as those available in the context of other financial information, nor are they subject to the same or equivalent disclosure standards, historical reference points, benchmarks or globally accepted accounting principles. In particular, it is not possible to rely on historical data as a strong indicator of future trajectories in the case of climate change and its evolution. Outputs of models, processed data and methodologies are also likely to be affected by underlying data quality, which can be hard to assess and the Group (and HSBC Group) expect industry guidance, market practice, and regulations in this field to continue to change. The Group (and HSBC Group) also face challenges in relation to our ability to access data on a timely basis, lack of consistency and comparability between data that is available and our ability to collect and process relevant data. Consequently, the ESG-related forward-looking statements and ESG metrics disclosed in the ESG Report 2024 carry an additional degree of inherent risk and uncertainty.

Due to the unpredictable evolution of climate change and its future impact and the uncertainty of future policy and market response to ESG-related issues and the effectiveness of any such response, the Group (and HSBC Group) may have to re-evaluate our progress towards our ESG ambitions, commitments and targets in the future, update the methodologies we use or alter our approach to ESG (including climate) analysis and may be required to amend, update and recalculate our ESG disclosures and assessments in the future, as market practice and data quality and availability develop.

No assurance can be given by or on behalf of the Group as to the likelihood of the achievement or reasonableness of any projections, estimates, forecasts, targets, commitments, ambitions, prospects or returns contained herein. Readers are cautioned that a number of factors, both external and those specific to the Group (and HSBC Group), could cause actual achievements, results, performance or other future events or conditions to differ, in some cases materially, from those stated, implied and/or reflected in any ESG-related forward-looking statement or metric due to a variety of risks, uncertainties and other factors (including without limitation those referred to below):

- **Climate change projection risk:** this includes, for example, the evolution of climate change and its impacts, changes in the scientific assessment of climate change impacts, transition pathways and future risk exposure and limitations of climate scenario forecasts;
- **ESG projection risk:** ESG metrics are complex and are still subject to development. In addition, the scenarios employed in relation to them, and the models that analyse them have limitations that are sensitive to key assumptions and parameters, which are themselves subject to some uncertainty, and cannot fully capture all of the potential effects of climate, policy and technology-driven outcomes;
- **Changes in the ESG regulatory landscape:** this involves changes in government approach and regulatory treatment in relation to ESG disclosures and reporting requirements, and the current lack of a single standardised regulatory approach to ESG across all sectors and markets;
- **Variation in reporting standards:** ESG reporting standards are still developing and are not standardised or comparable across all sectors and markets, new reporting standards in relation to different ESG metrics are still emerging;
- **Data availability, accuracy, verifiability and data gaps:** The Group's (and HSBC Group's) disclosures are limited by the availability of high-quality data in some areas and the Group's (and HSBC Group's) ability to timely collect and

process such data as required. Where data is not available for all sectors or consistently year on year, there may be an impact to the Group's (and HSBC Group's) data quality scores. While the Group (and HSBC Group) expect our data quality scores to improve over time, as companies continue to expand their disclosures to meet growing regulatory and stakeholder expectations, there may be unexpected fluctuations within sectors year on year, and/or differences between the data quality scores between sectors. Any such changes in the availability and quality of data over time, or the Group's (and HSBC Group's) ability to collect and process such data, could result in revisions to reported data going forward, including on financed emissions, meaning that such data may not be reconcilable or comparable year-on year;

- **Developing methodologies and scenarios:** the methodologies and scenarios the Group (and HSBC Group) use to assess financed emissions and set ESG-related targets may develop over time in line with market practice, regulation and/or developments in science, where applicable. Such developments could result in revisions to reported data, including on financed emissions or the classification of sustainable finance and investments, meaning that data outputs may not be reconcilable or comparable year-on year; and

— **Risk management capabilities:** global actions, including the Group's (and HSBC Group's) own actions, may not be effective in managing relevant ESG risks, including in particular climate, nature-related and human rights risks, each of which can impact the Group (and HSBC Group) both directly and indirectly through our customers, and which may result in potential financial and non-financial impacts to the Group (and HSBC Group). In particular:

— The Group (and HSBC Group) may not be able to achieve our ESG targets, commitments and ambitions (including with respect to the positions set forth in HSBC Group's thermal coal phase-out policy and energy policy, and targets to reduce on-balance sheet financed emissions and, where applicable, high-emitting sectors), which may result in the Group's (and HSBC Group's) failure to achieve some or all of the expected benefits of our strategic priorities; and

— The Group (and HSBC Group) may not be able to develop sustainable finance and ESG-related products consistent with the evolving expectations of our regulators, and our capacity to measure the environmental and social impacts from our financing activity may diminish (including as a result of data and model limitations and changes in methodologies), which may affect our ability to achieve the ESG targets, commitments and ambitions, including the Group's (and HSBC Group's) climate ambitions, our targets

to reduce our on-balance sheet financed emissions and, where applicable, facilitated emissions in our portfolio of selected high-emitting sectors and the positions set forth in HSBC Group's thermal coal phase-out policy and energy policy, and increase the risk of greenwashing.

Any forward-looking statements made by or on behalf of the Group (and HSBC Group) speak only as of the date they are made. The Group (and HSBC Group) expressly disclaim any obligation to revise or update these ESG forward-looking statements, other than as expressly required by applicable law.

Written and/or oral ESG-related forward-looking statements may also be made in the Group's (and HSBC Group's) periodic reports to our regulators, summary financial statements to shareholders, proxy statements, offering circulars and prospectuses, press releases and other written materials, and in oral statements made by the Group's (and HSBC Group's) Directors, officers or employees to third parties, including financial analysts.

Key Metrics – Performance Data Summary

Economic Performance¹

	Unit	2024	2023	2022 ²	2021
Direct economic value generated		41,546	40,829	34,414	33,230
Direct economic value distributed		29,214	27,638	21,694	24,592
Operating costs		6,113	5,952	5,181	5,256
Employee compensation and benefits		5,918	5,795	5,909	6,311
Providers of capital	HK\$ million	13,527	13,135	8,548	10,453
Government in Hong Kong		3,667	2,539	1,822	2,466
Governments outside Hong Kong ³		(40)	189	205	77
Charitable donations		29	28	29	29
Direct economic value retained		12,332	13,191	12,720	8,638

Notes:

1. The data in the Economic Performance table covers Hang Seng Group, including Hang Seng and all its subsidiaries.
2. HKFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023 and is applied retrospectively. Comparative figures for 2022 have been restated.
3. The negative figure represented the adjustment in respect of prior year.

Key Metrics – Performance Data Summary

Environmental Performance

	Unit	2024 ⁺	2023 ^A	2022 ^{''}	2021 [#]
Total GHG emissions¹	tonnes of CO ₂ e	13,249.62	14,281.23	15,171.57	16,113.77
Scope 1		116.55	137.87	100.58	70.16
Stationary combustion		79.22	86.76	61.17	27.19
Mobile combustion		37.33	51.11	39.41	42.97
Scope 2		12,258.69	13,565.13	14,992.89	15,973.04
Purchased electricity		12,242.25	13,546.55	14,979.99	15,967.65
Towngas		16.44	18.58	12.90	5.39
Scope 3 ²		874.38	578.23	78.10	70.57
Business travel (land and air)		874.38	578.23	78.10	70.57
Total GHG emissions per FTE	tonnes of CO ₂ e / FTE	1.92	2.06	2.04	2.06
From Scope 1		0.02	0.02	0.01	0.01
From Scope 2		1.77	1.96	2.02	2.04
From Scope 3		0.13	0.08	0.01	0.01
GHG emissions per sq. ft.	tonnes of CO ₂ e / sq. ft.	0.01	0.01	0.01	0.01
Total energy consumption³	kWh in 000s	24,241.47	25,972.09	28,349.81	29,292.18
Indirect: electricity		23,832.18	25,524.09	28,037.15	29,154.51
Direct: gas and diesel		409.29	448.00	312.66	137.67
Energy consumption per FTE	kWh in 000s / FTE	3.50	3.75	3.82	3.75
Energy consumption per sq. ft.	kWh in 000s / sq. ft.	0.02	0.03	0.02	0.02

Environmental Performance

	Unit	2024 ⁺	2023 [^]	2022 ^{''}	2021 [#]
Total water consumption	m ³	51,718.36	54,152.00	68,924.00	73,214.00
Water consumption per FTE	m ³ / FTE	7.48	7.81	9.30	9.36
Total paper consumption	tonnes	1,216.77	1,224.00	1,447.00	1,401.00
Waste disposed to landfill^{4, 6}	tonnes	340.75	199.40	214.49	264.42
Waste disposed per FTE ^{5, 6}	tonnes / FTE	0.05	0.03	0.03	0.03
Waste collected for recycling⁶	tonnes	190.19	222.13	317.16	354.42

• Data coverage: Hang Seng and all its subsidiaries in Hong Kong. The data is rounded up to 2 decimal places.

Key: m³: Cubic metres

CO₂e: Carbon dioxide equivalent

kWh: Kilowatt-hour

FTE: Full-time employee equivalent

sq. ft.: Square feet

⁺1 Oct 2023-30 Sep 2024

[^]1 Oct 2022-30 Sep 2023

^{''}1 Oct 2021–30 Sep 2022

[#]1 Oct 2020–30 Sep 2021

- Notes:
1. Scopes 1 and 2 GHG emissions were estimated according to the Hong Kong Government’s Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong (2010 Edition).

Scope 2 GHG emissions were calculated based on the electricity and Towngas consumed, as well as the corresponding emission factors, as provided by the utility companies. The emission factor for CLP was 0.39 kg CO₂e/kWh as of 2024. The emission factors for Hong Kong Electric were 0.68 kg CO₂e/kWh from October to December 2023, and 0.66 kg CO₂e/kWh from January to September 2024.

To calculate Scope 2 emissions, the Bank applied specific emission factors provided by the local suppliers, to the respective volume of electricity. In such cases, HSBC Group follows a different approach, and applies a weighted average of local emission factors at market level.

Scope 2 GHG emissions from purchased electricity include emissions generated from the consumptions of electricity but exclude the adjustment due to the use of renewable certificates.

Scope 3 GHG emissions were estimated with reference to the GHG Protocol’s Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

2. For alignment with HSBC Group’s disclosure, we have excluded transmission and distribution loss, upstream transportation and distribution in this year’s disclosure. Comparative figures have been restated.

3. The total energy consumption figures cover the energy consumption of the Bank’s building operations only, and exclude the energy consumption of the Bank’s company vehicles. Direct energy consumption per employee: 0.06 kWh in 000s. Indirect energy consumption per employee: 3.45 kWh in 000s.

4. Hazardous waste is not counted owing to the insignificant amount.

5. Renovations of our headquarters and other core buildings generated construction waste, resulting in a higher volume of waste disposal.

6. Branch waste data has been included since 2024.

Key Metrics – Performance Data Summary

Social Performance – Our People in Numbers

Headcount by Age Group, Employment Type, Gender and Nationalities^{1, 6, 7}

	2024	2023	2022	2021
Total number of employees	6,909	6,920	7,020	7,629
Breakdown by age group				
Below 30	1,193	1,339	1,437	1,850
30 to 39	2,737	2,664	2,626	2,769
40 to 49	1,660	1,624	1,679	1,750
50 to 59	1,243	1,218	1,208	1,197
60 or above	76	75	70	63
Percentage breakdown of all employees in Hong Kong by nationality (Top 4 nationalities)				
Chinese	98.3%	98.4%	98.2%	98.0%
British	0.5%	0.6%	0.7%	0.7%
Canadian	0.4%	0.3%	0.3%	0.4%
Australian	0.2%	0.2%	0.2%	0.2%
Percentage breakdown of executive in Hong Kong by nationality (Top 4 nationalities)				
Chinese	97.4%	97.4%	97.1%	93.4%
British	0.8%	0.9%	1.1%	2.4%
Canadian	0.7%	0.6%	0.6%	1.2%
Australian	0.4%	0.4%	0.4%	0.6%

	2024		2023		2022		2021	
	Male	Female	Male	Female	Male	Female	Male	Female
Breakdown by gender	2,973	3,936	2,955	3,965	2,967	4,053	3,242	4,387
Breakdown by employment type and gender								
Full-time permanent staff	2,933	3,896	2,915	3,924	2,927	4,013	3,200	4,352
Full-time contract staff	39	39	40	39	39	35	41	31
Part-time staff	1	1	0	2	1	5	1	4
Breakdown by employee category and gender								
Executive	1,622	1,641	1,552	1,545	1,498	1,505	1,439	1,441
Officer	981	1,708	1,012	1,785	1,116	1,857	1,278	1,970
Clerical/ blue-collar	370	587	391	635	353	691	525	976

Social Performance – Our People in Numbers

Headcount by Global Career Band^{1, 6, 7}

	2024					
	Male		Female		Grand Total	
	Headcount	Percentage	Headcount	Percentage	Headcount	Percentage
Managing Director ²	17	0.2%	22	0.4%	39	0.6%
3	80	1.2%	83	1.2%	163	2.4%
4	449	6.5%	452	6.5%	901	13.0%
5	1,076	15.6%	1,084	15.7%	2,160	31.3%
6	981	14.2%	1,708	24.7%	2,689	38.9%
7	334	4.8%	577	8.4%	911	13.2%
8	36	0.5%	10	0.1%	46	0.6%
Grand Total	2,973	43.0%	3,936	57.0%	6,909	100.0%

Share of Women in Management Positions in Revenue-Generating Functions^{1, 6, 7}

	2024	
	Female	Total
Managing Director ²	7	0.5%
3	29	2.0%
4	145	10.0%
5	484	33.2%
Total	665	45.7%

Employee Profile by Age Group and Years of Service^{1, 6, 7}

	2024	2023	2022	2021
Average age of employees				
Overall	39	39	39	38
Executive	40	40	40	40
Officer	38	38	38	37
Clerical/blue-collar	38	38	39	37
Average years of service				
Overall	10	10	10	10
Executive	9	9	9	9
Officer	11	11	11	11
Clerical/blue-collar	10	10	12	10

Social Performance – Our People in Numbers

New Hires^{1, 6, 7, 8}

	2024		2023		2022		2021	
	Male	Female	Male	Female	Male	Female	Male	Female
Below 30	180	227	329	316	232	259	370	418
30 to 39	212	190	231	219	242	199	295	249
40 to 49	78	63	90	89	88	78	77	93
50 to 59	11	33	17	40	13	31	23	13
60 or above	2	4	4	3	3	6	5	8
Breakdown by employee category								
Executive	161	177	212	196	224	187	N.A.	N.A.
Officer	203	206	239	249	274	290	N.A.	N.A.
Clerical/blue-collar	119	134	220	222	80	96	N.A.	N.A.
Total	483	517	671	667	578	573	770	781
Grand total	1,000		1,338		1,151		1,551	
New hire rate³	14.4%		19.0%		16.4%		20.3%	

Total Turnover by Age and Gender in 2024^{1, 6, 7, 8}

	Male		Female	
	Headcount	Turnover rate	Headcount	Turnover rate
Below 30	125	1.8%	146	2.1%
30 to 39	210	3.0%	178	2.5%
40 to 49	68	1.0%	99	1.4%
50 to 59	32	0.5%	75	1.1%
60 or above	32	0.5%	49	0.7%
Total	467	6.8%	547	7.8%
Grand Total	1,014 (14.6%)			

Voluntary Turnover by Employee Category^{1, 4, 6, 7, 8}

	2024	
	Headcount	Turnover rate
Executive	326	4.7%
Officer	381	5.5%
Clerical/blue-collar	170	2.5%

Social Performance – Our People in Numbers

Voluntary Turnover by Age and Gender^{1, 4, 6, 7, 8}

	2024				2023				2022				2021			
	Male		Female		Male		Female		Male		Female		Male		Female	
	Headcount	Turnover ⁵	Headcount	Turnover ⁵	Headcount	Turnover ⁵	Headcount	Turnover ⁵	Headcount	Turnover ⁵	Headcount	Turnover ⁵	Headcount	Turnover ⁵	Headcount	Turnover ⁵
Below 30	120	1.7%	144	2.0%	222	3.2%	209	3.0%	269	3.7%	286	3.9%	276	3.5%	286	3.6%
30 to 39	203	2.9%	173	2.5%	227	3.2%	265	3.8%	356	4.8%	336	4.6%	296	3.8%	267	3.4%
40 to 49	64	0.9%	85	1.2%	102	1.4%	121	1.7%	124	1.7%	141	1.9%	84	1.6%	122	1.6%
50 to 59	26	0.4%	60	0.8%	52	0.7%	89	1.2%	41	0.6%	72	1.0%	46	0.6%	62	0.8%
60 or above	1	0.0%	1	0.0%	4	0.1%	0	0.0%	42	0.6%	36	0.5%	53	0.7%	47	0.6%
Total	414	5.9%	463	6.5%	607	8.6%	684	9.7%	832	11.3%	871	11.9%	755	10.2%	784	10.0%
Grand total	877 (12.4%)				1,291 (18.3%)				1,703 (23.2%)				1,540 (20.2%)			

Notes:

- All headcounts are in full-time employee equivalent ('FTE').
- Due to leadership band changes, all GCB 1 and 2 were mapped to Managing Director since 1 Mar 2022.
- Percentage of total new hires compared to total employees at the end of year.
- The turnover rate is based on the actual number of employees.
- No significant seasonal variations in headcount were reported.
- Hong Kong is the only location of operations covered in this report so workforce data and employee turnover rate by geographical region are not applicable.
- Headcount, number of new hires and total turnover may not be calculated precisely from the data, due mainly to inter-company transfers with subsidiaries and change of employment status of individual employees (e.g. from full-time to part-time, or vice versa).
- Inter-company transferees are calculated in new hires and turnover.

Social Performance – Our People in Numbers

Training and Skills Development^{1, 3}

	2024	2023	2022	2021
Average learning and development days				
Per employee in Hong Kong	4.4	3.6	3.3	4.1
Average hours by gender²				
Male	38.1	33.1	27.9	35.0
Female	33.7	26.9	25.4	29.0

Notes:

1. All headcounts are in full-time employee equivalent ('FTE').
2. We delivered training courses equally to all employees depending on their roles and needs.
3. The learning hours exclude the learning and development activities arranged by individual department.

Occupational Health and Safety

	2024	2023	2022	2021
Absenteeism rate				
Male	1.6%	0.7%	1.2%	1.3%
Female	2.3%	1.3%	1.9%	2.1%
Overall	2.0%	1.1%	1.6%	1.8%
Lost days due to work injuries	1,023	439	44	32
Work-related fatalities	0	0	0	0



Verification Statement

Scope and Objective

Hong Kong Quality Assurance Agency ("HKQAA") has conducted an independent verification for the Environmental, Social and Governance Report 2024 ("The Report") of Hang Seng Bank Limited ("Hang Seng"). The Report illustrates Hang Seng's efforts and performance in environmental, social and governance ("ESG") aspects for the period of 1st January 2024 to 31st December 2024. The Report focuses on the ESG issues that affect Hang Seng's business and are of concerns to its stakeholders.

The aim of this verification is to provide a reasonable assurance on the reliability of the reporting contents. The Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide ("ESG Guide") issued by the Hong Kong Exchanges and Clearing Limited and with reference to the Global Reporting Initiative ("GRI") Standards, the standards for Commercial Banks set by the Sustainability Accounting Standards Boards ("SASB") and the recommendations from the Task Force on Climate-Related Financial Disclosures ("TCFD").

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, and reference to ISO 14064-3: Specification with guidance for the validation and verification of greenhouse gas assertions. The verification process has been designed to obtain a reasonable level of assurance in accordance with the standard for the purpose of devising the verification conclusion. The extent of verification covered the GRI Standards, ESG Guide and SASB Standards, etc.

Our verification procedures included discussion of the materiality analysis process, reviewing the mechanisms for collecting, collating and reporting of the performance data, verifying relevant documentation, interviewing responsible personnel with accountability for preparing the Report. Raw data and supporting evidence of the selected samples were thoroughly examined during the verification.

Independence

Hang Seng is responsible for the preparation and presentation of the Report. HKQAA's verification activities are independent from Hang Seng. There is no relationship between HKQAA and Hang Seng that would affect the impartiality of the verification service.

Conclusion

The verification results indicated that:

- The Report satisfies all the mandatory disclosure requirements and "comply or explain" provisions specified in the ESG Guide;
- The disclosure in the Report aligns with the TCFD's recommendations;
- The Report is referenced to the GRI Standards and SASB Standards;
- The Report illustrates Hang Seng's ESG performance, covering the material and relevant aspects, in a balanced, comparable, clear and timely manner; and
- The data and information stated in the Report are reliable and complete.

In conclusion, HKQAA has obtained reasonable assurance and is in the opinion that Hang Seng has disclosed its ESG performance in a transparent manner. The information included in the Report are objective, responsive and free from material misstatement.

Signed on behalf of Hong Kong Quality Assurance Agency

Connie Sham
Head of Audit
February 2025

Jorine Tam
Director, Corporate Business